



## **FRANCHISE DISCLOSURE DOCUMENT**

[www.titleboxingclub.com](http://www.titleboxingclub.com)

**FRANCHISE DISCLOSURE DOCUMENT**  
**TBC INTERNATIONAL, LLC**  
**A Kansas Limited Liability Company**  
**8647 Hayden Place, Culver City, CA 90232**  
**(310) 598-3691**  
[www.titleboxingclub.com](http://www.titleboxingclub.com)



TITLE BOXING CLUB offers for sale a franchise to establish and operate a boutique fitness studio offering highly specialized fitness boxing classes that incorporate our class framework of boxing, cardio and strength within a welcoming and authentic environment.

The total investment necessary to begin operation of a TITLE BOXING CLUB® Fitness Studio franchise is \$448,525 to \$858,539. This includes \$57,000 that must be paid to the franchisor or its affiliate(s).

The total investment necessary to begin operation of a TITLE BOXING CLUB® Fitness Studio area development is \$478,525 to \$888,539. This includes \$87,000 that must be paid to the franchisor or its affiliate(s). The area development fee applicable to each TITLE BOXING CLUB® Fitness Studio will be credited toward the initial franchise fee due under the Franchise Agreement for each TITLE BOXING CLUB® Fitness Studio. To qualify for an Area Development Agreement, you must agree to develop two or more Fitness Studios.

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, us or an affiliate in connection with a proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact us at 8647 Hayden Place, Culver City, CA 90232, (310) 598-3691.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide To Buying A Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission (the "FTC"). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at [www.ftc.gov](http://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.

FTC Issuance Date: April 3, 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   |
|--|---|
| <b>How much can I earn?</b>  | Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit H. |
| <b>How much will I need to invest?</b>   | 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.  |
| <b>Does the franchisor have the financial ability to provide support to my business?</b> | Item 21 or Exhibit A includes financial statements. Review these statements carefully.  |
| <b>Is the franchise system stable, growing, or shrinking?</b>                            | Item 20 summarizes the recent history of the number of company-owned and franchised outlets.  |
| <b>Will my business be the only Title Boxing Club fitness studio in my area?</b>         | Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.   |
| <b>Does the franchisor have a troubled legal history?</b>                                | Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.  |
| <b>What’s it like to be Title Boxing Club fitness studio franchisee?</b>                 | Item 20 or Exhibit H lists current and former franchisees. You can contact them to ask about their experiences.   |
| <b>What else should I know?</b>  | 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 D.

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 in Exhibit K.

## Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in California. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in California than in your own state.
2. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
3. **Inventory Control.** You must make inventory and supply purchases even if you do not need them. Your inability to make these purchases or to maintain inventory levels at all times may result in termination of your franchise and loss of your investment.
4. **Mandatory Minimum Payments.** You must make minimum royalty, advertising, 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.

REMAINDER OF PAGE LEFT BLANK INTENTIONALLY

## TABLE OF CONTENTS

|   | <u>Page</u>   |
|---|---|
| ITEM 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES .....                  | 1   |
| ITEM 2 BUSINESS EXPERIENCE .....  | 4   |
| ITEM 3 LITIGATION .....   | 5   |
| ITEM 4 BANKRUPTCY .....   | 5   |
| ITEM 5 INITIAL FEES .....   | 5   |
| ITEM 6 OTHER FEES .....   | 7   |
| ITEM 7 ESTIMATED INITIAL INVESTMENT .....   | 12  |
| ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES .....                             | 17  |
| ITEM 9 FRANCHISEE’S OBLIGATIONS .....   | 20  |
| ITEM 10 FINANCING .....   | 22  |
| ITEM 11 FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING .....         | 22  |
| ITEM 12 TERRITORY .....   | 32  |
| ITEM 13 TRADEMARKS .....  | 34  |
| ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION .....                             | 37  |
| ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS ..... | 38  |
| ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL .....                                | 39  |
| ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION ..                          | 40  |
| ITEM 18 PUBLIC FIGURES .....  | 48  |
| ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS .....                                       | 48  |
| ITEM 20 OUTLETS AND FRANCHISEE INFORMATION .....  | 50  |
| ITEM 21 FINANCIAL STATEMENTS .....  | 58  |
| ITEM 22 CONTRACTS .....   | 59  |
| ITEM 23 RECEIPTS .....  | 59  |
| <u>EXHIBITS</u>   |   |
| A   | Financial Statements  |
| B   | Area Development Agreement  |
| C   | Franchise Agreement   |
| D   | State Administrators  |
| E   | Agents for Service of Process   |
| F   | Table of Contents of Manuals  |
| G   | Electronic Funds Transfer Authorization   |
| H   | List of Franchisees   |
| H-1   | List of Franchisees who have signed Franchise Agreement but Fitness Studio Not Open as of December 31, 2023 |
| I   | General Release   |
| J   | CLR Solutions LLC Contract  |

K State Addenda  
L Standard Initial Package  
M Receipts

## ITEM 1

### THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

#### **Franchisor**

To simplify the language in this Franchise Disclosure Document, “TBC” or “we” means TBC INTERNATIONAL, LLC, the franchisor. “You” means the person or entity who buys the franchise. If “you” are a corporation or limited liability company, “you” will include your owners.

TBC is a Kansas limited liability company that was formed on June 10, 2009, whose principal business address is 8647 Hayden Place, Culver City, CA 90232. Our agents for service of process are disclosed in Exhibit E.

We began offering franchises in January 2010.

Except as disclosed below, we do not operate businesses of the type being offered to you. Except for the operations of BoxUnion® locations and digital at-home subscriptions service described below, we do not do business under any other name nor have we offered franchises in any other line of business. We have no other business activities.

#### **Parent/Predecessor**

On December 31, 2020, BoxUnion Holdings, LLC (“Parent”) a Delaware limited liability company, purchased the equity interests of our company. As a result, we became a wholly owned subsidiary of the Parent. Our Parent has a principal place of business at 8647 Hayden Place, Culver City, CA 90232.

#### **Affiliates**

Our affiliate, TBCCV, LLC, a California limited liability company formed on February 23, 2023, owns and operates a TITLE BOXING CLUB® Fitness Studio located in Chula Vista, CA,. Our affiliate’s principal address is 8647 Hayden Place, Culver City, CA 90232. Our affiliate began operating the Chula Vista, CA location in May 2023. Our affiliate is a subsidiary of our Parent.

Our affiliate, TBC Pensacola, LLC, a Florida limited liability company formed on February 23, 2023, owns and operates TITLE BOXING CLUB® Fitness Studio, located in Pensacola, Florida. Our affiliate’s principal address is 8647 Hayden Place, Culver City, CA 90232. Our affiliate began operating the Pensacola, FL location in January 2022. Our affiliate is a subsidiary of our Parent.

Our affiliate, TBC Allen, LLC, a Texas limited liability company formed on December 27, 2022, owns and operates TITLE BOXING CLUB® Fitness Studio, located in Allen, Texas. Our affiliate’s principal business address is 8647 Hayden Place, Culver City, CA 90232. Our affiliate began operating the Allen location in January 2023. Our affiliate is a subsidiary of our Parent.

Our affiliate, TBC Plano LLC, a Texas limited liability company formed on July 31, 2023, owns and operates a TITLE BOXING CLUB® Fitness Studio, located in Plano, Texas. Our affiliate’s principal business address is 8647 Hayden Place, Culver City, CA 90232. Our affiliate began operating the Plano location in November 2023. Our affiliate is a subsidiary of our Parent.

Our affiliate, TBC Edina LLC, a Minnesota limited liability company formed on August 4, 2023, owns and operates a TITLE BOXING CLUB® Fitness Studio, located in Edina, Minnesota. Our affiliate’s principal business address is 8647 Hayden Place, Culver City, CA 90232. Our affiliate began operating the Edina location in September 2023. Our affiliate is a subsidiary of our Parent.

Our affiliate, TBC Woodbury LLC, a Minnesota limited liability company formed on June 6, 2023, owns and operates a TITLE BOXING CLUB® Fitness Studio, located in Woodbury, Minnesota. Our



affiliate's principal business address is 8647 Hayden Place, Culver City, CA 90232. Our affiliate began operating the Woodbury location in June 2023. Our affiliate is a subsidiary of our Parent.

Our affiliate, BoxUnion Santa Monica, LLC a California limited liability company formed on May 6, 2016, owns and operates a BoxUnion® boutique fitness studio in Santa Monica, California. Our affiliate's principal business address is 1755 Ocean Avenue, Santa Monica, CA 90401. Our affiliate began operating the Santa Monica location in April 2017.

Our affiliate, BoxUnion Sherman Oaks, LLC, a California limited liability company formed on March 1, 2018, owns and operates a BoxUnion® boutique fitness studio in Sherman Oaks, California. Our affiliate's principal business address is 14006 Riverside Drive, Suite 25, Los Angeles, CA 91423. Our affiliate began operating the Sherman Oaks location in May 2021.

Our affiliate, BoxUnion WEHO, LLC, a California limited liability company formed on July 24, 2017, owns and operates a BoxUnion® boutique fitness studio in Los Angeles, California. Our affiliate's principal business address is 120 North Robertson Boulevard, Space L, Los Angeles, CA 90048. Our affiliate began operating this location in January 2019.

Our affiliate, BoxUnion Services, LLC, a California limited liability company formed on December 18, 2017, owns and licenses certain intellectual property in the fitness boxing industry. Our affiliate's principal business address is 1755 Ocean Ave, Santa Monica CA 90401. Our affiliate began operating the digital subscription service in April 2020.

Our affiliate Box Fit Digital, LLC a Delaware limited liability company formed on April 30, 2021, owns and operates digital at-home subscription services in the fitness boxing industry. Our affiliate's principal business address is 8647 Hayden Place, Culver City, CA 90232.

Our affiliate, CLR Solutions, LLC, a Kansas limited liability company formed on September 14, 2011, provides certain services to our franchisees as further disclosed in Item 8. Our affiliate's principal business address is 5360 College Blvd., Suite 1, Overland Park, Kansas 66211.

Our affiliate, CLR Marketing Solutions, LLC, a California limited liability company formed on December 1, 2023, may begin providing certain optional marketing services to our franchisees. Our affiliate's principal business address is 8647 Hayden Place, Culver City, CA 90232.

### **Description of the Franchise**

We began offering franchises to establish and operate TITLE BOXING CLUB® Fitness Studios (the "Fitness Studio" or "Boutique Fitness Studios") under the federally registered trademark TITLE BOXING CLUB® (the "Licensed Marks") and the System, according to the terms of the Franchise Agreement and the Area Development Agreement (defined below) in January 2010.

The franchise offered is for the right to establish and operate a Fitness Studio offering highly specialized fitness boxing classes that incorporate TITLE Boxing Club's class framework of boxing, cardio and strength within a welcoming and authentic environment. Our classes provide the consumer with high intensity workouts. There are a number of revenue streams for the franchise to generate, including memberships, class packages, (optional) private training, retail and digital subscriptions. Fitness Studios are open seven days a week and club hours may vary, but typically should provide early morning, lunchtime and evening classes. The size of the Fitness Studio may range from 2,500 square feet to 3,500 square feet.

The "System" includes distinctive welcoming and modern interior design, including signage, lighting, décor, color palette, heavy bag structure and fitness equipment. The premium studio design draws on a boxing aesthetic coupled with modern features to create a boutique fitness environment.

Our class framework follows a distinct formula and combines boxing training, cardio and strength.

Training and support is provided around the following key areas: product, experience, marketing, and sales. Ongoing marketing training and guidance, sample organic creative marketing assets and paid marketing assets are provided and updated based on ongoing competitive and market analysis.

All training programs and marketing assets may change, and further develop, in our sole discretion.

TITLE Boxing Club is an omni-channel fitness brand, offering consumers our fitness boxing experience in clubs as well as a virtual offering for at-home use. Franchisees may earn additional revenue by selling digital subscriptions through their club, providing an ongoing revenue source to complement in-club memberships or class packages. Such initiatives are subject to our then current System Standards. This virtual offering is turn-key to the franchisee and allows the brand to extend its relationship with the local customer and provide services anytime and anywhere. In addition, the digital product increases brand awareness and serves as a marketing and lead generation tool for the Franchisee.

The form of the Franchise Agreement for the first Fitness Studio is attached as Exhibit C to this Franchise Disclosure Document. If you develop more than one Fitness Studio under the terms of an Area Development Agreement (see additional detail in next paragraph), for each Fitness Studio developed under the Area Development Agreement, you must sign the form of Franchise Agreement that we are then offering to new franchisees, provided that the royalty fees and marketing contributions will remain the same as those established for your first Fitness Studio (see the form of Franchise Agreement attached as Exhibit C). If you intend to develop more than one Fitness Studio without an Area Development Agreement, you will need to meet our then-current expansion guidelines before being permitted to do so. For each Franchise Agreement, we will determine a defined geographic territory (the “Protected Area”) which will be described in Exhibit A to the Franchise Agreement. The size of the Protected Area granted to each franchisee may vary depending upon local market conditions and the number of Fitness Studios to be developed.

We will offer qualified franchisees the right to enter into an Area Development Agreement to develop multiple Fitness Studios (the “Area Development Agreement”). To qualify for an Area Development Agreement, Developer must agree to develop two or more Fitness Studios in a geographic territory and sign the form of Area Development Agreement attached as Exhibit B to this Franchise Disclosure Document. We will determine your geographic territory (the “Development Area”) before you sign the Area Development Agreement and it will be described in Exhibit A to the Area Development Agreement. You must open each Fitness Studio within your Development Area according to a development schedule attached to the Area Development Agreement (the “Development Schedule”). You must enter into a separate Franchise Agreement for each Fitness Studio you develop in accordance with the Area Development Agreement.

We have previously offered area representative agreements to qualified individuals. These arrangements are not currently offered.

### **Competition**

The market for fitness studios and fitness and health clubs is highly competitive, as is the market for obtaining locations for fitness clubs and health clubs. However, we believe we offer a unique opportunity in the fitness industry. Consumer interest and adoption around boxing, kickboxing and martial arts is rapidly developing. Your competitors will include but are not limited to other boxing gyms, health and fitness centers, health clubs, health spas, boutique fitness studios (cycling, yoga, Pilates, HIIT, and others) and franchised companies offering similar fitness services.

Your competition will include all health and fitness concepts.

## **Industry Regulations**

In addition to laws governing businesses generally such as the Americans With Disabilities Act, federal wage and hour laws, and the Occupational Safety and Health Act, you should consider that certain aspects of the fitness industry are highly regulated by local, state and federal laws and regulations that apply to the ownership and operation of a health facility like a Fitness Studio, including specific contractual prohibitions, health, sanitation, EEOC, discrimination, employment and fitness and health club laws and regulations, as well as state and local departments of health and other agencies with laws and regulations concerning fitness and health clubs. State and local agencies may routinely conduct inspections for compliance with these requirements. You must operate each of your Fitness Studios in compliance with all federal, state and local laws and regulations. State laws and regulations may regulate the language of the Membership Agreement, require registration with the state and the filing of a corporate surety bond or letter of credit.

## **ITEM 2**

### **BUSINESS EXPERIENCE**

#### **Chief Executive Officer: Todd Wadler**

Mr. Wadler has served as Chief Executive Officer of TBC International, LLC (Los Angeles, California), since January 2021. He also serves as Chief Executive Officer of BoxUnion Holdings, LLC (Los Angeles, California), whose subsidiaries own and operate three fitness boxing studios and a digital subscription service for at-home use, since April 2017. Prior to this, he served as Co-Founder and Managing Director for Moelis & Company (Los Angeles, California), Inc, a global independent investment bank that is publicly traded on the New York Stock Exchange, from May 2007 to April 2017.

#### **Chief Revenue Officer: Felicia Alexander**

Ms. Alexander has been Chief Revenue Officer of TBC International, LLC (Los Angeles, California), since January 2021. She also serves as President and Co-Founder of BoxUnion Holdings, LLC (Los Angeles, California), whose subsidiaries own and operates three fitness boxing studios and a digital subscription service for at-home use, since July 2016. Prior to that, she was the Vice President of Sales & Marketing for Leaf Group Ltd, formerly Demand Media, Inc. (Santa Monica, California), from September 2015 to June 2016.

#### **Chief Financial Officer: Stefanie Lee**

Ms. Lee has been Chief Financial Officer of TBC International, LLC (Los Angeles, California), since September 2022. Previously she served as VP, Finance & Operations of Professional Association of Driving (PADI) from November 2018 to September 2022. Prior to this she served as Executive Director, Franchise Finance for DineBrands Global from August 2016 to November 2018.

#### **Chief Operating Officer John Davidson**

Mr. Davidson has served as Chief Operating Officer of TBC International LLC (Los Angeles, California) since April 2024. Previously he served as Chief Operating Officer of West Coast Fitness LLC (Los Angeles, CA), one of the largest private equity backed Orange Theory Fitness franchisee groups, from June 2022 until November 2023. Prior to this, he served as Senior Vice President Operations of West Coast Fitness LLC (Los Angeles, CA) from May 2021 until June 2022. Before this, he served as Head of Studios for West Coast Fitness LLC (Los Angeles, CA) from February 2015 until May 2021.

**Board Member: Kwanza Jones**

Ms. Jones has been a member of our Board since January 1, 2021. She has also been the Chief Executive Officer and managing member of Supercharged, LLC (Marina del Rey, California) since January 2019. She has also been the Chief Executive Officer and managing member of Senona Enterprises LLC since May 2004.

**Board Member: John Rotche**

Mr. Rotche has served as a member of the Board of TBC International, LLC (Ann Arbor, Michigan), since April of 2012. He served as our Chief Executive Officer from June 15, 2015 to December 31, 2020.

**ITEM 3  
LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4  
BANKRUPTCY**

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

**ITEM 5  
INITIAL FEES**

**Initial Franchise Fee**

You must pay us an initial franchise fee in a lump sum. Our standard initial franchise fee is \$49,500, which must be paid to us at the time you sign your Franchise Agreement. The initial franchise fee is reduced to \$39,750 per Franchise Agreement if you sign Franchise Agreements for two Fitness Studios at the same time or if you enter into an Area Development Agreement to develop two Fitness Studios. Additionally, the initial franchise fee is reduced to \$33,167 or \$29,900 per Fitness Studio if you sign an Area Development Agreement for three or five Fitness Studios respectively.

**Initial Area Development Fee**

If you qualify, you may sign an Area Development Agreement under which we will grant you the right to develop a certain number of Fitness Studios in a designated area according to a Development Schedule attached to the Area Development Agreement. According to the Area Development Agreement, if you agree to open two Fitness Studios, you must pay us an area development fee of \$39,750 per Fitness Studio at the time you sign the Area Development Agreement. If you agree to open three or four Fitness Studios, you must pay us an initial area development fee of \$33,166 per Fitness Studio to be developed at the time you sign the Area Development Agreement. If you agree to open five or more Fitness Studios, you must pay us an initial area development fee of \$29,900 per Fitness Studio to be developed at the time you sign the Area Development Agreement. The area development fee applicable to each Fitness Studio will be credited toward the initial franchise fee due under the Franchise Agreement for each Fitness Studio that you develop pursuant to the Development Schedule in the Area Development Agreement.

The initial franchise fee according to the Franchise Agreement and the initial development fee according to the Area Development Agreement are fully earned upon signing of the applicable Franchise Agreement or Area Development Agreement and are not refundable under any circumstance. The initial franchise fee allows us to recover a portion of our costs to help you develop your Fitness Studio prior to opening.

The initial franchise fee and the initial development fee are charged uniformly to all new franchisees and developers, except we offer a \$5,000 discount for the first Franchise Agreement signed by an

honorably discharged veteran of the United States military that purchases through the VetFran program.

**Pre-Sales Training Fee**

You must pay us a one-time Pre-Sales Training Fee in the amount of \$1,500 for Pre-Sales training for you (and your general manager if your general manager is running pre-sales). Such Pre-Sales Training may be through online courses, virtual, in person, or a combination, as selected by us. The \$1,500 Pre-Sale Training Fee is due at the time you sign the Franchise Agreement or at the time we designate. The Pre-Sales Training Fee is not refundable under any circumstance. (If you purchase an existing operating TITLE BOXING CLUB Fitness Studio, you may not be required to pay the \$1,500 Pre-Sales Training Fee if you are not required to attend Pre-Sales Training.)

**Launch Training Fee**

You must pay us a one-time Launch Training Fee in the amount of \$6,000 for Launch Training for you, your general manager, and your head coach. Such Launch Training may be through online courses, virtual, in person, or a combination, as selected by us. The Launch Training Fee is due at the time you sign the Franchise Agreement or at the time we designate. The Launch Training Fee is not refundable under any circumstance.

You are prohibited from opening a Fitness Studio until the initial fees described above for that Fitness Studio have been paid by you to us.

**REMAINDER OF PAGE LEFT BLANK INTENTIONALLY**

**ITEM 6  
OTHER FEES**

| TYPE OF FEE                      | AMOUNT   | DUE DATE   | REMARKS   |
|----------------------------------|--|--|---|
| Royalty Fee                      | 7.5% of monthly Gross Revenue, subject to a monthly royalty fee adjustment that is calculated based on a required Minimum Performance Standard of \$23,600 monthly Gross Revenue in the second year and \$29,500 monthly Gross Revenue in the third and in each subsequent year multiplied by 7.5%. <sup>1</sup> | Collected weekly through our approved billing services supplier. | <p>“Gross Revenue” includes all revenue from the operation of the Fitness Studio.</p> <p>The Royalty Fee compensates us for your right to use our System and Licensed Marks in accordance with the Franchise Agreement.</p>   |
| Technology Fee                   | Currently \$349 per month  | Collected monthly through our approved billing services supplier | You must pay us, our designee (s) or approved vendor(s), the then-current monthly Technology Fee which is currently \$349 a month. We reserve the right to adjust this fee and the services included in the fee from time to time. This technology fee does not cover all technology required for the business. |
| Brand Creative Fund Contribution | Currently you must contribute 1% of your Gross Revenue to the Brand Creative Fund. We have the right to require you to increase the amount of contributions to the Brand Creative Fund, but in no event will you be required to contribute more than 2% of Gross Revenue to the Brand Creative Fund.             | Collected weekly through our approved billing services supplier. | You must contribute 1% of Gross Revenue to the Brand Creative Fund upon commencement of the operation of your Fitness Studio. We may increase the amount you must contribute to the Brand Creative Fund upon written notice to you in an amount not to exceed 2% of Gross Revenue.                              |

<sup>1</sup> You will be required to achieve minimum monthly Gross Revenue of \$23,600 after the first anniversary of opening and \$29,500 after the second anniversary of opening.

| TYPE OF FEE                               | AMOUNT   | DUE DATE   | REMARKS   |
|---|--|--|---|
| Local Advertising                         | \$2,500 per month, for local advertising and public relations activities, until the first anniversary of opening your Fitness Studio. Thereafter, the minimum monthly expenditure shall be \$2,000.  | Paid monthly by you for local advertising.                       | If requested, you must furnish proof of local advertising expenditures to us. Any deficiency in local marketing by you must be contributed to the Brand Creative Fund.                    |
| Regional or Local Advertising Cooperative | Minimum of \$1,500 and maximum of \$3,000 per month as determined by Cooperative; subject to increase upon unanimous vote of all members of the Cooperative.   | Paid monthly.  | Contributions to Cooperative are credited to your obligation to spend a minimum in local advertising.   |
| Fully managed billing services            | Currently,<br>i) 3.5% of the amount collected from recurring membership fees plus the current interchange rate for Visa, MasterCard, Discover or American Express; and ii) 3.5% of the amount collected from recurring membership fees plus 1.11% for ACH. Other amounts collected are charged the current interchange rate for Visa, MasterCard, Discover or American Express or are charged the 1.11% ACH rate. All these amounts are subject to change. | Collected weekly through our approved billing services supplier  | Paid to our affiliate CLR Solutions LLC.<br><br>We reserve the right to adjust the amount of this fee, what is included within this fee, and the provider or providers of these services. |
| App Fee                                   | \$110/month  | Collected monthly through our approved billing services supplier | Current fee for MyFitApp, Collected for third party Innovatise GmbH. Fee and app may change in the future.  |
| SMS Platform Fee                          | \$139/month  | Collected monthly through our approved                           | Current fee for CRConnect.for those franchisees who choose to use CRConnect, Collected for  |

| TYPE OF FEE                  | AMOUNT  | DUE DATE   | REMARKS   |
|------------------------------|---|--|---|
|                              |   | billing services supplier  | third party ClubReady. Fee and SMS provider may change in the future.   |
| Transfer                     | \$10,000  | Before the date of closing of the transfer of the Franchise Agreement or Area Development Agreement. | Paid if you assign or transfer the rights to the Area Development Agreement or Franchise Agreement or make other specified transfers to someone other than an entity controlled by you or to your immediate family member.  |
| Related Party Assignment Fee | First assignment is free and each subsequent assignment is \$500.                             | 10 days after billing.   | Paid only if you assign your Area Development Agreement or Franchise Agreement to an entity controlled by you or to your immediate family member. This fee would cover our administrative costs.  |
| Supplemental Training Fee    | Currently, \$800 per day plus our out-of-pocket expenses including travel, lodging and meals. | 10 days after billing  | This fee applies to any training other than Pre-Sales Training and Launch Training. We will provide you required additional training in our discretion. You must pay us our then-current supplemental training fee plus reimbursement of our expenses for providing such supplemental training, including costs of transportation, meals and lodging for our employees or representatives providing such training. The amount of the supplemental training fee may change, but will not exceed \$1,500 per day. |
| Convention Registration Fee  | Currently, \$799 per attendee   | 10 days after billing  | Franchisee or its Representative shall attend every annual franchisee convention that occurs. The annual franchisee convention may or may not occur every year. Franchisee shall pay a registration fee (in the amount set by Franchisor in the   |



| TYPE OF FEE        | AMOUNT  | DUE DATE   | REMARKS  |
|--------------------|---|--|--|
|                    |   |  | Operations Manual or other written communication by Franchisor).   |
| Renewal            | \$10,000  | At the time you request renewal.   | You must give us written notice of your election to renew the Franchise Agreement not less than 7 months nor more than 12 months before the end of the initial term.   |
| Relocation         | \$5,000   | At the time relocation is requested.   | Paid only if you request relocation of your Fitness Studio.  |
| Interest           | Greater of 1 ½ % per month or 3% over prime rate per annum not to exceed maximum allowed by law.  | 30 days after billing.   | Interest is charged on any unpaid royalty, advertising, technology, transfer and other fees not received by the date due.  |
| Audit              | Delinquency of royalty and advertising contributions, plus interest from the date due. In addition, if there is an understatement of Gross Revenue which exceeds 2%, you must pay the cost of the audit.  | Within 15 days after receipt of the audit report.                            | Interest due if there is an understatement in the royalty and advertising contributions. You must pay the cost of the audit if understatement of royalty and advertising contributions exceeds 2% of Gross Revenue for the previous 12 months. |
| Liquidated Damages | Three times the greater of (i) royalty fees and other fees which became due to us or our affiliates from you during the twelve (12) months immediately preceding such termination of the Franchise Agreement or (ii) the Minimum Royalties and other fees that would be due to us or affiliates under the applicable Performance Standard and other provisions for the twelve (12) months immediately after such termination. | Within 15 days after termination of the Franchise Agreement by us for cause. | If the Franchise Agreement is terminated, you agree to pay us liquidated damages.  |
| Management Fee     | 8% of the Gross Revenue of your Franchised Business   | As incurred  | The Management Fee will only be due to us if (a) you are in material default under your  |

| TYPE OF FEE                   | AMOUNT   | DUE DATE    | REMARKS  |
|-------------------------------|--|-------------|--|
|                               | during the period of time we or our representative manages your Franchised Business on your behalf (the “Management Fee”), plus the costs and expenses we incur. |             | Franchise Agreement or become disabled (and unable to perform as the “Franchisee” under your Franchise Agreement), and (b) we exercise our right to temporarily operate your Franchised Business in an effort to assist in getting the operations of the Franchised Business back into compliance with the Franchise Agreement and System standards.   |
| Site Selection Assistance Fee | \$2,000  | As incurred | You will pay \$0 to us for site selection assistance so long as you use our approved vendor for site selection services. Should you elect to utilize your own real estate broker to assist you with site selection, you will be required to pay \$2,000 to us to cover the coordination of your site approval with our real estate committee. In addition to this \$2,000, you could also need to pay your own real estate broker.   |
| Initial Package Setup Fee     | \$0 to \$7,500   | As incurred | We may offer to supervise the assembly of the bag system for the Fitness Studio to open for business. If we offer, and you choose, to utilize us to provide supervision of the assembly of the bag system for the Fitness Studio to open for business, then you shall pay us a one-time fee equal to \$3,500, plus the out-of-pocket costs incurred by us for travel and lodging of our personnel who provide such services. This fee will be due and payable within 30 days after such services are provided to you |

Except as otherwise noted in this Item 6, all fees are charged uniformly to all franchisees and are imposed and collected by and payable to us and are all non-refundable.

[Remainder of Page Intentionally Blank]

**ITEM 7**  
**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT FOR A  
SINGLE LEASED FITNESS FACILITY**

| <b>NATURE OF EXPENSE</b>   | <b>AMOUNT<sup>1</sup></b> | <b>METHOD OF PAYMENT</b> | <b>WHEN DUE</b>                   | <b>TO WHOM PAYMENT IS MADE</b>        |
|--|---------------------------|--------------------------|-----------------------------------|---------------------------------------|
| Initial franchise fee <sup>1</sup>   | \$49,500                  | Lump sum                 | At signing of Franchise Agreement | TBC International                     |
| Pre-Sales Training Fee <sup>2</sup>  | \$1,500                   | Lump sum                 | At signing of Franchise Agreement | TBC International                     |
| Launch Training Fee <sup>3</sup>   | \$6,000                   | Lump sum                 | At signing of Franchise Agreement | TBC International                     |
| Travel Costs for Franchisee and Franchisee's general manager to travel to designated location for Pre-Sales Training | \$1,500 to 4,700          | As incurred              | As incurred                       | Vendors                               |
| Initial Package <sup>4</sup>   | \$96,674 to \$106,760     | Lump sum                 | Prior to opening                  | Vendors                               |
| Delivery for Standard Initial Package <sup>5</sup>   | \$18,001 to \$21,843      | As incurred              | As incurred                       | Vendors                               |
| Leasehold improvements <sup>6</sup>  | \$164,000 to \$380,000    | As incurred              | As negotiated                     | Vendors and suppliers                 |
| Architectural and Engineering Services   | \$9,850 to \$52,086       | As incurred              |                                   | Vendors                               |
| Signage <sup>7</sup>   | \$17,200 to 19,200        | As incurred              | As incurred                       | Vendors and suppliers                 |
| Pre-Opening Marketing  | \$25,000 to \$25,000      | As incurred              | Prior to opening                  | Vendors and suppliers                 |
| Retail Items   | \$3,500 to \$8,250        | As incurred              | Prior to opening                  | Vendors and suppliers                 |
| Security Deposits <sup>8</sup>   | \$5,000 to \$21,000       | As incurred              | Negotiated                        | Lessor of premises; utility companies |

| <b>NATURE OF EXPENSE</b>                            | <b>AMOUNT<sup>1</sup></b>     | <b>METHOD OF PAYMENT</b> | <b>WHEN DUE</b> | <b>TO WHOM PAYMENT IS MADE</b>  |
|---|-------------------------------|--------------------------|-----------------|---|
| Rent (3 months) <sup>9</sup>                        | \$0 to \$63,000               | As incurred              | As incurred     | Lessor of premises  |
| Business Equipment                                  | \$2,000 to \$4,000            | As incurred              | As incurred     | Vendors and suppliers   |
| Office Supplies and Cleaning Supplies               | \$1,500 to \$2,500            | As incurred              | As incurred     | Various suppliers   |
| Business Licenses                                   | \$500 to \$3,000              | As incurred              | As incurred     | State and Local Authorities   |
| Insurance - 3 months                                | \$2,000 to \$3,000            | As incurred              | As incurred     | Insurance vendor  |
| Music Licensing Fee <sup>10</sup>                   | \$1,800 to \$2,200            | As incurred              | Annually        | Vendors   |
| Site Selection Assistance/ Consulting <sup>11</sup> | \$0 to \$2,000                | As agreed                | As incurred     | Our Approved Supplier for site selection assistance or other third-party provider |
| Additional funds – 3 months <sup>12</sup>           | \$43,000 to \$83,000          | As incurred              | As incurred     | Employees, suppliers, utilities, landlord   |
| <b>Total</b>  | <b>\$448,525 to \$858,539</b> |                          |                 |   |

Notes: All payments which you make directly to us are nonrefundable. This may or may not be true for payments made to third parties.

1. The initial franchise fee is \$49,500. The initial franchise fee is reduced to \$33,166 for each Franchise Agreement that Franchisee simultaneously signs for the development of three or four Fitness Studios or when Franchisee signs an Area Development Agreement to develop and open three or four Fitness Studios. The initial franchise fee is reduced to \$29,900 for each Franchise Agreement that Franchisee simultaneously signs for the development of five or more Fitness Studios or when Franchisee signs an Area Development Agreement to develop and open five or more Fitness Studios.
2. You (and your general manager if your general manager is running presales) must attend and successfully complete, to our satisfaction, Pre-Sales Training. The cost for the Pre-Sales Training program is \$1,500. In addition, you must pay all wages incurred by you and your employees in connection with Pre-Sales Training. In addition, you must pay all costs of travel, flights, food, and lodging incurred by you and your employees to attend Pre-Sales Training at a location designated by us.

3. You and your general manager must attend and successfully complete, to our satisfaction, Launch Training. The cost for the Launch Training program is \$6,000. In addition, you must pay all wages incurred by you and your employees in connection with the Launch Training.
4. In the operation of your Fitness Studio, you must purchase the items contained in the Standard Initial Package unless we approve a variance to the Standard Initial Package based on unique circumstances. Exhibit L to the FDD describes components of the Standard Initial Package for a 3500 square foot club. The components and cost of the Standard Initial Package ranges from \$96,674 to \$106,760, depending on the square footage of your Fitness Studio; the ranges that are provided above are for a 2,500 to 3,500 square foot club. The actual amount you pay for the Initial Package will be determined by the layout of your fitness Studio and the actual square footage of your Fitness Studio. To the extent our preferred vendors do not charge sales tax, you are required to pay any sales or use tax that may be due. You may also incur costs for the installation of the Standard Initial Package depending upon whether or not you provide your own labor, use TBCI labor where applicable, or you hire a third-party installation team. The fees associated with the Standard Initial Package are not refundable under any circumstance. The Standard Initial Package price may increase if vendor prices increase. If we permit you to buy used equipment from other TITLE Boxing Clubs, then your costs for the Initial Package could be lower.
5. The cost of delivery of the Standard Initial Package may vary based on distance to your location from our vendors.
6. Title Boxing Clubs are typically located in commercially zoned shopping areas. Due to the costs of land acquisition and new construction, we expect you will lease the premises. Your actual leasehold improvement costs cannot be estimated with complete accuracy, and the range of costs can vary greatly. This estimate is based on franchisees' build-out experience since 2019 in certain markets. The pricing in your market may be higher. This estimate presumes that the facility is in general "white box" condition prior to construction. A facility in white box condition generally includes a finished exterior; the minimal plumbing necessary for gas and water service; functioning bathrooms; an installed electrical panel; basic lighting; and a central air conditioning and heating system with concealed ductwork. The typical size of Fitness Studios must accommodate a minimum of 30 bags to a maximum of 48 bags and square footage in a range from approximately 2,500 sq. ft. to 3,500 sq. ft. Your costs will vary depending on the size of the premises and the status of the premises at the time you begin your improvements and whether your landlord will pay any of the costs of improvements. Your costs will also vary based on the labor costs in your market. Some franchisees are able to negotiate the costs of tenant improvements with landlords which provide that the landlord will pay some or all of those upfront costs which may result in zero upfront cash outlay for such franchisees. This range does not include any cost to purchase land or any cost to prepare the site for construction. We do not estimate the costs associated with the acquisition of real estate if you decide to purchase land. These costs do not reflect unionized labor. Depending upon the market in which your Fitness Studio will be located, the costs of leasehold improvements and new construction costs will vary greatly. Some franchisees have incurred leasehold improvement costs in excess of the amounts listed in the chart; for example in 2018, a franchisee in New York incurred leasehold improvements costs of \$725,000 for a 3566 square foot club.
7. Includes purchase and installation of signage and may vary by marketplace.
8. This estimate includes the costs of your security and utilities deposits. These are only estimates and will vary depending on the area of your Fitness Studio, what you are able to negotiate with you landlord, and your credit history and financial position. These deposits may be refundable.

9. Rent amounts vary widely by market, and the amount could be more than \$63,000. Some franchisees may be successful in negotiating zero rent for the first three months of their leases with their landlord as reflected in the low estimate above. However, the circumstances under which this may happen are between the franchisee and the landlord.
10. You are required to acquire licensing rights from our designated third-party music vendors and pay periodic licensing fees to those vendors. Failure to obtain such licensing rights is a material breach of the franchise agreement.
11. You will pay \$0 for site selection assistance to us so long as you use our approved vendor for site selection services. Should you elect to utilize your own real estate broker to assist you with site selection, you will be required to pay us \$2,000 to cover the coordination of your site approval with our real estate committee. In addition to this \$2,000, you could also need to pay your own real estate broker.
12. This estimates your initial expenses for three months from the date you open for business. These expenses include estimates for payroll costs, marketing (other than the \$25,000 in preopening marketing), utilities, royalty fees, and other fees described in Item 6 of the FDD. In determining these amounts, Franchisor relied on Franchisor's review of certain information provided by franchisees, as well as Franchisor's affiliates' experience operating corporate locations. Your amounts may be higher. These estimates do not include any estimates for debt service.

To compile these estimates, we relied on the experience of our affiliates and on certain information provided by our franchisees who have previously opened Fitness Studios. You should review these figures carefully with your business advisor before deciding to acquire the franchise. We do not offer financing directly or indirectly for any part of the initial investment.

[Remainder of Page Intentionally Blank]

**Area Development Agreement**

| ITEM   | AMOUNT <sup>1</sup>   | METHOD OF PAYMENT | WHEN DUE   | TO WHOM PAYMENT IS MADE |
|--|---|-------------------|--|-------------------------|
| Area Development Fee   | \$79,500 - \$149,500  | Lump Sum          | At signing of Area Development Agreement   | TBC International       |
| Initial Investment to Open One Initial Fitness Studio <sup>2</sup> | \$399,025 to \$809,0395   |                   | Totals from single lease fitness studio of this Item 7 less the \$49,500 Initial Franchise Fee.  |                         |
| Grand Total <sup>3</sup>   | \$478,525 to \$888,539<br>(2 Units)<br><br>\$498,523 to \$908,537<br>(3 Units)<br><br>\$548,525 to \$958,539<br>(5 Units) |                   | This is the total estimated initial investment to enter into an Area Development Agreement for the right to own a total of two to five Fitness Studios, as well as the estimated initial costs to open and begin operating <u>one</u> Fitness Studio for the first three months (as described more fully in the “Single Leased Fitness Studio” chart above). |                         |

1. The initial area development fee is fully described in Item 5. According to the Area Development Agreement, if you agree to open two Fitness Studios, you must pay us an area development fee of \$79,500 (2 x \$39,750 per Fitness Studio to be developed) at the time you sign the Area Development Agreement. If you agree to open three Fitness Studios, you must pay us an initial area development fee of \$99,498 (3 x \$33,166 per Fitness Studio to be developed) at the time you sign the Area Development Agreement. If you agree to open four Fitness Studios, you must pay us an initial area development fee of \$132,664 (4 x \$33,166 per Fitness Studio to be developed) at the time you sign the Area Development Agreement. If you agree to open five or more Fitness Studios, you must pay us an initial area development fee of \$149,500 (5 x \$29,900 per Fitness Studio to be developed) at the time you sign the Area Development Agreement.
2. This range represents the total estimated initial investment required to open the one initial Fitness Studio you agreed to open and operate under the Franchise Agreement and does not include any of the costs you will incur in opening any additional Fitness you agree to develop under your Development Agreement. This amount is calculated by taking the low and high ranges from the Single Leased Fitness Studio chart above and subtracting the initial franchise fee amount of \$49,500.
3. All payments which you make directly to us under the Area Development Agreement are nonrefundable.

To compile these estimates, we relied on the experience of our affiliates and on certain information provided by our franchisees who have previously opened Fitness Studios. You should review these figures carefully with your business advisor before deciding to acquire the franchise. We do not offer financing directly or indirectly for any part of the initial investment.

## ITEM 8

### RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

#### **Standards and Specifications**

To maintain uniformity, ensure standards of quality and service offered by your Fitness Studio, and allow you to benefit from being a part of the franchise system,- we issue standards and specifications to you in the Operations Manual and otherwise, including, without limitation, in writing and by e-mail. You must operate your Fitness Studio in strict conformity with our standards and specifications. You must maintain in sufficient supply and use and sell only approved products and services and other goods that meet our standards and specifications, which may include products specified by us by name brand. As part of our specifications, we may designate or approve only certain suppliers for your purchases.

#### **Designated and Approved Suppliers**

We have the right to limit the suppliers from whom you purchase equipment, supplies, and other products and services for your Fitness Studio. We restrict the sources of products and services to try to assure (1) quality and uniformity of products and services offered at all Fitness Studios and (2) reliable supply to you of products and services that meet our standards. We also limit the suppliers to try to achieve better terms of purchase and delivery and to control usage of the Licensed Marks by third parties and to monitor the sale of these items. For products and other items which bear the Licensed Marks, suppliers may, at our option, be limited to us or one of our affiliates or to other specified exclusive sources, in which case you would have to buy these products and the other items only from us, or from our affiliate or from the other exclusive sources at the prices we or they decide to charge. Any purchases of products and services, including the Standard Initial Package described below, directly from us or our affiliates, whether required or voluntary, may be at prices which exceed our costs. We may also receive rebates from designated and approved suppliers based upon the purchase or lease of products and services by you and other franchisees.

All franchisees must purchase the Standard Initial Package directly from our designated vendors.

Our affiliate CLR Solutions, LLC, is our designated and sole provider offering fully managed billing services as well as dedicated support for each Fitness Studio. CLR Solutions, LLC, or by use of CLR Solutions, LLC 3<sup>rd</sup> party services, provides a full suite of payment services including transaction settlement for card not present transactions, daily draft processing, account reconciliation, royalty management, remit reporting and issuance, financial reporting, automated card reattempts, chargeback management, dispute handling and PCI-DSS security protocols on behalf of each Fitness Studio.

In the fiscal year ending December 31, 2023, our affiliate CLR Solutions LLC derived \$1,273,419 in revenue, of which \$1,273,419 was from franchisee purchases.

You will be required to use a point-of-sale system approved by us (“POS”). You must authorize the approved supplier of the POS system to allow payments, including but not limited to Royalty fees and Brand Creative Fund Contributions, and any other payments, to be collected by us. The POS system will provide third party access to CLR Solutions, LLC. The POS may also provide management services such as check-in system, appointment scheduler, POS, month end financial reports, prospect database, customer relations, and contact entry.

In addition, you are required to purchase and maintain throughout the operation of your Fitness Studio an inventory of designated boxing products and equipment bearing the Licensed Marks from a single source, Title Boxing, LLC. None of our officers own an interest in Title Boxing, LLC. You are required to keep an estimated \$3,000 of inventory on hand.



You must purchase the following services from vendors and suppliers approved by us, as determined by us, in our sole discretion, upon written notice to you, as follows: (i) local store marketing and digital services, (ii) radio and music for the Fitness Studio, (iii) printing services for marketing materials, business cards, and operations materials, (iv) brand mats and janitorial supplies, (v) sound system and video monitors, and (vi) other fitness equipment and ybells (ybells are optional but if you choose them you must purchase them from our approved vendors). We may receive revenue from approved suppliers based upon the purchase of products and services from approved suppliers. The precise basis of the revenue paid to us is 1% to 25% of the purchase price of such products and services purchased by franchisees. We do not provide any material benefits to you based on your purchases of particular products or services or the use of designated or approved suppliers. We reserve the right to charge a fee for any digital services we provide in the future.

If you choose to purchase cardiovascular machines, treadmills and elliptical trainers, you are required to purchase such cardiovascular machines, treadmills and elliptical trainers from us or from suppliers approved by us. You are also required to purchase management services for your website, Facebook® and other on-line marketing from a supplier approved by us.

You must obtain and maintain insurance coverage in the types and amounts specified below (or otherwise provided to you in writing), naming us as an additional insured:

Comprehensive General Liability Insurance, including contractual liability, property damage, personal injury, and products liability coverage in the amount of One Million Dollars (\$1,000,000) each occurrence and Three Million Dollars (\$3,000,000) annual aggregate;

“All Risks” coverage for the full cost of replacement of the Fitness Facility Premises and all other property in which Franchisor may have an interest;

Automobile liability coverage, including coverage of owned, non-owned and leased vehicles, with single limit coverage in amounts not less than One Million Dollars (\$1,000,000);

Worker’s compensation insurance in amounts provided by applicable law or rule of the state and locality where the Fitness Facility is located,

Employer’s liability insurance in an amount not less than \$1,000,000 each accident, \$1,000,000 policy limit and \$1,000,000 each employee

Professional liability insurance with a minimum policy limit of \$1,000,000 per occurrence

Business Interruption insurance in such amount as will reimburse you for a period of interruption of 180 days and such longer period as we may specify periodically

An umbrella policy, in the amount of Two Million Dollars (\$2,000,000) in the aggregate, covering all TITLE BOXING CLUBS operated by you, which would cover any excess claims arising from those Fitness Facilities.

You may obtain and, thereafter, maintain the insurance coverage from an insurance provider of your choosing, as long as you have the required coverage.

We may, upon written notice to you, increase the minimum coverage of insurance and/or require different or additional kinds of insurance to reflect inflation, changes in standards of liability, or other relevant changes and circumstances. You must obtain and thereafter maintain such insurance at the increased level of coverage.

If at any time you fail or refuse to maintain in effect any insurance coverage required by us, or to furnish satisfactory evidence of such insurance, we may, at our option and in addition to other rights and remedies we may have, obtain insurance coverage, on your behalf, and you agree to properly

execute any applications or other forms or instruments required to obtain any such insurance and pay to us on demand any cost and premiums we incur. Your obligation to obtain and maintain the insurance coverage described herein is a material obligation of the Franchise Agreement. Failure to comply shall constitute good cause for termination of the Franchise Agreement.

You acknowledge that we shall have no obligation to insure you or, if applicable, your employees or agents.

We may receive revenue from approved suppliers based upon the purchase or lease of products and equipment by franchisees from approved suppliers. The basis of the revenue paid to us may be 1% to 25% of the purchase price of such products purchased by franchisees from an approved supplier. In the fiscal year ending December 31, 2023, we received \$44,421.96 from approved suppliers based on the purchase of products and services by franchisees from approved suppliers, which was less than 0.1% of our total revenue of \$4,466,206 for the fiscal year ending December 31, 2023. We reserve the right to use all amounts received by us or our affiliates without restriction for any purpose.

In addition to the designated and approved suppliers described above, we have the right to identify additional designated and approved suppliers in the future in written communications to you or in the Operations Manual, as we determine in our sole and absolute discretion.

To maintain the quality of the goods and services that your Fitness Studio sells, we may condition your right to buy or lease goods or services (besides those described above that you may obtain only from us, or our affiliate, or from other specified sources), on their meeting minimum standards and specifications or being purchased from suppliers we have approved. We will formulate these standards and specifications which may impose minimum requirements for production, performance, reputation, prices, quality, design and appearance. These will be in written communications to you or may be posted in our Operations Manual and changed from time to time at our sole discretion.

If you want to buy or lease any item or service that we have not yet evaluated or approved, or want to buy or lease from a supplier that we have not yet approved or designated, you must first send us sufficient information, specifications, and samples so that we can determine whether that item or service complies with our standards and specification and/or whether the supplier meets our approved supplier criteria. We may charge you or the supplier a reasonable fee for the evaluation and decide within a reasonable time (generally no more than 30 days) whether or not we approve or disapprove the item or service. We periodically will establish procedures for your request and may limit the number of approved items, services or suppliers, as we determine in our sole discretion.

Supplier approval might depend on product quality, delivery frequency and reliability or on service standards or financial capability or customer relation or concentration of purchases with limited suppliers to obtain better prices and service, and/or a supplier's willingness to pay us or our affiliate for the right to do business with our system. We may inspect a proposed supplier's facilities during or after the approval process to make sure that the supplier meets our standards. If it does not, we may revoke our approval by notifying the supplier and you in writing. We have no obligation to approve any request for a new supplier, or for a new product or service.

All advertising and promotional materials and other items we designate must bear the Licensed Marks in the form, color, location and manner we prescribe. Before you use any advertising or promotional material, you must send it to us for our review and approval. You may not use any advertising, promotional or marketing materials that we have not approved. You agree that any advertising, promotion and marketing you conduct will be clear and factual and not misleading and will conform to the highest standards of ethical advertising.

We may negotiate purchase arrangements with suppliers, including price and terms, for the benefit of franchisees. According to the terms of our Franchise Agreement, we and our affiliate have the right to receive payments from suppliers on account of your purchase from suppliers and to use any amount received from such payment for any purpose without restriction.

We estimate that the percentage of the required purchase of products and services in relationship to all purchases and leases that you incur in establishing the Fitness Studio is 20% to 65%. We estimate that your purchase of products and services from approved suppliers in the operation of your Fitness Studio will be approximately 5% to 20% of your total ongoing costs.

There currently are no purchasing or distribution cooperatives that you must join or in which you may participate.

## ITEM 9 FRANCHISEE'S OBLIGATIONS

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

| OBLIGATION  | SECTION IN AGREEMENT   | ITEM IN DISCLOSURE DOCUMENT |
|---|--|-----------------------------|
| a. Site selection and acquisition/lease                         | Section 8 in Area Development Agreement.<br>Section 4 in Franchise Agreement.  | Item 11                     |
| b. Pre-opening purchases/leases                                 | Section 8 in Area Development Agreement.<br>Section 5 in Franchise Agreement.  | Item 8                      |
| c. Site development and other pre-opening requirements          | Section 8 in Area Development Agreement.<br>Section 4 in Franchise Agreement.  | Items 7, 8 and 11           |
| d. Initial and ongoing training                                 | Section 6 in Franchise Agreement.  | Item 11                     |
| e. Opening  | Sections 5 & 6 in Franchise Agreement.   | Item 11                     |
| f. Fees   | Section 9 in Area Development Agreement.<br>Section 11 in Franchise Agreement. | Items 5 and 6               |
| g. Compliance with standards and policies/<br>Operations Manual | Sections 5, 6 and 12 in Franchise Agreement.                                   | Item 11                     |
| h. Trademarks and proprietary information                       | Section 13 in Area Development Agreement.<br>Section 7 in Franchise Agreement. | Items 13 and 14             |
| i. Restriction on products/services offered                     | Section 12 in Franchise Agreement.   | Items 8 and 16              |
| j. Warranty and customer service requirements                   | Section 12 in Franchise Agreement.   | Item 11                     |

| OBLIGATION   | SECTION IN AGREEMENT  | ITEM IN DISCLOSURE DOCUMENT |
|--|---|-----------------------------|
| k. Territorial development and sales quotas            | Section 4 in Area Development Agreement.  | Item 12                     |
| l. Ongoing product/service purchases                   | Section 12 in Franchise Agreement.  | Item 8                      |
| m. Maintenance, appearance and remodeling requirements | Section 12 in Franchise Agreement.  | Item 11                     |
| n. Insurance   | Section 13 in Franchise Agreement.  | Items 7 and 8               |
| o. Advertising   | Section 14 in Franchise Agreement.  | Items 6 and 11              |
| p. Indemnification                                     | Section 12 in Area Development Agreement.<br>Section 10 in Franchise Agreement.             | Item 6                      |
| q. Owner's participation/management/staffing           | Section 7 in Area Development Agreement.<br>Section 12 in Franchise Agreement.              | Items 11 and 15             |
| r. Records/reports                                     | Section 19 in Area Development Agreement.<br>Sections 11 and 15 in Franchise Agreement.     | Item 11                     |
| s. Inspections/audits                                  | Section 19 in Area Development Agreement.<br>Sections 15 and 16 in Franchise Agreement.     | Items 6 and 11              |
| t. Transfer  | Section 16 in Area Development Agreement.<br>Section 17 in Franchise Agreement.             | Items 6 and 17              |
| u. Renewal or extension                                | Section 4 in Area Development Agreement<br>Section 18 in Franchise Agreement.               | Item 17                     |
| v. Post-termination obligations                        | Section 15 in Area Development Agreement.<br>Section 20 in Franchise Agreement.             | Item 17                     |
| w. Non-competition covenants                           | Section 11 in Area Development Agreement.<br>Sections 1E, 3F and 21 in Franchise Agreement. | Item 17                     |

| OBLIGATION  | SECTION IN AGREEMENT   | ITEM IN DISCLOSURE DOCUMENT |
|---|--|-----------------------------|
| x. Dispute resolution   | Sections 21 & 22 in Area Development Agreement.<br>Sections 22 & 23 in Franchise Agreement.  | Item 17                     |
| y. Other<br>Electronic Funds Transfer Authorization<br><br>Guaranty of franchise fees | Not applicable in Area Development.<br>Section 11 in Franchise Agreement.<br><br>Sections 1 and 16D in Area Development Agreement<br>Sections 1F and 18C in Franchise Agreement. | Item 11<br><br>Item 15      |

**ITEM 10  
FINANCING**

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

**ITEM 11  
FRANCHISOR’S ASSISTANCE, ADVERTISING,  
COMPUTER SYSTEMS AND TRAINING**

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

**Before you open the Fitness Studio, we will:**

1. Provide you with recommended site selection criteria for the Fitness Studio. However, we are not responsible for the selection of a proposed site. Your selection of the site is subject to our approval. Our approval of the site and our review of the demographic information you provide us for your proposed site does not place any liability or responsibility upon us for the selection of the site nor do we provide any representation or warranty that the site you select will be profitable or otherwise successful. The location, selection, procurement and development of a site for the Fitness Studio are your responsibility (Area Development Agreement, Section 8; Franchise Agreement, Section 4). We will not generally own the premises or lease it to you.

Site selection does require our approval. We will exert our best efforts to deliver written notification of approval or disapproval of the site within 30 days of the receipt of any information and materials we may reasonably require (Franchise Agreement, Section 4.C.).

You must select a site for the Fitness Studio within five (5) months after the date of the Franchise Agreement. We may grant a 45-day extension of this time period if you demonstrate that you are diligently pursuing sites and you request an extension at least 14 days before the end of the period. Your failure to select a site in accordance with these requirements may result in the termination of the Franchise Agreement. We are not required to visit any site proposed by you for our approval.

However, in the event you request that we conduct an on-site review of a site or in the event we determine an on-site review of a site is necessary, then you must reimburse us for our direct costs and expenses to conduct the on-site review.

You must enter into a lease or purchase agreement for the premises of the Fitness Studio within six (6) months after you have signed the Franchise Agreement. We may grant a 45-day extension of this time period if you demonstrate that you are diligently pursuing sites and you request an extension at least 14 days before the end of the period.

If you have entered into an Area Development Agreement for multiple Fitness Studios, you must select a site for each Fitness Studio in accordance with the Area Development Agreement. After you have selected a site, we will submit the Franchise Agreement to you for the Fitness Studio to be operated at that site. The Franchise Agreement must be signed and returned to us by you within 15 days, accompanied by the initial franchise fee for that Fitness Studio.

The site you select should meet our general criteria for demographics, including population of the work force or residents within your Protected Area, character of the neighborhood, household income of residences within your Protected Area, ingress and egress to the site, proximity to and the nature of other businesses, and other physical and commercial characteristics.

You are responsible for obtaining all zoning classifications and clearances which may be required by state or local laws, ordinances or regulations or which may be necessary as a result of any restrictive covenants related to the premises of the Fitness Studio. Before you begin construction of the Fitness Studio, you must (i) obtain all permits, licenses and certifications required for the lawful construction or remodeling and operation of the Fitness Studio, and (ii) certify in writing to us that the insurance coverage specified in the Operations Manual is in force and effect and that you have obtained or required approvals, clearances, permits and certifications (Franchise Agreement, Section 5).

2. Give you mandatory and suggested specifications and layouts for a Fitness Studio, including requirements for dimensions, design, interior layout, decor, fixtures, equipment, furnishings and color scheme. (Franchise Agreement, Section 12).
3. Provide you with lists of minimum requirements for fitness and exercise equipment, initial inventory of products and services to be provided for purchase by members of your Fitness Studio, list of designated and approved suppliers from whom you must or may buy or lease required items (which may be limited to or include us, our affiliate or other specified exclusive sources approved by us). (Franchise Agreement, Section 12).
4. Provide access to the Operations Manual (Franchise Agreement, Section 6).
5. Train you. (Franchise Agreement, Section 6). A description of the initial training program is disclosed later in this Item..

### **Time For Opening**

When a Fitness Studio is developed and opened under both an Area Development Agreement and a Franchise Agreement, the time period between the signing of the Franchise Agreement until the opening of the Fitness Studio is typically six to ten months. When a Fitness Studio is developed and opened under a Franchise Agreement that is not part of an Area Development Agreement, the time period is typically six to ten months. However, these time periods may vary depending upon factors including your ability to secure financing, the location and condition of the premises, and the completion of the improvements to the premises.

TBCI will conduct an initial training program, currently consisting of Pre-Opening Training, Pre-Sales Training, and Launch Training (and subject to change). This initial training currently consists

of instruction in operations, sales, and marketing, and is subject to change. This initial training currently consists of virtual courses and on-the-job training furnished at one of our affiliate-owned Fitness Studios, at your Fitness Studio, or at another location designated by us, and is subject to change.

You must attend and successfully complete, to our satisfaction, the Pre-Opening Training (if offered by us) within two weeks after signing the Franchise Agreement. You (and your general manager if your general manager is running pre-sales) must attend and successfully complete, to our satisfaction, the Pre-Sales Training (if offered by us) at least one month before the opening of your Fitness Studio. You, your general manager, and your head coach must attend and successfully complete, to our satisfaction, the Launch Training (if offered by us) at least two weeks before the opening of your Fitness Studio.

If you purchase an existing operating TITLE BOXING CLUB Fitness Studio, you and your general manager must attend and successfully complete, to our satisfaction, the Launch Training (if offered) at least two weeks before taking over operations, and complete any other training we require.

You must pay us a one-time Pre-Sales Training Fee in the amount of \$1,500 at the time you sign the Franchise Agreement. You must also pay us a one-time Launch Training Fee in the amount of \$6,000 at the time you sign the Franchise Agreement. (If you purchase an existing operating TITLE BOXING CLUB Fitness Studio, you may not be required to pay the \$1,500 Pre-Sales Training Fee if you are not required to attend Pre-Sales Training.)

We offer the initial training program throughout the year as needed. You must provide us at least one-month prior notice of your request to attend the initial training program.

If at any time during the initial training program, it appears to us that a proposed general manager is not able to successfully complete the training to our satisfaction, then that person will be removed from the initial training and you must designate a successor general manager who must attend and successfully complete the initial training program.

### **TRAINING PROGRAM**

The current outline of the initial training program for franchisees at new locations is as follows, and is subject to change. It currently consists of Pre-Opening Training, Pre-Sales Training, and Launch Training:

#### **Pre-Opening Training (must be completed by Franchisee within two weeks after signing the Franchise Agreement)**

| <b>Subject</b>                         | <b>Hours of Classroom Training</b> | <b>Hours of On-The-Job Training</b> | <b>Location</b>               |
|--|------------------------------------|-------------------------------------|-------------------------------|
| The Brand and Product                  | 0.5                                | 0                                   | Virtual (Pre-recorded course) |
| Site Selection, Club Build Out, Design | 2                                  | 0                                   | Virtual (Pre-recorded course) |
| Technology & Platforms                 | 3                                  | 0                                   | Virtual (Pre-recorded course) |

|                                |           |          |                                |
|--------------------------------|-----------|----------|--------------------------------|
| Marketing & Pre-Sales Training | 1         | 0        | Virtual (Pre-recorded course)  |
| Pre-Opening road map           | 2.5       | 0        | Virtual (videoconference call) |
| Site Selection and Real Estate | 2         | 0        | Virtual (videoconference call) |
| Pricing Overview               | 1         | 0        | Virtual (videoconference call) |
| <b>Total Hours</b>             | <b>12</b> | <b>0</b> |                                |

**Pre-Sales Training (must be completed by Franchisee [and Franchisee's General Manager if General Manager is running Pre-Sales] at least one month prior to the opening of your Fitness Studio)**

| <b>Subject</b>             | <b>Hours of Classroom Training</b> | <b>Hours of On-The-Job Training</b> | <b>Location</b>   |
|----------------------------|------------------------------------|-------------------------------------|---|
| Founding Members Marketing | 0                                  | 8                                   | At fitness studio location owned by franchisor's affiliate or at another location franchisor designates |
| Founding Members Sales     | 0                                  | 8                                   | At fitness studio location owned by franchisor's affiliate or at another location franchisor designates |
| Pop-Up classes             | 1                                  | 0                                   | Virtual (Pre-recorded course)   |
| Marketing tools            | 2.5                                | 0                                   | Virtual (pre-recorded course)   |
| <b>Total Hours</b>         | <b>3.5</b>                         | <b>16</b>                           |   |



**Launch Training (must be completed by Franchisee, Franchisee’s General Manager, and Franchisee’s Head Coach at least two weeks prior to the opening of your Fitness Studio)**

**[If you purchase an existing operating TITLE BOXING CLUB Fitness Studio, you and your general manager must attend and successfully complete, to our satisfaction, the Launch Training at least two weeks before taking over operations, and must complete any other training we require.]**

| <b>Subject</b>   | <b>Hours of Classroom Training</b> | <b>Hours of On-The-Job Training</b> | <b>Location</b>  |
|--|------------------------------------|-------------------------------------|--|
| Sales Training (booking calls, Pre-class & Post class) | 1.5                                | 0                                   | Virtual (pre-recorded course)                                    |
| FIGHTER Framework                                      | 0.5                                | 0                                   | Virtual (pre-recorded course)                                    |
| Marketing Foundations                                  | 1                                  | 0                                   | Virtual (pre-recorded course)                                    |
| Lead Management & Referrals                            | 0.5                                | 0                                   | Virtual (pre-recorded course)                                    |
| Data and Dashboard                                     | 1                                  | 0                                   | Virtual (pre-recorded course)                                    |
| Coach Training   | 0                                  | 16                                  | At franchisee’s studio location or another location we designate |
| Sales FIGHTER Training                                 | 0                                  | 16                                  | At franchisee’s studio location or another location we designate |
| Post-Opening Marketing Calendar                        | 1                                  | 4                                   | Virtual (videoconference call)                                   |
| Lead Management & LASER                                | 0                                  | 0                                   | At franchisee’s studio location or another location we designate |
| Data and Dashboard                                     | 0                                  | 4                                   | At franchisee’s studio location or another location we designate |

|             |     |    |  |
|-------------|-----|----|--|
| Total Hours | 5.5 | 40 |  |
|-------------|-----|----|--|

Our training team is comprised of subject matter experts for each subject. The Training Program is directed and overseen by our Chief Executive Officer, Todd Wadler and our Chief Revenue Officer, Felicia Alexander. Mr. Wadler has over 26 years of experience operating and analyzing businesses and seven years of experience operating and training in fitness boxing studios. Ms. Alexander has 24 years of experience in executive management and business operations. She has seven years of experience in operating and training in fitness boxing studios. Both have co-founded fitness boxing studios and understand all aspects of a successful training program.

Training may be in-person or virtually (via pre-recorded courses or otherwise), or a combination of both.

The subjects and time periods allocated to the subjects taught to you and your personnel may vary in our sole discretion, based on the experiences of those persons being trained or other factors.

The entire training program is subject to change due to updates in materials, methods, needs, manuals and personnel without notice to you (Franchise Agreement, Section 6). Instructional materials used during initial training are presentations, hand-outs, role playing and fitness classes.

**Supplemental Training**

In addition to Initial Training, you and your managers must attend and successfully complete all training programs and seminars as we periodically may require (“Supplemental Training”).

For Supplemental Training away from your Fitness Studio, (a) you must pay us the then-current Supplemental Training fee, which is currently \$800 per day and which shall not exceed \$1,500 per day, and (b) you must pay all expenses incurred by you (or any of your employees) in connection with attendance and participation in any Supplemental Training, including, without limitation, the cost of transportation, lodging, meals and any salaries or other wages.

For Supplemental Training at your Fitness Studio, (a) you must pay us the then-current Supplemental Training fee, which is currently \$800 per day and which shall not exceed \$1,500 per day, (b) you must reimburse us for the costs and expenses of our employees conducting such training, including, without limitation, the cost of transportation, lodging and meals, and (c) you must pay all expenses incurred by you (or any of your employees) in connection with attendance and participation in any Supplemental Training, including without limitations, the costs of transportation, lodging, meals, and any salaries or other wages.

If you request additional training from us, and we choose to provide this requested training, then (a) you must pay us the then-current Supplemental Training fee, which is currently \$800 per day and which shall not exceed \$1,500 per day, (b) you must reimburse us for the costs and expenses of our employees conducting such training, including, without limitation, the cost of transportation, lodging and meals, and (c) you must pay all expenses incurred by you (or any of your employees) in connection with attendance and participation in any supplemental training, including without limitations, the costs of transportation, lodging, meals, and any salaries or other wages.

### **Plans and Specifications**

We will provide you with a copy of our standard recommended floor plan and specifications for layout and placement of heavy boxing bags. We must approve your floor plan for your Fitness Studio.

### **During your operation of the Fitness Studio, we will:**

1. Provide on loan to you digital access to the confidential Operations Manual and other written materials as we develop for use in the operation of a Fitness Studio;
2. Provide advice and consult with you periodically in connection with the operation of the Fitness Studio. We may (but are not required to) provide the foregoing information by telephone, by videoconference, by visiting the Fitness Studio, by providing written materials or communications, or via meetings at such locations as we may select;
3. Develop certain marketing materials for use by you in the operation of the Fitness Studio;
4. Provide a list of approved suppliers to you and continue to evaluate approved supplier performance and product quality;
5. Conduct an initial training program for you; and
6. Grant you the right to use our Licensed Marks in the operation of your Fitness Studio in accordance with the Franchise Agreement.

### **Operations Manual**

We will provide access during the term of the Franchise Agreement to one copy of an Operations Manual, which may consist of one or more handbooks or manuals and other written, video or audio materials (collectively the "Operations Manual"). The Operations Manual contains mandatory and suggested specifications, standards and operating procedures we prescribe for the operation of your Fitness Studio and information relative to your other obligations. We have the right to modify the Operations Manual to reflect changes in products, services, specifications, standards and operating procedures, including marketing techniques. The master copy of the Operations Manual we maintain controls if there is a dispute relative to the contents of the Operations Manual. The Operations Manual contains 144 pages. Exhibit F to this Franchise Disclosure Document is the table of contents of the Operations Manual.

### **Advertising and Marketing**

1. **Brand Creative Fund.** The Brand Creative Fund is put in place to leverage our corporate marketing team to build awareness around the TITLE Boxing Club brand. We will administer a brand creative fund (the "Brand Creative Fund"). We direct all Brand Creative Fund programs, with sole discretion over the creative concepts, materials, endorsements and media used and the placement and allocation of all advertising, marketing and public relations materials. 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 advertising, marketing and public relations programs. The Brand Creative Fund programs and activities are intended to maximize the public's awareness of all Fitness Studios and of the Licensed Marks and we are under no obligation to ensure that you or any other franchisee benefits directly or proportionately from the placement of such advertising, marketing and public relations programs and activities in relationship to franchisees' contributions to the Brand Creative Fund (Franchise Agreement, Section 14, Paragraph A). The Brand Creative Fund may be used to meet all costs and expenses related to the following Fund programs and activities (Franchise Agreement, Section 14, Paragraph A):

- a. Maintaining, administering, directing, developing and preparing national, regional or local advertising materials, programs and public relations activities, including, without limitation, the cost of developing, preparing and conducting television, radio, video, direct mail, email, magazine, billboard, newspaper, digital marketing including the costs of developing and maintaining a website, social media and other media programs and activities;
- b. Employing advertising agencies/public relations and utilizing our administrative personnel to perform advertising and public relations services;
- c. Developing advertising materials, including, without limitation, point of sale materials, for all Fitness Studios for purchase by franchisees and by regional and local advertising cooperatives;
- d. Conducting market research, testing and development of new products, services and equipment considered for a Fitness Studio;
- e. Building mutually beneficial partnerships with like-minded brands to introduce TITLE Boxing Club to a new audience and keep the brand name top of mind;
- f. Reimbursement of our administrative and personnel costs and salaries and overhead associated with brand strategy, advertising, marketing, graphic design telemarketing, public relations, market research, product development and payment for consultants providing services in product development, customer satisfaction, guest loyalty, consumer research and any expenses related to these services; and
- g. Conducting marketing meetings and for franchise convention costs.

The media in which the advertising may be disseminated includes, but is not limited to, digital, social media, broadcast, cable and connected television, audio marketing including podcasts and streaming radio, direct mail, email, and out of home advertising. The media coverage may be local, regional or national. The source of the advertising may utilize in-house advertising and marketing personnel, or a local advertising agency or free-lance artist. You may utilize your own advertising material subject to submission to us and approval by us in writing of the content (Franchise Agreement, Section 14, Paragraph A).

Upon commencement of the operation of your Fitness Studio, you must contribute to the Brand Creative Fund an amount equal to 1% of Gross Revenue of your Fitness Studio, which is deducted in the same manner as our Royalty. We may increase your required contributions to the Brand Creative Fund. Any increases in the required contribution to the Brand Creative Fund will not be made more frequently than annually and will not exceed an increase of 1% in any year and the maximum contribution will not exceed 2% of Gross Revenue (Franchise Agreement, Section 14, Paragraph A).

Fitness Studios that we or any of our affiliate own, may, but are not required to, contribute to the Brand Creative Fund and if such contributions are made, the contributions may not be on the same basis as franchisees' contributions to the Brand Creative Fund.

We will account for the Brand Creative Fund separately. It is not used to defray any of our general operating expenses, except for salaries, administrative costs, travel and overhead as we may incur in activities related to the administration or direction of the Brand Creative Fund and its programs and activities as described above and for collecting and accounting for contributions to the Brand Creative Fund. We will prepare an unaudited annual report of the operations of the Brand Creative Fund, which will be available to you upon reasonable request (Franchise Agreement, Section 14, Paragraph A).

The Brand Creative Fund is not our asset; the Brand Creative Fund is not a trust. We will have no fiduciary obligation to you for administering the Brand Creative Fund. We may spend on behalf of

the Brand Creative Fund in any fiscal year more or less than the total Brand Creative Fund Contributions in that year, by borrowing from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will not use contributions for advertising that principally is a solicitation for the sale of franchises.

We may spend in any fiscal year an amount greater or less than the aggregate contributions of franchisees to the Brand Creative Fund in that year and we may make loans to the Brand Creative Fund.

In the fiscal year ending December 31, 2023, 4% of spending from the Brand Creative Fund was for marketing technology, 5% was for website and public relations, 82% was for personnel or agency, and 9% was carried forward for future use. None of the Brand Creative Fund was used for the solicitation of franchises.

Although the Brand Creative Fund is intended to be perpetual, we may terminate the Brand Creative Fund at any time in our sole discretion. The Brand Creative Fund will not be terminated until all monies paid to the Brand Creative Fund have been expended for the activities of the Brand Creative Fund (Franchise Agreement, Section 14, Paragraph A).

We will make available to you for purchase advertising and marketing materials, direct mail materials, merchandising materials, sales aid, point of sale materials, special promotions, direct mail materials and similar advertising and marketing materials, promotional materials and public relations materials, which may be produced by the Brand Creative Fund for purchase by you and by local or regional advertising cooperatives (Franchise Agreement, Section 14, Paragraph A).

The TITLE Boxing Club digital product and/or its marketing is never funded using the Brand Creative Fund.

We do not currently have a marketing committee that to advise the franchisor on marketing and advertising campaigns, programs and activities.

2. Local Advertising. In addition to contributions to the Brand Creative Fund, you must spend a minimum of \$49,000 before the first anniversary of the opening of the Fitness Studio on local advertising and public relations activities designed to publicize the operation of your Fitness Studio in your market area. \$25,000 of this must be spent before your grand opening. You may use advertising materials developed by you which have been previously approved by us or the marketing materials we have provided to you. We may require that you provide reports of the monthly advertising expenditures, public relations and marketing expenses on a monthly basis. If expenditures by you for local advertising and public relations activities do not total a minimum of \$49,000 before the first anniversary of the opening of the Fitness Studio, you must remit the amount of the deficiency to us for deposit in the Brand Creative Fund. All marketing, advertising and promotion conducted by you outside your Protected Area must be performed in accordance with the Operations Manual or other written communication from us or be approved by us in advance. After the first anniversary, a minimum monthly expenditure of \$2,000 is required for digital and local advertising and public relations activities. Included in this calculation would be any contribution made to a cooperative approved by us.

3. Local or Regional Advertising Cooperative. We may designate any geographic area in which two or more TITLE BOXING CLUB Fitness Studios are located as a region for purposes of establishing an advertising cooperative (the "Cooperative"). The members of the Cooperative for any area will consist of all TITLE BOXING CLUB Fitness Studios whether operated by us, our affiliate, or by any of our affiliate's wholly-owned subsidiaries or by franchisees. We will administer the Cooperative. We will determine how each Cooperative will be organized and governed and when it must start operation. We have the right to dissolve, merge, or change the structure of the Cooperative. Each Cooperative will be organized for the exclusive purpose of administering advertising programs and public relation activities, subject to our approval for use by the members

of the Cooperatives. If a Cooperative has been established for the geographic area where your Fitness Studio is located when the Franchise Agreement is signed, or if any Cooperative is established during the term of the Franchise Agreement, you must sign all documents we request and become a member of the Cooperative according to the terms of the documents. Contributions to the Cooperative will be credited to your obligation to spend a minimum on local advertising and public relations activities designed to publicize the operation of your Fitness Studio in your market area. You must contribute monthly to the Cooperative as determined by the Cooperative. We have established a minimum monthly contribution of \$1,500 per Fitness Studio for each Cooperative. You will not have to contribute more than \$3,000 each month to the Cooperative unless all of the franchisees who are members of the Cooperative vote to increase the maximum contribution above \$3,000 per Fitness Studio each month (Franchise Agreement, Section 14, Paragraph C). Neither the Brand Creative Fund nor any Cooperative will use any funds for advertising that is principally a solicitation for the sale of franchises.

4. Advertising Approval. To maintain brand integrity, you must submit to us for prior approval all samples of advertising and promotional materials not prepared by us or previously approved by us. You may not use any advertising or promotional materials that have not been approved by us in writing (Franchise Agreement, Section 14, Paragraph D).

### **Computer System**

You must obtain and use in your Fitness Studio a computer-based point-of-sale cash register system and a back-of-office IBM compatible computer capable of running Microsoft Windows 10 operating system (the "Computer System"). The Computer System will generate reports and sales and expenses of the Fitness Studio and currently costs about \$1,500 to \$2,000. The Computer System is not included in the standard initial package described in Items 5, 6, 7 and 8. The specifications for the Computer System may be established by us in the Operations Manual or in written communications to you. You may obtain the Computer System from any vendor so long as the Computer System meets our requirements. You will be solely responsible for the acquisition, operation, maintenance, and upgrading of the Computer System. Neither we, nor any affiliate or third party, is obligated to provide ongoing maintenance, repairs, upgrades or updates for the Computer System. We currently do not require that you purchase a maintenance, repair, upgrade or update service contract for the Computer System, but we reserve the right to do so in the future.

You must have a functioning e-mail address so that we can send you notices and otherwise communicate with you by this method.

You must use the point-of-sale system required by us, currently ClubReady. We may require you to install and maintain equipment meeting our suggested standards that permit to receive and retrieve by telecommunication or other methods any information stored on the system.

Our Affiliate CLR Solutions, LLC, is the sole supplier of payment processing and merchant services. It will charge fees to you based on revenue collection, and types of charges. The charges are currently: i) 3.5% of the amount collected from recurring membership fees plus the current interchange rate for Visa, MasterCard, Discover or American Express; ii) 3.5% of the amount collected from recurring membership fees plus 1.11% for ACH; and (ii) for other amounts collected, the current interchange rate for Visa, MasterCard, Discover or American Express or the 1.11% ACH rate.

The above fees are subject to change based on market conditions.

We reserve the right to change the Computer System at any time. There are no contractual limitations on the frequency or cost of our changes. We need not reimburse you for any of these costs. We have independent, unlimited access to the information generated by the Computer System. There are no contractual limitations to our right to access the information and data. We or our affiliate may condition any license of proprietary software to you, for your use of technology that we or our affiliate

develop or maintain, on your signing a software license agreement or similar document that we or our affiliate prescribe to regulate your use of, and our and your respective rights and responsibilities concerning the software or technology. We or our affiliate may charge you a monthly or other fee for any proprietary software or technology that we or our affiliate license to you and for other maintenance and support services that we or our affiliate provide during the franchise term.\

## **ITEM 12 TERRITORY**

### **FRANCHISE AGREEMENT**

The Franchise Agreement grants you the right to operate a Fitness Studio at a single location that you select and that we approve. You must operate the Fitness Studio only at the approved location and may not relocate the Fitness Studio without first obtaining our written consent. You may not establish or operate another Fitness Studio unless you enter into a separate Franchise Agreement for that Fitness Studio.

The Franchise Agreement also grants you an exclusive territory (the "Protected Area") that is typically defined based on a 1-mile radius from the location of the Fitness Studio and that is described in Exhibit A, which is attached to your Franchise Agreement. If you comply with the terms of the Franchise Agreement, we are not permitted to open, or allow others to open, another Fitness Studio within the Protected Area. The exclusive territorial rights to the Protected Area granted to you under the Franchise Agreement are contingent upon you attaining and maintaining minimum monthly Gross Revenue each month from the operation of your Fitness Studio (the "Minimum Performance Standard") equal to: (1) \$23,600 of Gross Revenue each calendar month by the first anniversary of the opening of your Fitness Studio and each month thereafter through the second anniversary of the opening of your Fitness Studio; and (2) \$29,500 of Gross Revenue each calendar month by the second anniversary of the opening of your Fitness Studio and each month thereafter. The Minimum Performance Standard may be increased by us, in our discretion, in any renewal Franchise Agreement. If you fail to achieve and maintain the Minimum Performance Standard for any calendar month during the term of the Franchise Agreement, then you are required to pay us the Royalty Adjustment set forth in Section 11, Paragraph B of the Franchise Agreement. Your achievement and maintenance of the Minimum Performance Standard is a material provision and requirement of the Franchise Agreement, and if you fail to achieve the Minimum Performance Standard for any three (3) consecutive calendar months that the Minimum Performance Standard applies, we have the right to declare a material default under the Franchise Agreement and exercise all of the remedies available to us including the right to grant additional franchises within the Protected Area and terminate your Franchise Agreement.

If you do not have a location for your Fitness Studio at the time you sign the Franchise Agreement, Alternative Exhibit A will be signed and attached to the Franchise Agreement and will specify a geographic area in which the location of the Fitness Studio can be established. Exhibit A will then be completed after the location has been selected and approved and the Protected Area will be included in Exhibit A.

If you have development rights and obligations under an Area Development Agreement with us, the location for the Fitness Studio will be within the Development Area granted to you by the Area Development Agreement.

### **AREA DEVELOPMENT AGREEMENT**

#### **1. Size of Development Area**

The Area Development Agreement grants you certain rights (as described below) within your Development Area. The size of the Development Area may be a single or multi-city area, a single or multi-county area, or another area which is described in the Development Area attached as an

exhibit to the Area Development Agreement. We will determine the Development Area before you sign the Area Development Agreement based on various market and economic factors.

## 2. Rights During Development Periods

Provided you are (a) in full compliance with the terms and conditions contained in the Area Development Agreement, including the development obligations contained in the Development Schedule and (b) in full compliance with all obligations under Franchise Agreements entered into between TBC and you under the Area Development Agreement, then during the development periods, TBC (1) will grant to you, according to the provisions of the Area Development Agreement, franchises for the ownership and operation of Fitness Studios located within the Development Area and (2) will not operate (directly or through our affiliate), nor grant a franchise for the location of, any Fitness Studio within the Development Area, except for the franchises granted to you under the Area Development Agreement and as described below. However, franchisees located outside the Development Area may advertise and offer products or services within the Development Area.

The territorial rights granted to you under the Area Development Agreement are dependent upon your meeting the development obligations but are not otherwise dependent on the achievement of a certain sales volume or market penetration.

Fitness Studios, whether franchised, affiliate-owned or company-owned, are free to advertise, solicit and accept orders from any customer regardless of your Development Area.

## 3. Development Obligations, Conditions for Continuation of Rights of Exclusivity

During the term of the Area Development Agreement and any extensions, you must at all times faithfully, honestly, diligently and timely develop Fitness Studios within the Development Area in compliance with the Development Schedule (Exhibit B to the Area Development Agreement). You must have open and in operation certain cumulative numbers of Fitness Studios at the end of each development period as a prerequisite to the continuation of your rights of exclusivity (Exhibit B to the Area Development Agreement). The development periods and minimum development standards are determined by Fitness Studios on the basis of market potential and size of the Development Area.

## 4. Fitness Studio Closings

A Fitness Studio which is permanently closed with the approval of TBC after having been opened shall be deemed open and in operation for purposes of the Development Schedule if a substitute Fitness Studio is open and in operation within six months from the date of closing. The replacement Fitness Studio shall not otherwise count toward compliance with the Development Schedule. The location of the replacement Fitness Studio must comply with our demographic criteria required for a Fitness Studio location.

## **Reservation of Rights by TBC**

TBC (on behalf of itself, its affiliate and its affiliate's subsidiaries) retains the absolute right, in its sole discretion and without granting any rights to developers or to individual unit franchisees:

a. To itself operate or to grant other persons the right to operate Fitness Studios at locations and on terms and conditions as TBC deems appropriate (except at locations within a Development Area granted by an Area Development Agreement or within the Protected Area granted by a Franchise Agreement);

b. To sell the products and services authorized for Fitness Studios under the Licensed Marks or under other trademarks, service marks and commercial symbols through dissimilar channels of distribution and upon terms we deem appropriate within and outside the Development Area granted by the Area Development Agreement and within and outside the Protected Area granted by the Franchise Agreement, including, without limitation, by



electronic means, such as on the Internet, mobile applications, websites, and other digital means we establish and in commercial retail and wholesale outlets, as we determine, in our sole discretion;

c. To advertise and promote and to grant others the right to advertise and promote, the System, in the Development Area granted by the Area Development Agreement and in the Protected Area granted by the Franchise Agreement;

d. To own, operate or license others to own and operate other fitness concepts provided the other concepts do not use the Licensed Marks as the business name;

e. To establish and operate and to grant to others the right to establish and operate, businesses offering dissimilar products and services, both inside and outside the Development Area granted by the Area Development Agreement and the Protected Area granted by the Franchise Agreement, under the Licensed Marks and on any terms and conditions we deem appropriate;

f. To acquire the assets or ownership interest of one or more businesses providing products and services similar to those provided at Fitness Studios and to franchise, license or create similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or the licensees of these businesses) are located or operating, which may include within the Development Area granted by the Area Development Agreement and the Protected Area granted by the Franchise Agreement; and

g. To be acquired (whether through acquisition of assets, ownership interest or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at Fitness Studios, or by another business, even if such business operates, franchises and/or licenses competitive businesses within the Development Area granted by the Area Development Agreement and the Protected Area granted by the Franchise Agreement.

We are not required to pay you if we exercise any of the rights specified above within the Development Area granted by the Area Development Agreement or in the Protected Area granted by the Franchise Agreement.

Although we and our affiliate have the right to do so, we and our affiliate have not operated or franchised and have no plans to operate or franchise at this time, other businesses selling or leasing similar products or services under different trademarks.

We do not restrict you from soliciting or accepting members to your Fitness Studio residing or working from outside your Development Area or outside your Protected Area. There are no restrictions on us or on other franchisees from soliciting or accepting members that reside or work inside your Development Area or your Protected Area.

Other than described above, there are no circumstances that permit us to modify your territorial rights.

You have no options, rights of first refusal, or similar rights to acquire additional franchises.

### **ITEM 13 TRADEMARKS**

TBC grants you the right to operate your Fitness Studio under the service mark TITLE BOXING CLUB® and any other current trademarks, trade names, service marks and logos we designate for use in a Fitness Studio the ("Licensed Marks"). The following table sets forth the status of Federal registrations with the United States Patent and Trademark Office (the "PTO") on the Principal Register of those marks licensed to you:

| <b>MARK</b>       | <b>OWNER</b>      | <b>STATUS</b> | <b>REGISTRATION NUMBER</b> | <b>REGISTRATION DATE</b> |
|-------------------|-------------------|---------------|----------------------------|--------------------------|
| HIT IT HARD       | Title Boxing, LLC | Registered    | 3,869,723                  | November 2, 2010         |
| TITLE BOXING CLUB | Title Boxing, LLC | Registered    | 3,527,319                  | November 4, 2008         |
| T and Design      | Title Boxing, LLC | Registered    | 2,433,968                  | March 6, 2001            |

The Licensed Marks are owned by Title Boxing, LLC. Title Boxing, LLC has granted TBC the right to use the Licensed Marks and sublicense the use of the Licensed Marks to franchisees according to a License Agreement dated August 25, 2009. The initial term of the License Agreement is 40 years, but the License Agreement automatically renews for additional consecutive five-year terms unless at least six months' notice of termination is given.

In addition to the Licensed Marks above, we own a pending trademark application for the following:

| <b>MARK</b>           | <b>OWNER</b>           | <b>STATUS</b> | <b>SERIAL NUMBER</b> | <b>APPLICATION DATE</b> |
|-----------------------|------------------------|---------------|----------------------|-------------------------|
| BOX AWAY THE BULLSH*T | TBC International, LLC | Applied for   | 97,673,053           | November 11, 2022       |

All affidavits or renewals will be filed in a timely manner. Termination of the License Agreement will not affect existing Franchise Agreements. No other agreement limits our right to use or license the Licensed Marks.

You must follow our rules when you use the Licensed Marks, including giving proper notices of trademark and service mark registrations and obtaining fictitious or assumed name registrations required by law. You may not use any Licensed Mark in your corporate or legal business names; with modifying words, terms, designs or symbols (except for those we license to you); and sell in any unauthorized services or products; or as part of any domain name, home page, electronic address or otherwise in connection with a website.

There are no currently effective material determinations of the PTO, the Trademark Trial And Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceedings or material litigation, involving the principal Licensed Marks. We do not actually know of either superior prior rights or infringing uses that could materially affect your use of the Licensed Marks in any state.

You must notify us immediately of any apparent infringement or challenge to your use of any Licensed Mark, or of any person's claim of any right to any Licensed Mark, and you may not communicate with any person other than us, our attorneys, and your attorneys, regarding any infringement, challenge, or claim. We and Title Boxing, LLC may take the action we deem appropriate (including no action) and control exclusively any litigation, PTO proceeding, or other administrative proceeding arising from any infringement, challenge, or claim. You must assist us and Title Boxing, LLC in protecting and maintaining our interest in any litigation or PTO proceeding or other proceeding. We will reimburse you for your cost of taking any action that we ask you to take.

If it becomes advisable at any time for us and/or you to modify or discontinue using any Licensed Mark and/or to use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable time after receiving notice. We need not reimburse you for your direct expenses of changing the signs at your Fitness Studio, for any loss of revenue due to any modified or discontinued mark, or for your expenses of promoting a modified or substitute trademark or service mark.

We will reimburse you for all damages and expenses that you incur in any trademark infringement or unfair competition proceeding disputing your authorized use of any Licensed Mark under the Franchise Agreement if you have timely notified us of, and comply with our directions in responding to the proceeding. At our option, we may defend and control the defense of any proceeding arising from your use of any Licensed Mark. TBC may establish new Licensed Marks in the future and you must use and display these marks according to our specifications and you must bear all costs associated with changes to the Licensed Marks or introduction of new Licensed Marks.

Our affiliate, Title Boxing Club, LLC, registered the domain name "titleboxingclub.com." We have registered the domain name "titlefranchise.com". You must not register the service mark TITLE BOXING CLUB® or any Licensed Mark now or hereafter owned by Title Boxing Club, LLC or any abbreviation, acronym or variation of the Licensed Marks, or any other name that could be deemed confusingly similar, as Internet domain names, including, but not limited to, generic and country code top level domain names available at the present time or in the future. We have the right to advertise the System on the Internet and to create, operate, maintain and modify, or discontinue the use of, a website using the Licensed Marks. You have the right to access the website; however, except as we may authorize in writing, in our sole discretion, you shall not in any way: (a) link or frame our website; (b) conduct any business or offer to sell or advertise any products or services on the worldwide web; and (c) create or register any Internet domain name in connection with your franchise.

#### **AREA DEVELOPMENT AGREEMENT**

Your right to use the Licensed Marks is derived solely from the Franchise Agreement. All uses of the Licensed Marks by you and any goodwill established exclusively benefits TBC. After the termination or expiration of the Area Development Agreement, you may not, except for Fitness Studios operated by you according to Franchise Agreements granted by TBC directly or indirectly, at any time or in any manner identify yourself or any business as a franchisee or former franchisee of, or otherwise associated with, TBC or use in any manner or for any purpose any Licensed Mark or other indicia of the Fitness Studio or any colorable imitation.

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, nor may you use any Licensed Mark in connection with any business or activity, other than the business conducted by you according to the Franchise Agreements entered into between you and TBC or in any other manner TBC does not explicitly authorize in writing.

You must immediately notify TBC in writing of any apparent infringement of or challenge to your use of any Licensed Mark, or claim by any person of any rights in any Licensed Mark or similar trade name, trademark, or service mark of which you become aware. You may not communicate with any person other than TBC and its counsel regarding any infringement, challenge or claim. TBC will have sole discretion to take any action it deems appropriate and the right to exclusively control any litigation, PTO proceeding or other administrative proceeding arising out of any infringement, challenge, or claim or otherwise relating to any Licensed Mark.

#### **FRANCHISE AGREEMENT**

Your right to use the Licensed Marks is derived solely from the Franchise Agreement and is limited to the conduct of your business in compliance with the Franchise Agreement.

All usage of the Licensed Marks by you and any goodwill established exclusively benefits TBC. You may not, at any time during the term of the Franchise Agreement or after its termination or expiration, contest the validity or ownership of any of the Licensed Marks or assist any other person in contesting the validity or ownership of any of the Licensed Marks.

All provisions of the Franchise Agreement applicable to the Licensed Marks apply to any additional trademarks, service marks, logo forms and commercial symbols authorized for your use.

You must use the Licensed Marks as the sole identification of the Fitness Studio, but you must also identify yourself as the independent franchise owner in the manner we prescribe. You may not use any Licensed 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, nor may you use any Licensed Mark in the sale of any unauthorized product or service or in any other manner we do not expressly authorize in writing.

You must notify us immediately in writing of any apparent infringement of or challenge to your use of any Licensed Mark, or claim by any person of any rights in any Licensed Mark or any similar trade name, trademark or service mark of which you become aware. You may not communicate with any person other than TBC and its counsel regarding any infringement, challenge or claim. TBC has sole discretion to take any action it deems appropriate and the right to exclusively control any litigation, PTO proceeding or other administrative proceeding arising out of any infringement, challenge or claim or otherwise relating to any Licensed Mark. You must execute all documents, render assistance and do acts and things advisable to protect and maintain the interests of TBC in any litigation, PTO proceeding or other administrative proceeding or to otherwise protect and maintain the interests of TBC in the Licensed Marks.

TBC will indemnify you against and reimburse you for, all damages for which you are held liable in any proceeding in which your use of any Licensed Mark in compliance with the Franchise Agreement is held to constitute trademark infringement, unfair competition or dilution and for all reasonable costs you incur in the defense of any claim brought against you or in any proceeding in which you are named as a party, if you have timely notified TBC of the claim or proceeding and have otherwise complied with the Franchise Agreement and if TBC has the right to defend any claim. If TBC defends the claim, TBC has no obligation to indemnify or reimburse you for any fees or disbursements to any attorney retained by you.

If it becomes advisable at any time, in TBC's sole discretion, for TBC and/or you to modify or discontinue use of any Licensed Mark and/or use one or more additional or substitute trademarks or service marks, you must comply within a reasonable time after notice by TBC and TBC has no obligation to reimburse you for the out-of-pocket costs of complying with this obligation.

There may be infringing uses in regional markets by third parties who may be utilizing the name TBC or marks similar to one or more of the Licensed Marks in conjunction with a Fitness Studio and this use would not be under a federal registration, but by application of common law trademark rights. If the use in local markets was determined to be before TBC's use, TBC and franchisees may be prohibited from utilizing the marks, names, logos or symbols within the market of the prior use.

#### **ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

No patents are material to the franchise. We claim copyrights in the Operations Manual, advertising and marketing materials and similar items used in operating Fitness Studios. We have not registered these copyrights with the U.S. Register of Copyrights, but need not do so at this time to protect them. You may use these items only as we specify while operating your Fitness Studio.

There currently are no effective adverse determinations of the PTO, the Copyright Office, or any court regarding the copyrighted materials. No agreement limits our right to use or allow others to

use the copyrighted materials. We do not actually know of any infringing uses of our copyrights that could materially affect your use of the copyrighted materials in any state

We need not protect or defend copyrights, although we intend to do so if it is in the System's best interest. We may control any action we choose to bring, even if you voluntarily bring the matter to our attention. We need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving a copyright.

Our Operations Manual and other materials contain our confidential information, including the programming and format of our fitness classes (some of which constitutes trade secrets under applicable law). This information may include site selection criteria, training and operations materials, methods, formats, specifications, standards, systems, procedures, fitness training techniques, boxing and martial arts techniques, knowledge and experience used in developing operating Fitness Studios; marketing and advertising programs, computer software or similar technology that is proprietary to us or the System; knowledge of specifications for and suppliers of assets, knowledge of the operating results and financial performance of Fitness Studios; and other graphic designs and related intellectual property.

All ideas, concepts, techniques, or materials concerning a Fitness Studio, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent any item does not qualify as a "work made-for-hire" for us, you assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing an assignment or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item.

You may not use our confidential information in an unauthorized manner. You must take reasonable steps to protect improper disclosure to others and use non-disclosure and non-competition agreements with those having access. We may regulate the form of agreement that you use and will be a third-party beneficiary of that agreement with independent enforcement rights.

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

Under the franchise agreement, at least one of the owners of the franchise must devote substantial time and best efforts to the supervision and conduct of the business contemplated by this Agreement. By signing the Franchise Agreement, you agree to be individually bound by certain obligations in the Franchise Agreement, including covenants concerning confidentiality and non-competition, and to personally guarantee the satisfactory performance under the Franchise Agreement. You must always faithfully, honestly, and diligently perform your contractual obligations and you must use your best efforts to promote and enhance the fitness boxing club you are operating.

You or a general manager must provide daily, direct, on-premises supervision of the operation. If this is not you, the general manager must be identified and agreed upon, subject to approval, between you and the TITLE Boxing. If a general manager supervises the Fitness Studio, you must remain active in overseeing the operations of the Fitness Studio conducted under the supervision of the general manager.

We require you and the designated general manager of your fitness boxing club to attend and successfully complete, to our satisfaction, initial training. You or the designated general manager must complete any post-opening training programs that we develop in the future, and as such, must

make reasonable efforts to attend all in-person meetings and remote meetings (such as telephone conference calls), including regional or national brand conferences, that we require. Additionally, you or the designated general manager should also make reasonable efforts to attend any recommended trainings, remote meetings, and any other support services offered on behalf of TITLE Boxing Club.

We highly recommend all owners who have a designated general manager operating their fitness boxing club, attend as many required and recommended trainings and support services as well. At times, we may recommend you or your designated general manager attend specific support services or trainings.

We require you to inform us of all staffing changes involving the designated general manager of your fitness boxing club. Should the designated general manager change, or should this person be reduced to part-time or exercise any extended absence from the business longer than thirty days, you must keep us informed at all times of the identity of your supervising employees acting as manager. Your manager need not have an equity interest in the franchise entity, but they must agree to preserve confidential information to which they have access and to not compete with you, us and other franchisees and make such commitments in writing. We may regulate the form of agreement that you use and we may be a third-party beneficiary of that agreement with independent enforcement rights.

If you are in a corporation, limited liability company, or partnership, your owners must personally guaranty your obligations under the Franchise Agreement and the Area Development Agreement and agree to be bound personally by every contractual provision, whether containing monetary or non-monetary obligations, including the covenants not to compete. This “Guaranty and Assumption of Obligations” is included as an exhibit to the Franchise Agreement.

## **ITEM 16**

### **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must sell only the products and services, including the specified fitness classes that we have authorized and approved. You must price the initial and monthly fees charged to members of your Fitness Studio in compliance with our requirements for pricing of the initial and ongoing memberships as stated in our Operations Manual. You acknowledge and agree that the uniformity of services and of the respective fees charged for the services at all franchised TITLE BOXING CLUB Fitness Studios are critically important to the operation of your Fitness Studio. We have the right to change the requirements of authorized products and services that may be offered at a Fitness Studio without limitation.

We may also designate some goods and services as optional for qualified franchisees. We may require special training and certifications before we will allow you to offer these optional goods and services.

Our System standards may regulate required and/or authorize fitness classes, fitness equipment, inventory or products for sale to the members of your Fitness Studio and the pricing of the authorized fitness classes that may be offered at your Fitness Studio. We may prescribe operating procedures for the operation of your Fitness Studio; and establish inventory requirements for the products and supplies available for purchase by members of your Fitness Studio. We periodically may change required and/or authorized services and products. There are no limits on our right to do so.

We do not impose any restrictions or conditions that limit your access to customers.

**ITEM 17**  
**RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

**THE FRANCHISE RELATIONSHIP**

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

| PROVISION   | SECTION IN AGREEMENT                     | SUMMARY  |
|---|--|--|
| a. Length of the franchise term                   | Section 3 in Area Development Agreement. | Term in Area Development Agreement ends on last day of Development Period in Development Schedule.   |
|   | Section 2 in Franchise Agreement.        | Term of Franchise Agreement is 10 years.   |
| b. Renewal or extension                           | Section 4 in Area Development Agreement. | If you are in good standing we may offer you the right to extend this Agreement.   |
|   | Section 18 in Franchise Agreement.       | If you are in good standing you can add an additional term of 10 years.  |
| c. Requirements for franchisee to renew or extend | Section 18 in Franchise Agreement.       | You must give at least 7 months' notice, repair and update equipment and Fitness Studio premises, not be in breach of any agreement with us or our affiliate, satisfy all monetary obligations, have the right to remain in possession of the Fitness Studio premises, pay a renewal fee of \$10,000, execute the then-current Franchise Agreement and General Release and comply with current qualifications and training requirements. The then-current Franchise Agreement you may be asked to sign as a condition of renewal may contain terms and conditions materially different from those in your previous Franchise Agreement, such as, but without limitation (1) increases in Brand Creative Fund fee, (2) increases in the renewal fee (3) increases in the Performance Standard (4) increases in other fees and (5) implementing new fees. Your royalty fees will not be increased and your Protected Area will not be reduced. |

| PROVISION                                  | SECTION IN AGREEMENT   | SUMMARY   |
|--|--|---|
| d. Termination by franchisee               | Not Applicable   | Subject to state law.   |
| e. Termination by franchisor without cause | Not Applicable   | N/A   |
| f. Termination by franchisor with cause    | <p>Section 14 in Area Development Agreement.</p> <p>Section 19 in Franchise Agreement.</p> | <p>TBC may terminate Area Development Agreement for failure to develop Fitness Studios.</p> <p>Each of your obligations under the Franchise Agreement is a material and essential obligation, the breach of which may result in termination.</p>  |
| g. "Cause" defined – curable defaults      | <p>Section 14 in Area Development Agreement.</p> <p>Section 19 in Franchise Agreement.</p> | <p>Curable defaults include, but are not limited to: meet development requirements, designate qualified Representative, failure to comply with all terms of this Agreement and any executed Franchise Agreement, failure to correct a deficiency of a health, sanitation, or safety issue after notification, misuse of unauthorized use of any Licensed Marks, 14 days after notice to pay monetary obligations.</p> <p>Curable defaults include: 30 days after a request to obtain signing of covenants, meet development requirements, transfer without our written consent, to procure and maintain insurance policies, to cure misuse or unauthorized use of Licensed Marks, to cure failure to comply with any requirement of any Franchise Agreement between you and us, failure to observe standards and specifications, failure to comply with all laws and regulations, failure to correct a deficiency of a health, sanitation, or safety issue after notification, failure to comply with all covenants, failure to comply with operating standards, 14 days to pay monetary obligations, under any agreement with TBC.</p> |





| PROVISION  | SECTION IN AGREEMENT   | SUMMARY  |
|--|--|--|
|  |  | <p>provision of the Agreement, you (or Principal) makes a material misrepresentation on application, abandons or loses right to Fitness Studio premises, is convicted of or pleads <u>nolo contendere</u> to felony or any crime TBC believes will likely have adverse effect on the system (also applies to Principal), an immediate threat or danger to public health or safety, discloses any confidential information (also applies to Principal), breaches any material aspect of covenants, if a member engages in sparring, or boxing, or martial arts or any other contact activity within the Premises of the Fitness Studio with another member or guest of the Fitness Studio or with one of your employees or you (or with any Principal).</p> |
| <p>i. Franchisee's obligations on termination/nonrenewal</p> | <p>Section 14 in Area Development Agreement.</p> <p>Section 20 in Franchise Agreement.</p> | <p>Termination of the Area Development Agreement will end your rights to open Fitness Studios.</p> <p>Termination of the Franchise Agreement requires you to cease operating the Fitness Studio and using the Licensed Marks and System and to completely de-identify the business, cancel all fictitious or assumed names, notify telephone company of termination of rights to use telephone number, pay all amounts due to us or our affiliate, return all Operations Manuals and software and other proprietary materials, comply with confidentiality requirements and, at our option, sell or assign to us your rights in the Fitness Studio premises and the equipment fixtures used in the business.</p>   |
| <p>j. Assignment of contract by franchisor</p>               | <p>Section 16 in Area Development Agreement.</p>   | <p>No restriction on TBC's right to assign.</p>  |

| PROVISION   | SECTION IN AGREEMENT  | SUMMARY   |
|---|---|---|
|   | Section 17 in Franchise Agreement.  | No restriction on TBC'S right to assign.  |
| k. "Transfer" by franchisee defined               | Section 16 in Area Development Agreement.<br><br>Section 17 in Franchise Agreement. | Includes sell, assign, transfer, convey, give away, pledge mortgage or encumber any direct or indirect interest in the Area Development Agreement.<br><br>Includes voluntary or involuntary sale, assignment, subdivision, sub-franchising, or other transfer including merger, consolidation issuing additional securities, conversion to partnership or limited partnership, or transfer caused by divorce or death.  |
| l. Franchisor approval of transfer by franchisee  | Section 16 in Area Development Agreement.<br><br>Section 17 in Franchise Agreement. | TBC has the right to approve all transfers but will not unreasonably withhold approval.<br><br>TBC has the right to approve all transfers but will not unreasonably withhold approval.  |
| m. Conditions for franchisor approval of transfer | Section 16 in Area Development Agreement.<br><br>Section 17 in Franchise Agreement. | TBC has right of first refusal; if not exercised within 30 days then proposed transferee must qualify, all transferee's principals must execute documents assuming all obligations of Developer under the Area Development Agreement and sign then-current Franchise Agreement, Developer and all principals must not be in default of any obligations, execute general release, pay transfer fee and pay any referral fees or commissions that may be due to any franchise broker, seller or other third party.<br><br>Transferee must meet qualifications, all monetary obligations must be paid, you must not be in default of any provisions of agreement, transferor and its principals must sign general release, transferee must assume all obligations and responsibilities of franchisee and sign then-current Franchise Agreement, upgrade Fitness Studio |

| PROVISION  | SECTION IN AGREEMENT  | SUMMARY   |
|--|---|---|
|  |   | to current specifications, satisfactorily complete training, pay transfer fee of \$10,000, transferor must sign covenant not to compete and pay any referral fees or commissions that may be due to any franchise broker, seller or other third party.  |
| n. Franchisor's right of first refusal to acquire franchisees business       | Section 16 in Area Development Agreement.<br><br>Section 17 in Franchise Agreement.                         | TBC can match any offer for your business, within 30 days after notice.<br><br>TBC can match any offer for your business, within 30 days after notice.  |
| o. Franchisor's option to purchase your business                             | N/A in Area Development Agreement.<br><br>Section 20 in Franchise Agreement.                                | Not Applicable<br><br>In case of termination or nonrenewal, TBC may purchase assets at market value.  |
| p. Death or disability of franchisee   | Section 16 in Area Development Agreement.<br><br><br><br><br><br><br><br>Section 17 in Franchise Agreement. | Competent manager must be appointed within 30 days then manager must attend and successfully complete training within 120 days of being appointed. Interest must be transferred to a third party within 12 months after death or after permanent disability.<br><br>Upon death or permanent disability of franchisee, a competent manager must be appointed within 30 days and interest must be transferred within 12 months. |
| q. Non-competition covenants during the term of the franchise                | Section 11 in Area Development Agreement.<br><br>Section 21 Franchise Agreement.                            | No involvement in competing business anywhere in U.S.<br><br>No involvement in competing business anywhere in U.S.  |
| r. Non-competition in covenants after the franchise is terminated or expires | Section 11 in Area Development Agreement.   | No competing business for 2 years in Developer's Development Area, or the Development Area of any other TBC developer or within a 1-mile radius of any Fitness Studio in existence or under construction or where land has been purchased or leased by any TBC franchisee or by TBC.  |

| PROVISION   | SECTION IN AGREEMENT   | SUMMARY  |
|---|--|--|
|   | Section 21 in Franchise Agreement.   | No competing business for 2 years in Protected Area granted franchisee by the Franchise Agreement or within Protected Area of any other TBC franchisee or within a 1-mile radius of any Fitness Studio in existence or under construction or where land has been purchased or leased by any TBC franchisee or by TBC.  |
| s. Modification of the agreement                  | Section 23 in Area Development Agreement.<br><br>Sections 6 and 23 in Franchise Agreement. | No modifications except in writing and signed by both Developer and TBC.<br><br>No modification to Franchise Agreement except in writing and signed by both franchisee and TBC. Operations Manual can be modified .  |
| t. Integration/merger clause                      | Section 23 in Area Development Agreement.<br><br>Section 23 in Franchise Agreement.        | Only the written terms of the Area Development Agreement are binding (subject to state law). Nothing in the agreement or in any related agreement is intended to disclaim the representations we made in the franchise disclosure document.<br><br>Only the written terms of the Franchise Agreement are binding (subject to state law). We may not disclaim representations made in the disclosure document. Nothing in the agreement or in any related agreement is intended to disclaim the representations we made in the franchise disclosure document. |
| u. Dispute resolution by arbitration or mediation | Sections 21 & 22, in Area Development Agreement.   | Except for actions brought by us for money owed, injunctive or extraordinary relief, or actions involving real estate, all disputes must be mediated in Los Angeles, CA. All disputes not resolved by mediation must be arbitrated in compliance with the rules of the American Arbitration Association in Los Angeles, CA. Subject to state law.  |

| PROVISION          | SECTION IN AGREEMENT  | SUMMARY   |
|--------------------|---|---|
|                    | Section 22 & 23 in Franchise Agreement.   | Except for actions brought by us for money owed, injunctive or extraordinary relief, or actions involving real estate, all disputes must be mediated in Los Angeles, CA. All disputes not resolved by mediation must be arbitrated in compliance with the rules of the American Arbitration Association in Los Angeles, CA. Subject to state law.   |
| v. Choice of forum | Section 23 in Area Development Agreement.<br><br>Section 23 in Franchise Agreement. | Subject to state law (See State Specific Addenda at Exhibit K of this disclosure document), the venue for all proceedings relating to or arising out of the Area Development Agreement is the Superior Court of California for the County of Los Angeles, California or the United States District Court for the Central District Court of California, unless otherwise brought by us. Subject to state law.<br><br>Subject to state law, the venue for all proceedings relating to or arising out of the Franchise Agreement is the Superior Court of California for the County of Los Angeles, California or the United States District Court for the Central District Court of California, unless otherwise brought by us. Subject to state law. |
| w. Choice of law   | Section 23 in Area Development Agreement.<br><br>Section 23 in Franchise Agreement. | Subject to state law, Kansas law applies.<br><br>Subject to state law, Kansas law applies   |

## **ITEM 18 PUBLIC FIGURES**

TBC does not use any public figure to promote its franchise.

## **ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS**

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

Other than the information provided in the tables below, we do not furnish or provide prospective franchisees any oral or written information concerning the actual or potential sales, revenue, costs, income or profits of any Fitness Studio.

You should conduct your own investigation of the costs and expenses you will incur in operating the Fitness Studio. Franchisees and former franchisees, listed below in Item 20, may be one source of such information.

Written substantiation of the data presented in the following tables will be made available to you upon reasonable request.

**Some outlets have earned this amount. Your individual results may differ. There is no assurance that you will sell as much.**

The first chart below provides certain information regarding franchised Fitness Studios in operation at the end of the 2023 calendar year. The information is categorized by revenue into three categories: the Top 20% of franchised Fitness Studios by revenue (the “Top 20%”), the middle 60% of franchised Fitness Studios by revenue (the “Middle 60%”); and the lower 20% of franchised Fitness Studios by Revenue (the “Lower 20%”). The first chart displays the Average Revenue, Median Revenue, High Revenue and Low Revenue with respect to each category for 2023. All franchised locations that were open at the end of 2023 are included in the first chart unless the location was not open for at least ten months during 2023. 106 franchised locations are included in the first chart. One franchised location that was in operation at the end of 2023 was excluded from the first chart below and its information is provided in the second chart. Information for the six company-owned locations that were in operation at the end of 2023 is provided in the third chart. Fifteen franchised locations and one company-owned location closed in 2023 prior to the end of 2023; they are not included in the charts because they were not in operation at the end of 2023.

**2023 Revenue for Franchised Fitness Studios that Were In Operation at the End of 2023  
(And Were Open for At Least 10 Months During 2023)**

|   | <b>Top 20%</b> | <b>Number Above/<br/>Number Below</b> | <b>Middle 60%</b> | <b>Number Above/<br/>Number Below</b> | <b>Lower 20%</b> | <b>Number Above/<br/>Number Below</b> | <b>All</b> | <b>Number Above/<br/>Number Below</b> |
|---|----------------|---------------------------------------|-------------------|---------------------------------------|------------------|---------------------------------------|------------|---------------------------------------|
| <b>Average Revenue</b>                      | \$689,206      | 10/11                                 | \$411,067         | 28/36                                 | \$225,021        | 10/11                                 | \$429,312  | 44/62                                 |
| <b>Median Revenue</b>                       | \$657,866      | 10/1/10                               | \$401,491         | 32/32                                 | \$219,436        | 10/1/10                               | \$401,490  | 53/53                                 |
| <b>High Revenue</b>                         | \$975,610      | NA                                    | \$579,611         | NA                                    | \$303,701        | NA                                    | \$975,610  | NA                                    |
| <b>Low Revenue</b>                          | \$583,373      | NA                                    | \$307,637         | NA                                    | \$126,482        | NA                                    | \$126,842  | NA                                    |
| <b>Number of Franchised Fitness Studios</b> | 21             | NA                                    | 64                | NA                                    | 21               | NA                                    | 106        | NA                                    |

**2023 Revenue for Franchised Fitness Studios that Were In Operation at the End of 2023  
(And Were Not Open for At Least 10 Months During 2023)**

The franchised fitness studios in the chart below were excluded from the chart above because they were not open for at least 10 months during 2023.

|   | <b>Franchised Fitness Studios In Operation at End of 2023 Which Were Not Open for At Least 10 Months During 2023</b> | <b>Number Above/<br/>Number Below</b> |
|---|--|---------------------------------------|
| <b>Average Revenue</b>                      | \$58,689   | NA                                    |
| <b>Median Revenue</b>                       | \$58,689   | NA                                    |
| <b>High Revenue</b>                         | \$58,689   | NA                                    |
| <b>Low Revenue</b>                          | \$58,689   | NA                                    |
| <b>Number of Franchised Fitness Studios</b> | 1  | NA                                    |



**2023 Revenue for Company-Owned Fitness Studios in Operation at the End of 2023:**

|   | <b>Company-Owned Fitness Studios In Operation at end of 2023</b> | <b>Number Above/Number Below</b> |
|---|--|----------------------------------|
| <b>Average Revenue</b>                            | \$355,095  | 3/3                              |
| <b>Median Revenue</b>                             | \$352,870  | 3/3                              |
| <b>High Revenue</b>                               | \$460,781  | NA                               |
| <b>Low Revenue</b>                                | \$255,072  | NA                               |
| <b>Number of Franchisor-Owned Fitness Studios</b> | 6  | NA                               |

Other than the preceding financial performance representation, TBC International, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Felicia Alexander, our Chief Revenue Officer, at 8647 Hayden Place Culver City, CA 90232, (310) 598-3691, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20  
OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1**

**System Wide Outlets  
For years 2021-2023**

| <b>Column 1<br/>Outlet Type</b> | <b>Column 2<br/>Year</b> | <b>Column 3<br/>Outlets at the<br/>Start of the<br/>Year</b> | <b>Column 4<br/>Outlets at the<br/>End of the<br/>Year</b> | <b>Column 5<br/>Net Change</b> |
|---------------------------------|--------------------------|--|--|--------------------------------|
| Franchised                      | 2021                     | 153  | 139  | -14                            |
|                                 | 2022                     | 139  | 127  | -12                            |
|                                 | 2023                     | 127  | 107  | -20                            |
| Company-Owned                   | 2021                     | 2  | 2  | 0                              |
|                                 | 2022                     | 2  | 2  | 0                              |
|                                 | 2023                     | 2  | 6  | 4                              |
| Total Outlets                   | 2021                     | 155  | 141  | -14                            |
|                                 | 2022                     | 141  | 129  | -12                            |
|                                 | 2023                     | 129  | 113  | -16                            |

**Table No. 2**

**Transfers of Outlets from Franchisees To  
New Owners (other than the Franchisor)  
For years 2021-2023**

| <b>State</b>   | <b>Year</b> | <b>Number of Transfers</b> |
|----------------|-------------|----------------------------|
| California     | 2021        | 0                          |
|                | 2022        | 0                          |
|                | 2023        | 1                          |
| Florida        | 2021        | 1                          |
|                | 2022        | 0                          |
|                | 2023        | 0                          |
| Illinois       | 2021        | 0                          |
|                | 2022        | 0                          |
|                | 2023        | 2                          |
| Massachusetts  | 2021        | 1                          |
|                | 2022        | 1                          |
|                | 2023        | 1                          |
| Michigan       | 2021        | 2                          |
|                | 2022        | 0                          |
|                | 2023        | 0                          |
| Minnesota      | 2021        | 0                          |
|                | 2022        | 1                          |
|                | 2023        | 0                          |
| New Hampshire  | 2021        | 0                          |
|                | 2022        | 0                          |
|                | 2023        | 0                          |
| New York       | 2021        | 0                          |
|                | 2022        | 1                          |
|                | 2023        | 0                          |
| Ohio           | 2021        | 1                          |
|                | 2022        | 0                          |
|                | 2023        | 1                          |
| Pennsylvania   | 2021        | 0                          |
|                | 2022        | 1                          |
|                | 2023        | 0                          |
| South Carolina | 2021        | 0                          |
|                | 2022        | 1                          |
|                | 2023        | 0                          |
| Texas          | 2021        | 0                          |
|                | 2022        | 0                          |
|                | 2023        | 2                          |
| Utah           | 2021        | 0                          |
|                | 2022        | 0                          |
|                | 2023        | 1                          |

| State         | Year | Number of Transfers |
|---------------|------|---------------------|
| Virginia      | 2021 | 0                   |
|               | 2022 | 1                   |
|               | 2023 | 0                   |
| <b>Totals</b> | 2021 | 5                   |
|               | 2022 | 6                   |
|               | 2023 | 8                   |

Table No. 3  
**Status of Franchised Outlets**  
For years 2021-2023

| Col. 1<br>State | Col. 2<br>Year | Col. 3<br>Outlets<br>at Start<br>of Year | Col. 4<br>Outlets<br>Opened | Col. 5<br>Termin<br>ations | Col. 6<br>Non-<br>Renewals | Col. 7<br>Reacquired<br>by<br>Franchisor | Col. 8<br>Ceased<br>Operations<br>-Other<br>Reasons | Col. 9<br>Outlets<br>at End<br>of<br>Year |
|-----------------|----------------|--|-----------------------------|----------------------------|----------------------------|--|---|---|
| AZ              | 2021           | 3  | 0                           | 0                          | 0                          | 0  | 0   | 3   |
|                 | 2022           | 3  | 0                           | 0                          | 0                          | 0  | 0   | 3   |
|                 | 2023           | 3  | 0                           | 0                          | 0                          | 0  | 0   | 3   |
| CA              | 2021           | 7  | 0                           | 0                          | 0                          | 0  | 0   | 7   |
|                 | 2022           | 7  | 0                           | 0                          | 0                          | 0  | 1   | 6   |
|                 | 2023           | 6  | 0                           | 0                          | 0                          | 1  | 0   | 5   |
| CO              | 2021           | 2  | 0                           | 0                          | 0                          | 0  | 0   | 2   |
|                 | 2022           | 2  | 0                           | 0                          | 0                          | 0  | 0   | 2   |
|                 | 2023           | 2  | 0                           | 0                          | 0                          | 0  | 0   | 2   |
| CT              | 2021           | 2  | 0                           | 0                          | 0                          | 0  | 0   | 2   |
|                 | 2022           | 2  | 0                           | 0                          | 0                          | 0  | 1   | 1   |
|                 | 2023           | 1  | 0                           | 0                          | 0                          | 0  | 0   | 1   |
| FL              | 2021           | 12                                       | 0                           | 0                          | 0                          | 0  | 2   | 10  |
|                 | 2022           | 10                                       | 0                           | 1                          | 0                          | 1  | 0   | 8   |
|                 | 2023           | 8  | 0                           | 0                          | 0                          | 0  | 2   | 6   |
| GA              | 2021           | 1  | 0                           | 0                          | 0                          | 0  | 0   | 1   |
|                 | 2022           | 1  | 0                           | 0                          | 1                          | 0  | 0   | 0   |
|                 | 2023           | 0  | 0                           | 0                          | 0                          | 0  | 0   | 0   |
| IL              | 2021           | 8  | 0                           | 0                          | 0                          | 0  | 0   | 8   |
|                 | 2022           | 8  | 0                           | 0                          | 0                          | 0  | 0   | 8   |
|                 | 2023           | 8  | 0                           | 0                          | 0                          | 0  | 0   | 8   |

| Col. 1<br>State | Col. 2<br>Year | Col. 3.<br>Outlets<br>at Start<br>of Year | Col. 4<br>Outlets<br>Opened | Col. 5<br>Termin<br>ations | Col. 6<br>Non-<br>Renewals | Col. 7<br>Reacquired<br>by<br>Franchisor | Col. 8<br>Ceased<br>Operations<br>-Other<br>Reasons | Col. 9<br>Outlets<br>at End<br>of<br>Year |
|-----------------|----------------|---|-----------------------------|----------------------------|----------------------------|--|---|---|
| IA              | 2021           | 1   | 0                           | 0                          | 0                          | 0  | 0   | 1   |
|                 | 2022           | 1   | 0                           | 0                          | 0                          | 0  | 0   | 1   |
|                 | 2023           | 1   | 0                           | 0                          | 0                          | 0  | 0   | 1   |
| KS              | 2021           | 2   | 0                           | 0                          | 1                          | 0  | 0   | 1   |
|                 | 2022           | 1   | 0                           | 0                          | 0                          | 0  | 0   | 1   |
|                 | 2023           | 1   | 0                           | 0                          | 0                          | 0  | 0   | 1   |
| KY              | 2021           | 1   | 0                           | 0                          | 0                          | 0  | 0   | 1   |
|                 | 2022           | 1   | 0                           | 0                          | 0                          | 0  | 0   | 1   |
|                 | 2023           | 1   | 0                           | 0                          | 0                          | 0  | 0   | 1   |
| LA              | 2021           | 2   | 0                           | 0                          | 0                          | 0  | 0   | 2   |
|                 | 2022           | 2   | 1                           | 0                          | 0                          | 0  | 0   | 3   |
|                 | 2023           | 3   | 0                           | 1                          | 0                          | 0  | 0   | 2   |
| MD              | 2021           | 4   | 0                           | 0                          | 0                          | 0  | 0   | 4   |
|                 | 2022           | 4   | 0                           | 0                          | 0                          | 0  | 0   | 4   |
|                 | 2023           | 4   | 0                           | 0                          | 0                          | 0  | 0   | 4   |
| MA              | 2021           | 13  | 0                           | 0                          | 0                          | 0  | 0   | 13  |
|                 | 2022           | 13  | 0                           | 0                          | 0                          | 0  | 1   | 12  |
|                 | 2023           | 12  | 0                           | 0                          | 0                          | 0  | 0   | 12  |
| MI              | 2021           | 14  | 0                           | 0                          | 0                          | 0  | 1   | 13  |
|                 | 2022           | 13  | 0                           | 0                          | 0                          | 0  | 1   | 12  |
|                 | 2023           | 12  | 0                           | 1                          | 0                          | 0  | 1   | 10  |
| MN              | 2021           | 7   | 0                           | 0                          | 0                          | 0  | 0   | 7   |
|                 | 2022           | 7   | 0                           | 0                          | 0                          | 0  | 0   | 7   |
|                 | 2023           | 7   | 0                           | 0                          | 0                          | 2  | 2   | 3   |
| MO              | 2021           | 2   | 0                           | 0                          | 0                          | 0  | 1   | 1   |
|                 | 2022           | 1   | 1                           | 0                          | 1                          | 0  | 0   | 1   |
|                 | 2023           | 1   | 0                           | 0                          | 0                          | 0  | 0   | 1   |
| NE              | 2021           | 1   | 0                           | 0                          | 0                          | 0  | 1   | 0   |
|                 | 2022           | 0   | 0                           | 0                          | 0                          | 0  | 0   | 0   |
|                 | 2023           | 0   | 0                           | 0                          | 0                          | 0  | 0   | 0   |
| NV              | 2021           | 1   | 0                           | 0                          | 0                          | 0  | 0   | 1   |
|                 | 2022           | 1   | 0                           | 1                          | 0                          | 0  | 0   | 0   |
|                 | 2023           | 0   | 0                           | 0                          | 0                          | 0  | 0   | 0   |

| Col. 1 | Col. 2 | Col. 3.                  | Col. 4         | Col. 5       | Col. 6       | Col. 7                   | Col. 8                           | Col. 9                 |
|--------|--------|--------------------------|----------------|--------------|--------------|--------------------------|----------------------------------|------------------------|
| State  | Year   | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations -Other Reasons | Outlets at End of Year |
| NH     | 2021   | 2                        | 0              | 0            | 0            | 0                        | 0                                | 2                      |
|        | 2022   | 2                        | 0              | 0            | 0            | 0                        | 0                                | 2                      |
|        | 2023   | 2                        | 0              | 0            | 0            | 0                        | 0                                | 2                      |
| NJ     | 2021   | 2                        | 0              | 0            | 0            | 0                        | 1                                | 1                      |
|        | 2022   | 1                        | 0              | 0            | 0            | 0                        | 0                                | 1                      |
|        | 2023   | 1                        | 0              | 0            | 0            | 0                        | 0                                | 1                      |
| NY     | 2021   | 9                        | 0              | 0            | 0            | 0                        | 3                                | 6                      |
|        | 2022   | 6                        | 0              | 0            | 0            | 0                        | 0                                | 6                      |
|        | 2023   | 6                        | 0              | 0            | 0            | 0                        | 0                                | 6                      |
| NC     | 2021   | 7                        | 0              | 0            | 0            | 0                        | 0                                | 7                      |
|        | 2022   | 7                        | 0              | 0            | 0            | 0                        | 1                                | 6                      |
|        | 2023   | 6                        | 0              | 0            | 0            | 0                        | 2                                | 4                      |
| OH     | 2021   | 15                       | 0              | 0            | 0            | 0                        | 1                                | 14                     |
|        | 2022   | 14                       | 0              | 1            | 0            | 0                        | 0                                | 13                     |
|        | 2023   | 13                       | 0              | 3            | 1            | 0                        | 0                                | 9                      |
| OK     | 2021   | 1                        | 0              | 0            | 0            | 0                        | 0                                | 1                      |
|        | 2022   | 1                        | 0              | 0            | 0            | 0                        | 1                                | 0                      |
|        | 2023   | 0                        | 0              | 0            | 0            | 0                        | 0                                | 0                      |
| OR     | 2021   | 1                        | 0              | 0            | 0            | 0                        | 0                                | 1                      |
|        | 2022   | 1                        | 0              | 0            | 0            | 0                        | 0                                | 1                      |
|        | 2023   | 1                        | 0              | 0            | 0            | 0                        | 0                                | 1                      |
| PA     | 2021   | 3                        | 0              | 0            | 0            | 0                        | 1                                | 2                      |
|        | 2022   | 2                        | 0              | 0            | 0            | 0                        | 0                                | 2                      |
|        | 2023   | 2                        | 0              | 0            | 0            | 0                        | 0                                | 2                      |
| SC     | 2021   | 3                        | 0              | 0            | 0            | 0                        | 1                                | 2                      |
|        | 2022   | 2                        | 0              | 0            | 0            | 0                        | 0                                | 2                      |
|        | 2023   | 2                        | 0              | 0            | 0            | 0                        | 0                                | 2                      |
| TN     | 2021   | 5                        | 0              | 0            | 0            | 0                        | 0                                | 5                      |
|        | 2022   | 5                        | 1              | 0            | 0            | 0                        | 1                                | 5                      |
|        | 2023   | 5                        | 0              | 0            | 0            | 0                        | 0                                | 5                      |
| TX     | 2021   | 11                       | 0              | 0            | 0            | 0                        | 0                                | 11                     |
|        | 2022   | 11                       | 0              | 0            | 1            | 0                        | 0                                | 10                     |
|        | 2023   | 10                       | 0              | 0            | 0            | 2                        | 0                                | 8                      |

| Col. 1<br>State | Col. 2<br>Year | Col. 3.<br>Outlets<br>at Start<br>of Year | Col. 4<br>Outlets<br>Opened | Col. 5<br>Termin<br>ations | Col. 6<br>Non-<br>Renewals | Col. 7<br>Reacquired<br>by<br>Franchisor | Col. 8<br>Ceased<br>Operations<br>-Other<br>Reasons | Col. 9<br>Outlets<br>at End<br>of<br>Year |
|-----------------|----------------|---|-----------------------------|----------------------------|----------------------------|--|---|---|
| UT              | 2021           | 4   | 0                           | 0                          | 0                          | 0  | 1   | 3   |
|                 | 2022           | 3   | 0                           | 1                          | 0                          | 0  | 0   | 2   |
|                 | 2023           | 2   | 0                           | 0                          | 0                          | 0  | 1   | 1   |
| VA              | 2021           | 5   | 0                           | 0                          | 0                          | 0  | 0   | 5   |
|                 | 2022           | 5   | 0                           | 0                          | 0                          | 0  | 0   | 5   |
|                 | 2023           | 5   | 0                           | 1                          | 0                          | 0  | 0   | 4   |
| WA              | 2021           | 2   | 0                           | 0                          | 0                          | 0  | 0   | 2   |
|                 | 2022           | 2   | 0                           | 0                          | 0                          | 0  | 0   | 2   |
|                 | 2023           | 2   | 0                           | 0                          | 0                          | 0  | 0   | 2   |
| Total           | 2021           | 153                                       | 0                           | 0                          | 1                          | 0  | 13  | 139                                       |
|                 | 2022           | 139                                       | 3                           | 4                          | 3                          | 1  | 7   | 127                                       |
|                 | 2023           | 127                                       | 0                           | 6                          | 1                          | 5  | 8   | 107                                       |

**Table No. 4**

**Status of Company-Owned Outlets  
For years 2021-2023**

| <b>Col. 1</b> | <b>Col. 2</b> | <b>Col. 3.</b>                  | <b>Col. 4</b>         | <b>Col. 5</b>                     | <b>Col. 6</b>         | <b>Col. 7</b>                     | <b>Col. 8</b>                 |
|---------------|---------------|---------------------------------|-----------------------|-----------------------------------|-----------------------|-----------------------------------|-------------------------------|
| <b>State</b>  | <b>Year</b>   | <b>Outlets at Start of Year</b> | <b>Outlets Opened</b> | <b>Reacquired from Franchisee</b> | <b>Outlets Closed</b> | <b>Outlets Sold to Franchisee</b> | <b>Outlets at End of Year</b> |
| California    | 2021          | 0                               | 0                     | 0                                 | 0                     | 0                                 | 0                             |
|               | 2022          | 0                               | 0                     | 0                                 | 0                     | 0                                 | 0                             |
|               | 2023          | 0                               | 0                     | 1                                 | 0                     | 0                                 | 1                             |
| Florida       | 2021          | 0                               | 0                     | 0                                 | 0                     | 0                                 | 0                             |
|               | 2022          | 0                               | 0                     | 1                                 | 0                     | 0                                 | 1                             |
|               | 2023          | 1                               | 0                     | 0                                 | 0                     | 0                                 | 1                             |
| Kansas        | 2021          | 2                               | 0                     | 0                                 | 0                     | 0                                 | 2                             |
|               | 2022          | 2                               | 0                     | 0                                 | 0                     | 1                                 | 1                             |
|               | 2023          | 1                               | 0                     | 0                                 | 1                     | 0                                 | 0                             |
| Minnesota     | 2021          | 0                               | 0                     | 0                                 | 0                     | 0                                 | 0                             |
|               | 2022          | 0                               | 0                     | 0                                 | 0                     | 0                                 | 0                             |
|               | 2023          | 0                               | 0                     | 2                                 | 0                     | 0                                 | 2                             |
| Texas         | 2021          | 0                               | 0                     | 0                                 | 0                     | 0                                 | 0                             |
|               | 2022          | 0                               | 0                     | 0                                 | 0                     | 0                                 | 0                             |
|               | 2023          | 0                               | 0                     | 2                                 | 0                     | 0                                 | 2                             |
| Total         | 2021          | 2                               | 0                     | 0                                 | 0                     | 0                                 | 2                             |
|               | 2022          | 2                               | 0                     | 1                                 | 0                     | 1                                 | 2                             |
|               | 2023          | 2                               | 0                     | 5                                 | 1                     | 0                                 | 6                             |

**Table No. 5**

**Projected Openings as of December 31, 2023**

| <b>State</b>  | <b>Franchise Agreements Signed but Outlets Not Opened</b> | <b>Projected New Franchised Outlets in The Fiscal Year</b> | <b>Projected New Company Owned Outlets in the Next Fiscal Year</b> |
|---------------|---|--|--|
| California    | 1   | 1  |  |
| Colorado      | 1   | 1  | 0  |
| Connecticut   | 1   | 0  | 0  |
| Illinois      | 1   | 0  | 0  |
| Massachusetts | 1   | 0  | 0  |
| Minnesota     | 1   | 0  | 0  |
| Ohio          | 1   | 0  | 0  |
| Pennsylvania  | 1   | 0  | 0  |
| Texas         | 0   | 0  | 0  |
| Utah          | 1   | 1  | 0  |
| Virginia      | 1   | 0  | 0  |
| Washington    | 1   | 0  | 0  |
| <b>TOTAL</b>  | <b>11</b>   | <b>3</b>   | <b>0</b>   |

Exhibit H lists the names of our operating franchisees and the addresses and telephone numbers of their Fitness Studio as of December 31, 2023.

Exhibit H-1 lists the names of our franchisees who have signed but have not opened their Fitness Studio as of December 31, 2023.

Listed below are the franchisees who have had an outlet terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recent completed fiscal year or who has not communicated with the franchisor within 10 weeks of the disclosure document issuance date.

| <b>Contact</b>               | <b>Street Address</b>             | <b>City</b>   | <b>ST</b> | <b>Zip</b> | <b>Mobile</b>  |
|------------------------------|-----------------------------------|---------------|-----------|------------|----------------|
| Corey & Chris Boda           | 669 Santa Anita Dr.               | Chula Vista   | CA        | 91914      | 916-337-4847   |
| Celeste Tripician            | 14570 Hamlin Blvd.                | Loxahatchee   | FL        | 33470      | (754) 224-6035 |
| Michelle Berrard             | 15312 Black Lion Way              | Winter Garden | FL        | 34787      | (321) 231-5021 |
| Graham Goy                   | 1135 South Delano Court, E327     | Chicago       | IL        | 60595      | (773) 682-0295 |
| William Lulis                | 2153 North Bell Ave.              | Chicago       | IL        | 60647      | (708) 805-0060 |
| Kevin Reilly & Paige Hopkins | 355 Kenilworth Ave.               | Kenilworth    | IL        | 60043      | (847) 421-8094 |
| Jason Sanchez                | 12950 W. 52 <sup>nd</sup> Terrace | Shawnee       | KS        | 66216      | 281-222-2458   |



|                           |                          |               |    |       |                |
|---------------------------|--------------------------|---------------|----|-------|----------------|
| Lance LaMotte             | 17706 British Lane       | Baton Rouge   | LA | 70810 | 225-413-0917   |
| Amy Heyduck               | 8324 Interlochen         | Kalamazoo     | MI | 49009 | 269-317-4106   |
| Trace Bellew              | 21961 Pinder Ct.         | Macomb        | MI | 48044 | 586-292-5019   |
| Darryl Thibodeaux         | 10760 Rhode Island Ave., | Brooklyn Park | MN | 55445 | 763-464-1416   |
| Mitch Brunette            | 13705 Oakland Dr         | Burnsville    | MN | 55337 | 651-341-1507   |
| Terri Coopersmith         | 3355 Zircon Lane N       | Plymouth      | MN | 55447 | 763-432-7073   |
| Michael & Laura Ellison   | 107 W. Avondale Drive    | Greensboro    | NC | 27403 | 336-402-4028   |
| Mark Fox                  | 5040 Goal Post Lane      | Cincinnati    | OH | 45244 | (513) 885-9970 |
| Ken Thomas                | 4705 Lane Road           | Perry         | OH | 44081 | (330) 217-2126 |
| Cindy & Terrence Jakupcin | 247 Ridge Side Dr.       | Powell        | OH | 43065 | 614-314-4373   |
| Casey Wandell             | 38652 Edward Walsh Drive | Willoughby    | OH | 44094 | (567) 712-9309 |
| Bond Conway               | 915 Pampa Drive          | Allen         | TX | 75013 | (972) 396-0535 |
| James Walk                | 2704 Clark Dr            | Corinth       | TX | 76201 | 940-222-0666   |
| Cody Wagner               | 2721 E. Partridge Cove   | Sandy         | UT | 84093 | 801-455-6965   |
| Dash Cox                  | 1605 E. 6400 S           | Murray        | UT | 84121 | 801-673-3274   |
| Chijioko Asomugha         | 15799 Delaney Chase Way  | Centerville   | VA | 20120 | 650-274-7013   |

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the Franchise system.

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

## **ITEM 21 FINANCIAL STATEMENTS**

Exhibit A is our audited financial statements for the fiscal years ending December 31, 2023, December 31, 2022, and December 31, 2021 and the related statements of operations, member's equity, and cash flows for each of the three years then ended.

Our fiscal year end is December 31.

**ITEM 22  
CONTRACTS**

The following agreements are attached to this Franchise Disclosure Document:

|   |           |
|---|-----------|
| Area Development Agreement              | Exhibit B |
| Franchise Agreement                     | Exhibit C |
| Electronic Funds Transfer Authorization | Exhibit G |
| General Release                         | Exhibit I |
| CLR Solutions LLC Contract              | Exhibit J |

**ITEM 23  
RECEIPTS**

Exhibit M contains detachable documents acknowledging your receipt of this Franchise Disclosure Document with all exhibits attached.

**EXHIBIT A TO FDD  
FINANCIAL STATEMENTS**



Report of Independent Auditors and  
Financial Statements

**TBC International, LLC**

December 31, 2023, 2022, and 2021



## Table of Contents

---

|  | <b>Page</b> |
|--|-------------|
| <b>Report of Independent Auditors</b>    | 1           |
| <b>Financial Statements</b>              |             |
| Balance Sheets                           | 4           |
| Statements of Operations                 | 5           |
| Statements of Changes in Member's Equity | 6           |
| Statements of Cash Flows                 | 7           |
| Notes to Financial Statements            | 8           |



## **Report of Independent Auditors**

The Member  
TBC International, LLC

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of TBC International, LLC, which comprise the balance sheets as of December 31, 2023, 2022, and 2021, and the related statements of operations, changes in member's equity, and cash flows for each of the three years in the period ended December 31, 2023, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of TBC International, LLC, as of December 31, 2023, 2022, and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of TBC International, 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 TBC International, 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.



Los Angeles, California  
April 3, 2024

## **Financial Statements**

---



**TBC International, LLC**  
**Balance Sheets**  
**December 31, 2023, 2022, and 2021**

|   | 2023         | 2022          | 2021          |
|---|--------------|---------------|---------------|
| <b>ASSETS</b>                               |              |               |               |
| <b>CURRENT ASSETS</b>                       |              |               |               |
| Cash  | \$ 469,171   | \$ 467,797    | \$ 862,338    |
| Franchise receivables                       | 102,145      | 118,305       | 196,146       |
| Prepaid expenses and other current assets   | 68,416       | 38,060        | 70,631        |
| Contract assets, current                    | 64,053       | 114,864       | 163,218       |
| Total current assets                        | 703,785      | 739,026       | 1,292,333     |
| FRANCHISE RIGHTS, net                       | 5,599,401    | 10,428,441    | 13,840,883    |
| PROPERTY AND EQUIPMENT, net                 | 22,976       | 29,715        | 18,351        |
| CONTRACT ASSETS, non-current                | 142,711      | 307,954       | 476,387       |
| DUE FROM RELATED PARTIES                    | -            | 2,628,778     | 649,324       |
| Total non-current assets                    | 5,765,088    | 13,394,888    | 14,984,945    |
| Total assets                                | \$ 6,468,873 | \$ 14,133,914 | \$ 16,277,278 |
| <b>LIABILITIES AND MEMBER'S EQUITY</b>      |              |               |               |
| <b>CURRENT LIABILITIES</b>                  |              |               |               |
| Accounts payable                            | \$ 111,633   | \$ 86,844     | \$ 62,230     |
| Advertising fund payable                    | 131,807      | 90,742        | 85,779        |
| Accrued liabilities                         | 218,699      | 224,977       | 115,604       |
| Deferred franchise fee revenue, current     | 99,592       | 163,299       | 233,647       |
| Total current liabilities                   | 561,731      | 565,862       | 497,260       |
| DEFERRED FRANCHISE FEE REVENUE, non-current | 253,672      | 452,403       | 688,567       |
| Total liabilities                           | 815,403      | 1,018,265     | 1,185,827     |
| MEMBER'S EQUITY                             | 5,653,470    | 13,115,649    | 15,091,451    |
| Total liabilities and member's equity       | \$ 6,468,873 | \$ 14,133,914 | \$ 16,277,278 |

See accompanying notes.

**TBC International, LLC**  
**Statements of Operations**  
**Years Ended December 31, 2023, 2022, and 2021**

|                                      | <u>2023</u>           | <u>2022</u>           | <u>2021</u>           |
|--------------------------------------|-----------------------|-----------------------|-----------------------|
| <b>REVENUES</b>                      |                       |                       |                       |
| Franchise fees                       | \$ 311,239            | \$ 324,711            | \$ 569,182            |
| Royalty fees                         | 3,401,954             | 3,358,007             | 3,196,809             |
| Advertising fund fees                | 476,137               | 459,540               | 462,030               |
| Technology fees                      | 178,197               | 136,353               | 141,768               |
| Other                                | 98,679                | 59,400                | 30,000                |
|                                      | <u>4,466,206</u>      | <u>4,338,011</u>      | <u>4,399,789</u>      |
| <b>OPERATING EXPENSES</b>            |                       |                       |                       |
| General and administrative           | 865,371               | 766,720               | 1,183,400             |
| Salaries, wages, and benefits        | 1,987,576             | 1,989,254             | 1,537,887             |
| Franchise operations                 | 378,258               | 756,642               | 511,737               |
| Depreciation and amortization        | 2,243,344             | 3,419,088             | 3,625,673             |
| Impairment of franchise rights       | 2,593,526             | -                     | -                     |
|                                      | <u>8,068,075</u>      | <u>6,931,704</u>      | <u>6,858,697</u>      |
| <b>LOSS FROM OPERATIONS</b>          | <u>(3,601,869)</u>    | <u>(2,593,693)</u>    | <u>(2,458,908)</u>    |
| <b>OTHER INCOME</b>                  |                       |                       |                       |
| Employee retention tax credit income | -                     | 444,502               | -                     |
| PPP loan forgiveness                 | -                     | -                     | 298,100               |
| Other income                         | 185,796               | 173,389               | 116,569               |
|                                      | <u>185,796</u>        | <u>617,891</u>        | <u>414,669</u>        |
| <b>NET LOSS</b>                      | <u>\$ (3,416,073)</u> | <u>\$ (1,975,802)</u> | <u>\$ (2,044,239)</u> |

See accompanying notes.

**TBC International, LLC**  
**Statements of Changes in Member's Equity**  
**Years Ended December 31, 2023, 2022, and 2021**

---

|                              |                            |
|------------------------------|----------------------------|
| BALANCE at January 1, 2021   | \$ 17,200,395              |
| Non-cash distribution        | (64,705)                   |
| Net loss                     | <u>(2,044,239)</u>         |
| BALANCE at December 31, 2021 | 15,091,451                 |
| Net loss                     | <u>(1,975,802)</u>         |
| BALANCE at December 31, 2022 | 13,115,649                 |
| Non-cash distribution        | (4,046,106)                |
| Net loss                     | <u>(3,416,073)</u>         |
| BALANCE at December 31, 2023 | <u><u>\$ 5,653,470</u></u> |

---

See accompanying notes.

**TBC International, LLC**  
**Statements of Cash Flows**  
**Years Ended December 31, 2023, 2022, and 2021**

|  | 2023                | 2022               | 2021              |
|--|---------------------|--------------------|-------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                     |                    |                   |
| Net loss   | \$ (3,416,073)      | \$ (1,975,802)     | \$ (2,044,239)    |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities |                     |                    |                   |
| Depreciation of property and equipment   | 7,830               | 6,645              | 27,720            |
| Amortization of franchise rights   | 2,235,514           | 3,412,442          | 3,597,953         |
| Impairment of franchise rights   | 2,593,526           | -                  | -                 |
| Employee retention tax credit  | -                   | (444,502)          | -                 |
| Gain on extinguishment of PPP loan   | -                   | -                  | (298,100)         |
| Bad debt expense   | -                   | -                  | 98,237            |
| Loss on disposal of assets   | -                   | -                  | 153,689           |
| Changes in operating assets and liabilities  |                     |                    |                   |
| Franchise receivables  | 16,160              | 77,841             | (247,116)         |
| Prepaid expenses   | (30,356)            | 32,571             | (26,450)          |
| Contract assets  | 216,054             | 216,787            | 384,387           |
| Accounts payable   | 65,854              | 29,577             | (610,259)         |
| Accrued liabilities  | (6,278)             | 109,373            | (519,374)         |
| Deferred franchise fees  | (262,438)           | (306,512)          | (569,182)         |
| Net cash provided by (used in) operating activities                                      | <u>1,419,793</u>    | <u>1,158,420</u>   | <u>(52,734)</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                     |                    |                   |
| Purchases of property and equipment  | <u>(1,091)</u>      | <u>(18,009)</u>    | <u>(20,143)</u>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                     |                    |                   |
| Proceeds from employee retention tax credit  | -                   | 444,502            | -                 |
| Payments made to related parties   | (1,417,328)         | (1,979,454)        | (597,966)         |
| Borrowings on PPP loan   | -                   | -                  | 298,100           |
| Net cash used in financing activities  | <u>(1,417,328)</u>  | <u>(1,534,952)</u> | <u>(299,866)</u>  |
| NET CHANGE IN CASH   | 1,374               | (394,541)          | (372,743)         |
| CASH, beginning of year  | <u>467,797</u>      | <u>862,338</u>     | <u>1,235,081</u>  |
| CASH, end of year  | <u>\$ 469,171</u>   | <u>\$ 467,797</u>  | <u>\$ 862,338</u> |
| <b>SUPPLEMENTAL NONCASH FINANCING ACTIVITIES</b>   |                     |                    |                   |
| Non-cash distribution  | <u>\$ 4,046,106</u> | <u>\$ -</u>        | <u>\$ 64,705</u>  |

See accompanying notes.

**TBC International, LLC**  
**Notes to Financial Statements**

---

**Note 1 – Organization of Business and Nature of Operations**

TBC International, LLC (the Company or TBCI), was formed as a Kansas Limited Liability Company (LLC) in June 2009 for the purpose of franchising fitness facilities in the United States and worldwide under the name "Title Boxing Club". The Company is a wholly owned subsidiary of BoxUnion Holdings, LLC (the "Member"). The Company's activities relate to the development of the Title Boxing Club franchise system through a 40-year royalty free renewable trademark license agreement with a third party, Title Boxing, LLC. The license agreement grants the Company an exclusive right to use the Title Boxing Club trademarks and to license the trademarks to franchisees under franchise agreements.

The Member and various of its wholly owned subsidiaries (collectively, the Member) own and operate various Title Boxing Club franchises. The following table represents the changes in franchised and Member owned clubs.

| Club Count        | Franchise  | Member   | Total      |
|-------------------|------------|----------|------------|
| January 1, 2021   | 153        | 2        | 155        |
| Closed            | (15)       | -        | (15)       |
| December 31, 2021 | 138        | 2        | 140        |
| Opened            | 2          | -        | 2          |
| Closed            | (13)       | -        | (13)       |
| December 31, 2022 | 127        | 2        | 129        |
| Closed            | (14)       | (1)      | (15)       |
| Transferred       | (5)        | 5        | -          |
| December 31, 2023 | <u>108</u> | <u>6</u> | <u>114</u> |

**TBC International, LLC**  
**Notes to Financial Statements**

---

Effective January 1, 2021, the Member acquired the equity interest of the Company and elected the push down basis of accounting, which required the use of the fair value of the net assets acquired by the Member in the preparation of the Company's financial statements. The purchase price allocation recorded as of January 1, 2021, was preliminary and subject to change based on facts and circumstances surrounding contingent consideration of the performance of the Company during the year ended December 31, 2021. Accordingly, adjustments were made as additional information was obtained about the facts and circumstances that existed as of the valuation date. As a result of the Company not meeting certain 2021 financial metrics per the terms of the acquisition agreement, a purchase price adjustment was recorded to claw back approximately \$8,120,000 of equity which was comprised of a reduction of goodwill of approximately \$6,766,000, and a reduction of intangible asset franchise rights of approximately \$1,322,000. Subsequent to the purchase price adjustments, the final basis of the assets acquired, and liabilities assumed as of the date of the transaction is as follows at January 1:

|                                       | 2021          |
|---------------------------------------|---------------|
| Consideration                         |               |
| Cash                                  | \$ 8,056,650  |
| Equity                                | 9,143,745     |
|                                       | \$ 17,200,395 |
| Cash                                  | \$ 1,235,081  |
| Accounts receivable                   | 170,656       |
| Prepaid expenses                      | 19,763        |
| Costs to obtain contract              | 1,023,992     |
| Intangible asset franchise agreements | 17,438,836    |
| Property and equipment, net           | 179,617       |
| Deposits                              | 24,382        |
| Accounts payable                      | (765,594)     |
| Accrued liabilities                   | (634,942)     |
| Deferred revenues                     | (1,491,396)   |
|                                       | \$ 17,200,395 |

**Note 2 – Summary of Significant Accounting Policies**

**Basis of presentation** – The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Company believes this information includes all adjustments, consisting of normal recurring accruals, necessary to fairly present the financial condition. References to ASC and ASU included hereinafter refer to the Accounting Standards Codification and Accounting Standards Update established by the Financial Accounting Standards Board (FASB) as the source of authoritative U.S. GAAP.

**Use of estimates** – The preparation of the financial statements in accordance with U.S. GAAP requires that management makes certain estimates and assumptions. These estimates and assumptions affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities as of the balance sheet dates. The actual results could differ significantly from those estimates.

## TBC International, LLC

### Notes to Financial Statements

---

**Cash** – For purposes of the balance sheets and statements of cash flows, the Company considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. As of December 31, 2023, 2022, and 2021, the Company carried no cash equivalents.

**Concentration of credit risk** – Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and franchisee receivables. The Company currently maintains its day-to-day operating cash balances with a major financial institution. At various times during the years ended December 31, 2023, 2022, and 2021, cash balances were in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits. The Company has experienced no loss or lack of access to cash in its operating accounts and believes it is not exposed to any significant credit risk.

**Fair value measurements** – The Company's financial instruments, none of which are held for trading purposes, include current assets, accounts payable, and accrued expenses. Management estimates that the fair value of all financial instruments as of December 31, 2023, 2022, and 2021 do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying financial statements due to the short maturities of these instruments.

**Franchise receivables** – Franchise receivables consist primarily of amounts due from franchisees for royalty, advertising, and technology fees and are stated net of an allowance for doubtful accounts. On a periodic basis, the Company evaluates its accounts receivable balance and establishes an allowance for credit losses to estimate losses from uncollectible accounts, if required, based on a history of past write-offs and collections and current credit considerations. Account balances are written off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. There was no allowance for credit losses based upon management's assessment of collectability as of December 31, 2023 and 2022. As of December 31, 2021, an allowance for credit losses of approximately \$98,000 was recorded.

**Prepaid expenses** – Prepaid expenses consist primarily of prepayments for insurance and other operating expenses.

**Franchise rights** – Intangible assets consist of finite-lived franchise rights acquired as a result of the acquisition. The franchise rights are amortized on a straight-line basis over the remaining useful life of each franchise agreement, which range from 1 to 10 years.

**Property and equipment, net** – Property and equipment, net, are carried at cost, less accumulated depreciation. Expenditures for additions, replacement, and major improvements are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred. Depreciation is computed on a straight-line basis over the estimated useful lives of five years for furniture and equipment. Leasehold improvements are depreciated over the shorter of the lease term and the useful lives of the improvements. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation is removed from the accounts, and any resulting gain or loss is recognized. Depreciation expense during the years ended December 31, 2023, 2022, and 2021, amounted to approximately \$8,000, \$6,000, and \$28,000, respectively.

## TBC International, LLC

### Notes to Financial Statements

---

**Impairment of long-lived assets** – In accordance with FASB ASC 360, *Property, Plant, and Equipment*, management reviews long-lived assets for possible impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. If there is an indication of impairment, management prepares an estimate for future cash flows (undiscounted and without interest charges) expected to result from the use of the asset and its eventual disposition. If these cash flows are less than the carrying amount of the asset, an impairment loss is recognized to write down the asset to its estimated fair value. The long-lived assets subject to potential impairment are the intangible assets and property and equipment consisting mainly of furniture and equipment and leasehold improvements. The Company recorded impairment charges to its franchise rights of approximately \$2,594,000 during the year ended December 31, 2023. No impairment charges were recorded during the years ended December 31, 2022 and 2021.

**Contract assets** – The Company recognizes an asset for the incremental costs of obtaining a contract with a franchisee and recognizes the expense over the course of the period when the Company expects to recover those costs. The Company has determined that commission payments earned by a third party when a contract is executed meets these requirements. Capitalized commissions are amortized to commissions expense within general and administrative expenses on the statements of operations on a straight-line basis over the period of benefit. The Company applies a practical expedient to expense costs as incurred for costs to obtain a contract with a franchisee when the amortization period would have been one year or less.

**Deferred franchise fee revenue** – Deferred franchise fee revenue is a contract liability related to a revenue-producing activity for which revenue has not yet been recognized. The Company records deferred revenues when it receives consideration from a customer before achieving certain criteria that must be met for revenue to be recognized in conformity with GAAP.

**Paycheck Protection Program loan** – In February 2021, the Company obtained a note payable issued pursuant to the Paycheck Protection Program (PPP) administered by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and recorded the loan in accordance with the ASC 470, *Debt*. The loan proceeds were fully utilized to pay qualified expenses over the covered period, as defined by the PPP. Accordingly, the full amount of the PPP loan was forgiven in August 2021 for approximately \$298,000, which is recorded within other income on the statements of operations.

**Employee retention tax credit** – Additionally, the CARES Act provides an employee retention tax credit (ERTC), which is a refundable tax credit against certain employment taxes for eligible employers. During the year ended December 31, 2022, the Company received approximately \$445,000 from the ERTC, which was recorded within other income on the statements of operations.



## TBC International, LLC

### Notes to Financial Statements

---

**Revenue recognition** – The Company records revenue under FASB ASC Topic 606, *Revenue from Contracts with Customers (Topic 606)*, which requires revenue to be recorded as the transfer of promised goods or services to customers in an amount that reflects the consideration to which the reporting entity expects to be entitled in exchange for those goods or services. The Company has identified one performance obligation for the use of the license and intellectual property and will recognize the franchise and renewal fee over the term of the franchise and renewal periods, respectively. The following revenue recognition policies are in place:

*Initial franchise fees* – The franchise arrangement between the Company and each franchise owner of a Title Boxing Club is documented in the form of a franchise agreement and, in select cases, a development agreement. The franchise agreement requires the Company as the franchisor to perform various activities to support the Title Boxing Club brand and does not involve the direct transfer of goods and services to the franchise owner as a customer. Activities performed by the Company are highly interrelated with the franchise license and are considered to represent a single performance obligation, which is the transfer of the franchise license and intellectual property. The nature of the Company's promise in granting the franchise license is to provide the franchise owner with access to the brand's intellectual property over the term of the franchise agreement, which is generally 10 years.

The Company's performance obligation under area development agreements generally consists of an obligation to grant geographic exclusive area development rights. These development rights are not distinct from franchise agreements, so upfront fees paid by franchisees for exclusive development rights are deferred and apportioned to each franchise agreement signed by the franchisee. The pro rata amount apportioned to each franchise agreement is accounted for identically to the initial franchise fee.

*Royalty fee revenue* – Royalty fee revenue represents royalties earned from each of the franchisees in accordance with the franchise disclosure document and the franchise agreement for use of the "Title Boxing Club" name, processes, and procedures. The royalty rate in the franchise agreement is up to seven and a half percent of the gross sales of each club operated by each franchisee. Royalty fee revenue from franchised locations is recognized in the period earned and is payable to the Company weekly when the sales are reported by the franchisees.

*Advertising fee revenue* – Advertising fee revenue represents fees earned from each of the franchisees in accordance with the franchise disclosure document and the franchise agreement for use of the "Title Boxing Club" name for promotional materials. The advertising fee rate in the franchise agreement is up to one percent of the gross sales of each club operated by each franchisee. Advertising fee revenue from franchised locations is recognized in the period earned and is payable to the Company weekly when the sales are reported by the franchisees, while expenditures are included within advertising expense within general and administrative expenses on the statements of operations. Expenditures of the advertising fund are amounts paid to third parties but also consist of personnel expenses and allocated costs. In accordance with Topic 606 and the Company's franchise agreements, any surplus of advertising funds collected and not used are recorded as advertising funds payable on the balance sheets.

*Technology fee revenue* – Technology fee revenue is earned from a monthly technology fee charged to ongoing franchisees based on a rate agreed upon in the franchise agreement. Technology fees are collected and recognized monthly, and the fee is fixed based on amounts indicated in the franchise agreement.

## TBC International, LLC

### Notes to Financial Statements

---

*Other revenues* – The Company recognizes revenue from other miscellaneous fees and services provided to the franchisees as a single performance obligation, when the fees are earned, or the services are performed.

**General and administrative expenses** – General and administrative expenses consist of costs associated with administrative support functions. These costs primarily consist of commissions expense, advertising and marketing, legal and professional, and other taxes. Advertising and marketing expense amounted to approximately \$201,000, \$350,000, and \$279,000 during the years ended December 31, 2023, 2022, and 2021, respectively.

**Franchise operations** – The Company incurs certain operating expenses related to supporting new franchise openings and for continued support. Franchise operations expenses consists of costs related to travel, lodging, and transportation, and for costs associated with a third-party franchise consulting company that provides operational support to its franchisees.

**Income taxes** – The Company is an LLC and is considered a disregarded entity for income tax purposes. The Company's taxable income or loss is reportable by the Member on its income tax returns. Accordingly, no taxes payable of deferred tax assets or liabilities are reflected in these financial statements.

The Company accounts for uncertain tax positions in accordance with ASC 740. ASC 740 prescribes a recognition threshold and measurement process for accounting for uncertain tax positions and also provides guidance on various related matters such as derecognition, interest, penalties, and required disclosures. The Company does not have any uncertain tax positions.

**Recently issued accounting pronouncements** – In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which introduced an expected credit loss methodology for the measurement and recognition of credit losses on most financial assets, including trade accounts receivable. The expected credit loss methodology under ASU 2016-13 is based on historical experience, current conditions, and reasonable and supportable forecasts, and replaces the probable/incurred loss model for measuring and recognizing expected losses under current GAAP. The ASU also requires disclosures of information regarding how a company developed its allowance, including changes in the factors that influenced management's estimate of expected credit losses and the reasons for those changes. The ASU and its related clarifying updates are effective for nonpublic companies in fiscal years beginning after December 15, 2022, and interim periods within those fiscal years, with early adoption permitted. The Company adopted the new standard on January 1, 2023, and it did not have a material impact on the estimate of the allowance for credit losses on financial assets.

**Subsequent events** – Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. The Company recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheets, including the estimates inherent in the process of preparing the financial statements. The Company's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before the financial statements were issued.

**TBC International, LLC**  
**Notes to Financial Statements**

---

The Company has evaluated subsequent events through April 3, 2024, which is the date the financial statements were available to be issued.

**Note 3 – Contract Assets and Deferred Revenues**

|                              | December 31,<br>2023 | December 31,<br>2022 | December 31,<br>2021 | January 1,<br>2021  |
|------------------------------|----------------------|----------------------|----------------------|---------------------|
| Franchise receivables        | <u>\$ 102,000</u>    | <u>\$ 118,000</u>    | <u>\$ 196,000</u>    | <u>\$ 47,000</u>    |
| Contract assets              | <u>\$ 207,000</u>    | <u>\$ 423,000</u>    | <u>\$ 640,000</u>    | <u>\$ 1,024,000</u> |
| Deferred revenue, current    | <u>\$ 100,000</u>    | <u>\$ 163,000</u>    | <u>\$ 234,000</u>    | <u>\$ 569,000</u>   |
| Deferred revenue, noncurrent | <u>\$ 254,000</u>    | <u>\$ 453,000</u>    | <u>\$ 688,000</u>    | <u>\$ 922,000</u>   |

The following table reflects the approximate changes in contract assets as of December 31:

|  | 2023              | 2022              | 2021                |
|--|-------------------|-------------------|---------------------|
| BALANCE, beginning of period                     | <u>\$ 423,000</u> | <u>\$ 640,000</u> | <u>\$ 1,024,000</u> |
| Commissions expense recognized during the period | (216,000)         | (217,000)         | (384,000)           |
| New deferrals due to cash paid                   | -                 | -                 | -                   |
| Balance, end of period                           | <u>\$ 207,000</u> | <u>\$ 423,000</u> | <u>\$ 640,000</u>   |

The following table reflects the approximate changes in deferred revenues as of December 31:

|                                      | 2023              | 2022              | 2021                |
|--------------------------------------|-------------------|-------------------|---------------------|
| BALANCE, beginning of period         | <u>\$ 616,000</u> | <u>\$ 922,000</u> | <u>\$ 1,491,000</u> |
| Revenue recognized during the period | (312,000)         | (324,000)         | (569,000)           |
| New deferrals due to cash received   | 50,000            | 18,000            | -                   |
| Balance, end of period               | <u>\$ 354,000</u> | <u>\$ 616,000</u> | <u>\$ 922,000</u>   |

**TBC International, LLC**  
**Notes to Financial Statements**

---

The following table illustrates the approximate (expense) / revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2023:

| Years Ending, | <u>Contract<br/>Assets</u> | <u>Deferred<br/>Revenue</u> |
|---------------|----------------------------|-----------------------------|
| 2024          | \$ (64,000)                | \$ 100,000                  |
| 2025          | (52,000)                   | 82,000                      |
| 2026          | (40,000)                   | 65,000                      |
| 2027          | (24,000)                   | 42,000                      |
| 2028          | (13,000)                   | 25,000                      |
| Thereafter    | (14,000)                   | 40,000                      |
| Total         | <u>\$ (207,000)</u>        | <u>\$ 354,000</u>           |

**Note 4 – Intangible Assets, Net**

Identifiable intangible assets, net, consist approximately of the following:

|                            | <u>Gross<br/>Amount</u> | <u>Accumulated<br/>Amortization</u> | <u>Net Carrying<br/>Value</u> |
|----------------------------|-------------------------|-------------------------------------|-------------------------------|
| BALANCE, January 1, 2021   | \$ 17,439,000           | \$ -                                | \$ 17,439,000                 |
| Amortization expense       |                         | (3,598,000)                         | (3,598,000)                   |
| BALANCE, December 31, 2021 | 17,439,000              | (3,598,000)                         | 13,841,000                    |
| Amortization expense       | -                       | (3,412,000)                         | (3,412,000)                   |
| BALANCE, December 31, 2022 | 17,439,000              | (7,010,000)                         | 10,429,000                    |
| Amortization expense       | -                       | (2,236,000)                         | (2,236,000)                   |
| Impairment expense         | (2,594,000)             | -                                   | (2,594,000)                   |
| BALANCE, December 31, 2023 | <u>\$ 14,845,000</u>    | <u>\$ (9,246,000)</u>               | <u>\$ 5,599,000</u>           |

Amortization expense during the years ended December 31, 2023, 2022, and 2021, was approximately \$2,236,000, \$3,412,000, and \$3,598,000, respectively.

## TBC International, LLC

### Notes to Financial Statements

---

Future amortization expense related to intangible assets is approximately as follows:

|               |                     |
|---------------|---------------------|
| Years Ending, |                     |
| 2024          | \$ 1,638,000        |
| 2025          | 1,339,000           |
| 2026          | 1,122,000           |
| 2027          | 757,000             |
| 2028          | 470,000             |
| Thereafter    | <u>273,000</u>      |
|               | <u>\$ 5,599,000</u> |

#### **Note 5 – Related-Party Transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions or if they are subject to common control or common significant influence.

The Company's payment processor, CLR Solutions, LLC (CLR), is related through common control by the Member. CLR collects gross fees from its fitness facility franchisees and remits royalty, advertising, and technology fees to the Company based on fitness facility revenue volumes or based on fees stated in the franchise agreements. CLR collects all franchisee revenue through separate agreements with each franchisee, and there are no fees paid to CLR by the Company.

The Company had amounts due from its Member related to operating expenses paid by the Company on behalf of the Member in the normal course operations. During the year ended December 31, 2023, the Company determined the amounts due from its Member would not be received and the Company reclassified approximately \$4,046,000 of receivables from its Member into equity. As of December 31, 2022 and 2021, amounts due from its Member amounted to approximately \$2,629,000 and \$649,000, respectively. Related party royalty revenues recognized from its Member owned clubs during the years ended December 31, 2023, 2022, and 2021 amounted to approximately \$155,000, \$42,000, and \$32,000, respectively.

#### **Note 6 – Commitments**

**Operating lease** – The Company leased space for a fitness club during the year ended 2021 in Kansas City, Missouri, through a noncancelable operating lease agreement. The lease provided for future rent escalations and renewal options and obligated the Company to pay costs of maintenance, insurance, and property taxes. Rent expense amounted to approximately \$15,000 and \$64,000 during the years ended December 31, 2023 and 2022, respectively, and is included within general and administrative expenses on the statements of operations. In February 2022, the Company assigned the rights of the lease to an affiliate entity; however, the Company was listed as the guarantor of the lease. The noncancelable operating lease agreement expired in 2023 and was not renewed.

## **TBC International, LLC**

### **Notes to Financial Statements**

---

**Litigation** – The Company at times is subject to legal proceedings and claims which arise in the ordinary course of its business. It is the opinion of management that the outcome of these matters will have no material adverse effect on the financial position or results of operations of the Company.

#### **Note 7 – Member’s Equity**

The Company’s LLC operating agreement has a perpetual life. Excess cash flow, tax liability distributions, and profits and losses are to be distributed to the Member in accordance with the operating agreement. The liability of the Company’s Member is limited to the Member’s specific capital balance. Upon liquidation of the Company, the net assets shall be distributed to the Member.

#### **Note 8 – Profit Sharing 401(k) Plan**

The Company maintains a defined contribution profit sharing 401(k) plan for its employees who meet certain age and length of service requirements. The plan is a safe harbor plan. Profit sharing contributions are at the discretion of the Board of Directors. There were no discretionary contributions made during the years ended December 31, 2023 and 2022. The Company’s discretionary contributions amounted to approximately \$17,000 during the year ended December 31, 2021.

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

8:57 AM  
04/01/24  
Accrual Basis

**TBC International LLC**  
**Balance Sheet**  
As of February 29, 2024

Feb 29, 24

|  |                     |
|--|---------------------|
| <b>ASSETS</b>                          |                     |
| Current Assets                         |                     |
| Checking/Savings                       |                     |
| Total Checking/Savings                 | 489,246.69          |
| Total Other Current Assets             | 3,348,700.14        |
| Total Current Assets                   | 3,852,895.83        |
| Total Fixed Assets                     | 22,322.03           |
| Total Other Assets                     | 2,624,536.82        |
| <b>TOTAL ASSETS</b>                    | <b>6,499,754.68</b> |
| <b>LIABILITIES &amp; EQUITY</b>        |                     |
| Liabilities                            |                     |
| Current Liabilities                    |                     |
| Total Accounts Payable                 | 108,274.34          |
| Total Other Current Liabilities        | 343,576.03          |
| Total Current Liabilities              | 451,850.37          |
| Total Long Term Liabilities            | 351,471.24          |
| Total Liabilities                      | 803,321.61          |
| Equity                                 |                     |
| 32000 · Retained Earnings              | -7,435,684.53       |
| 32110 · BoxUnion Holdings - Investment | 13,089,586.99       |
| Net Income                             | 42,530.61           |
| Total Equity                           | 5,696,433.07        |
| <b>TOTAL LIABILITIES &amp; EQUITY</b>  | <b>6,499,754.68</b> |

8:58 AM  
04/01/24  
Accrual Basis

**TBC International LLC**  
**Profit & Loss**  
January through February 2024

**Jan - Feb 24**

|   |                         |
|---|-------------------------|
| <b>Ordinary Income/Expense</b>          |                         |
| Income                                  |                         |
| 40000 · Franchise Operations - Revenue  | 574,572.35              |
| 41000 · Franchise Development - Revenue | 38,792.81               |
| 43000 · Brand Creative Fund Revenue     | 73,965.44               |
| 49000 · Other Revenue                   | <u>173,919.66</u>       |
| Total Income                            | 861,250.26              |
| Cost of Goods Sold                      |                         |
| 50000 · Franchise Operations - COS      | 4,296.76                |
| 51000 · Franchise Development - COS     | 15,661.55               |
| 53010 · Brand Creative Fund Expenses    | 82,437.65               |
| Total COGS                              | <u>102,395.96</u>       |
| Gross Profit                            | 758,854.30              |
| Expense                                 |                         |
| 60000 · People & Labor                  |                         |
| 60200 · Corporate Level Payroll         | 214,359.99              |
| 60300 · Employee Benefits               |                         |
| 60300 · Employee Benefits               | 16,761.12               |
| 60600 · Contractors & Other Labor Fees  |                         |
| 60600 · Contractors & Other Labor Fees  | 977.50                  |
| 60000 · People & Labor                  | <u>232,098.61</u>       |
| 61000 · Business Development Expenses   | 125,778.96              |
| 63000 · Club Facilities Expenses        | 20,949.73               |
| 65000 · Advertising & Marketing         | 3,000.00                |
| 70000 · General & Administrative        | 37,027.99               |
| Total Expense                           | <u>418,855.29</u>       |
| Net Ordinary Income                     | 339,999.01              |
| Other Income/Expense                    |                         |
| Other Income                            |                         |
| 81000 · Non-Operating Income            | 112,850.00              |
| Total Other Income                      | <u>112,850.00</u>       |
| Other Expense                           |                         |
| 95000 · Depreciation & Amortization     | 410,317.40              |
| Total Other Expense                     | <u>410,318.40</u>       |
| Net Other Income/Expense                | <u>-297,468.40</u>      |
| Net Income                              | <u><u>42,530.61</u></u> |



**EXHIBIT B TO FDD**  
**AREA DEVELOPMENT AGREEMENT**



**AREA DEVELOPMENT AGREEMENT**

**AREA**

---

DEVELOPER

---

DATE OF AGREEMENT

**STD 2024 ADA**

## TABLE OF CONTENTS

|     |   |    |
|-----|---|----|
| 1.  | REFERENCES AND DEFINITIONS .....                    | 2  |
|     | A.    DEVELOPMENT AREA .....                        | 2  |
|     | B.    DEVELOPMENT SCHEDULE/DEVELOPMENT PERIOD ..... | 2  |
|     | C.    FRANCHISE AGREEMENT.....                      | 2  |
|     | D.    PRINCIPALS.....                               | 2  |
| 2.  | USE OF SYSTEM .....                                 | 3  |
| 3.  | GRANT OF DEVELOPMENT RIGHTS.....                    | 3  |
|     | A.    TERM .....                                    | 3  |
|     | B.    COMMITMENT OF DEVELOPER .....                 | 3  |
|     | C.    DEVELOPMENT PLAN.....                         | 3  |
|     | D.    EXECUTION OF FRANCHISE AGREEMENT.....         | 4  |
| 4.  | DEVELOPMENT RIGHTS AND OBLIGATIONS .....            | 4  |
|     | A.    RESERVATION OF RIGHTS .....                   | 4  |
|     | B.    RIGHTS DURING DEVELOPMENT PERIODS .....       | 5  |
|     | C.    DEVELOPMENT OBLIGATIONS .....                 | 6  |
|     | D.    EXPIRATION OR TERMINATION .....               | 6  |
| 5.  | TITLE BOXING CLUB FITNESS STUDIOS CLOSINGS .....    | 6  |
| 6.  | PROCEDURE FOR EXERCISING DEVELOPMENT RIGHTS .....   | 6  |
| 7.  | DUTIES OF DEVELOPER.....                            | 7  |
|     | A.    ORGANIZATION OF DEVELOPER.....                | 7  |
|     | B.    REQUIREMENTS OF REPRESENTATIVE .....          | 8  |
|     | C.    DISCRIMINATION PROHIBITED .....               | 8  |
|     | D.    BEST EFFORTS.....                             | 8  |
| 8.  | SITE SELECTION, LEASES, FRANCHISE AGREEMENT.....    | 9  |
|     | A.    SELECTION OF SITE BY DEVELOPER .....          | 9  |
|     | B.    DEMOGRAPHIC INFORMATION .....                 | 9  |
|     | C.    LEASE OR PURCHASE OF SITE .....               | 10 |
|     | D.    FRANCHISE AGREEMENT.....                      | 10 |
| 9.  | DEVELOPMENT FEE.....                                | 10 |
| 10. | SUPERIORITY OF INDIVIDUAL FRANCHISE AGREEMENT.....  | 10 |
| 11. | COVENANTS .....                                     | 11 |
| 12. | RELATIONSHIP OF THE PARTIES.....                    | 13 |
| 13. | LICENSED MARKS .....                                | 15 |
| 14. | TERMINATION.....                                    | 16 |
| 15. | EFFECT OF TERMINATION AND EXPIRATION.....           | 17 |
| 16. | TRANSFER OF INTEREST .....                          | 18 |

|     |  |    |
|-----|--|----|
| A.  | BY FRANCHISOR.....   | 18 |
| B.  | DEVELOPER MAY NOT ASSIGN WITHOUT APPROVAL OF THE<br>FRANCHISOR ..... | 18 |
| C.  | CONDITIONS FOR APPROVAL OF ASSIGNMENT .....                          | 18 |
| D.  | ASSIGNMENT TO A CORPORATION OR LIMITED LIABILITY<br>COMPANY.....     | 19 |
| E.  | RIGHT OF FIRST REFUSAL.....  | 20 |
| F.  | DEATH OR DISABILITY .....  | 20 |
| G.  | PUBLIC OR PRIVATE OFFERINGS .....                                    | 21 |
| H.  | NOTICE TO FRANCHISOR .....   | 22 |
| 17. | APPROVALS .....  | 22 |
| 18. | NONWAIVER.....   | 23 |
| 19. | DEVELOPER’S RECORDS AND REPORTS .....                                | 23 |
| 20. | NOTICES AND PAYMENTS .....   | 24 |
| 21. | MEDIATION.....   | 24 |
| 22. | ARBITRATION .....  | 25 |
| 23. | ENFORCEMENT .....  | 26 |
| A.  | SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS .....              | 26 |
| B.  | EXCEPTIONS .....   | 27 |
| C.  | SPECIFIC PERFORMANCE/INJUNCTIVE RELIEF .....                         | 27 |
| D.  | RIGHTS OF PARTIES ARE CUMULATIVE .....                               | 27 |
| E.  | COSTS AND ATTORNEYS’ FEES .....                                      | 27 |
| F.  | GOVERNING LAW.....   | 28 |
| G.  | EXCLUSIVE JURISDICTION .....   | 28 |
| H.  | VARIANCES.....   | 28 |
| I.  | WAIVER OF JURY TRIAL.....  | 28 |
| J.  | BINDING EFFECT .....   | 29 |
| K.  | CONSTRUCTION/INTEGRATION CLAUSE.....                                 | 29 |
| 24. | CAVEAT .....   | 30 |
| 25. | MISCELLANEOUS .....  | 30 |

**EXHIBITS**

GUARANTY AND ASSUMPTION OF OBLIGATIONS

EXHIBIT A – DEVELOPMENT AREA

EXHIBIT B – DEVELOPMENT SCHEDULE

EXHIBIT C – FRANCHISE AGREEMENT

EXHIBIT D – STATEMENT OF OWNERSHIP INTERESTS AND PRINCIPALS

EXHIBIT E – CONFIDENTIALITY AGREEMENT AND ANCILLARY COVENANTS NOT  
TO COMPETE

**TITLE BOXING CLUB®  
AREA DEVELOPMENT AGREEMENT**

**THIS AREA DEVELOPMENT AGREEMENT** (the “Agreement”), is made and entered into this day \_\_\_\_\_ by and between TBC INTERNATIONAL, LLC, a limited liability company formed and operating under the laws of the State of Kansas whose principal business address is 8647 Hayden Place, Culver City, CA 90232 (“Franchisor”) and \_\_\_\_\_, a \_\_\_\_\_ formed and operating under the laws of the State of \_\_\_\_\_, or \_\_\_\_\_, an individual, whose principal business address is \_\_\_\_\_, (“Developer”).

**WITNESSETH:**

WHEREAS, as the result of the expenditure of time, effort and expense, Franchisor has created a unique and distinctive proprietary system (hereinafter the “System”) for the establishment, development and operation of TITLE BOXING CLUB® Fitness Studios (the “Fitness Studio” or “Fitness Studios”) that offer total body workouts that are effective and fun, taught by professional boxers, kick-boxers and mixed martial artists;

WHEREAS, Franchisor owns the System and the right to use the Licensed Marks (as defined below) and grants the right and license to others to use the System and the Licensed Marks;

WHEREAS, the distinguishing characteristics of the System include, without limitation, interior design, color scheme and equipment; uniform standards, specifications and procedures for the unique boxing, kick-boxing and martial arts classes; specifications and procedures for operations; uniformity of services and products offered; procedures for inventory management and financial control; training assistance; and advertising and marketing programs, all of which may be changed, improved and further developed by Franchisor;

WHEREAS, Franchisor identifies the System and licenses the use of certain trade names, service marks, trademarks, emblems and indicia of origin, including the mark TITLE BOXING CLUB® and other trade names, service marks and trademarks as are now designated and may hereafter be designated by Franchisor in writing for use with the System (the “Licensed Marks”);

WHEREAS, Developer desires the right to develop, own and operate TITLE BOXING CLUB FITNESS STUDIOS under the System in a defined geographic area under a Development Schedule attached to this Agreement; and

WHEREAS, Developer acknowledges that he has conducted an independent investigation of the business contemplated by this Agreement and recognizes that, like any other business, the nature of the business conducted as a TITLE BOXING CLUB Fitness Studio may evolve and change over time, that an investment in a TITLE BOXING CLUB Fitness Studio involves a business risk and the success of the venture is largely dependent upon Developer’s business abilities and efforts.

NOW, THEREFORE, the parties, in consideration of the mutual undertakings and commitments set forth in this Agreement, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

1. **REFERENCES AND DEFINITIONS**

A. **DEVELOPMENT AREA**

“Development Area” means the geographic area described in Exhibit A.

B. **DEVELOPMENT SCHEDULE/DEVELOPMENT PERIOD**

“Development Schedule” means the schedule for Developer to open and operate a specific cumulative number of new TITLE BOXING CLUB FITNESS STUDIOS as set forth in Exhibit B to this Agreement. Each “Development Period” is the period of time for Developer to meet each specific development obligation on the Development Schedule.

C. **FRANCHISE AGREEMENT**

Except for the initial franchise fee, royalty fee and the advertising contributions, which shall remain the same in each franchise agreement executed pursuant to this Agreement and any extensions of this Agreement, the “Franchise Agreement” means the current form of agreements (including franchise agreement and any exhibits, riders, collateral assignments of leases or subleases, shareholder guarantees and preliminary agreements) Franchisor customarily uses in the granting of a franchise for the ownership and operation of a TITLE BOXING CLUB Fitness Studio. Developer acknowledges that the Franchise Agreement (Exhibit C) is the current form of Franchise Agreement and shall be executed and delivered to Franchisor and shall be the form of Franchise Agreement to be executed for the first TITLE BOXING CLUB Fitness Studio to be developed under this Agreement. Franchisor, in its sole discretion, but subject to the express provisions contained herein, may modify or amend in any respect the standard form of Franchise Agreement it customarily uses in granting a franchise for a TITLE BOXING CLUB Fitness Studio. All subsequent TITLE BOXING CLUB Fitness Studios developed under this Agreement shall be established and operated under the form of Franchise Agreement then being used by Franchisor for TITLE BOXING CLUB Fitness Studios.

D. **PRINCIPALS**

The term “Principals” includes, collectively and individually, Developer’s spouse; if Developer is an individual, any officers and directors of Developer (including the officers and directors of any general partner of Developer) and any person and of any entity directly owning and/or controlling ten percent (10%) or more of Developer, or a managing member or manager of a limited liability company. The initial Principals shall be listed in Exhibit D. The Principals must execute an agreement in substantially the form of the attached Guaranty and Assumption of Obligations undertaking to be bound jointly and severally to all provisions of this Agreement.

## 2. USE OF SYSTEM

Developer acknowledges, and does not contest, Franchisor's exclusive ownership and rights to each and every aspect of the System. Developer's right to use the System is specifically limited to the Development Area and the terms and conditions of this Agreement and Franchise Agreements executed pursuant thereto.

## 3. GRANT OF DEVELOPMENT RIGHTS

### A. TERM

In reliance on the representations and warranties of Developer and its Principals, Franchisor grants to Developer, and Developer hereby accepts the right and obligation to develop new TITLE BOXING CLUB Fitness Studios within the Development Area in full compliance with the terms of this Agreement, including the timely development obligations to open a specific cumulative number of new TITLE BOXING CLUB Fitness Studios over prescribed periods of time as established in the Development Schedule; and in full compliance with all obligations and provisions under Franchise Agreements entered into for the individual TITLE BOXING CLUB Fitness Studios. Subject to the provisions contained in this Agreement, the rights granted are for a term commencing on the date of execution of this Agreement and expiring on the last day of the last Development Period on the Development Schedule. Developer acquires no rights under this Agreement to develop TITLE BOXING CLUB Fitness Studios outside the Development Area.

### B. COMMITMENT OF DEVELOPER

Franchisor has granted these rights in reliance on the business skill, financial capability, personal character and expectations of performance by the Developer and its Principals. This Agreement is for the purpose of developing and operating the TITLE BOXING CLUB Fitness Studios and is not for the purpose of reselling the rights granted by this Agreement.

### C. DEVELOPMENT PLAN

The following conditions and approvals are conditions precedent before the right of Developer to develop each TITLE BOXING CLUB Fitness Studio becomes effective. At the time Developer selects a site for each TITLE BOXING CLUB Fitness Studio, Developer must satisfy the operational, financial and training requirements, set forth below:

1. Operational: (a) Developer must be in substantial compliance with the material terms and conditions of this Agreement and all Franchise Agreements granted Developer. For each TITLE BOXING CLUB Fitness Studio operated by Developer, Developer must be in substantial compliance with the standards, specifications, and procedures set forth and described in the Operations Manual (defined in the Franchise Agreement).

2. Financial: Developer and the Principals must satisfy Franchisor's then-current financial criteria for Developers and Principals with respect to Developer's operation of its existing TITLE BOXING CLUB Fitness Studios, if any, and the proposed TITLE BOXING CLUB Fitness Studio. Developer must be in compliance and not been in default during the twelve (12)

months preceding Developer's request for approval, of any monetary obligations of Developer to Franchisor or its affiliate under any Franchise Agreement granted under this Agreement.

**D. EXECUTION OF FRANCHISE AGREEMENT**

This Agreement is not a Franchise Agreement and does not grant Developer any right or license to operate a TITLE BOXING CLUB Fitness Studio, or to provide services, or to distribute goods, or any right or license in the Licensed Marks. A Franchise Agreement must be signed by Developer and delivered to Franchisor with the initial franchise fee, within fifteen (15) days of delivery of the Franchise Agreement to Developer by Franchisor, as prescribed in paragraph D, Section 8 of this Agreement.

**4. DEVELOPMENT RIGHTS AND OBLIGATIONS**

**A. RESERVATION OF RIGHTS**

Franchisor (on behalf of itself and its affiliate and its subsidiaries) retains the rights, in its sole discretion and without granting any rights to Developer: (1) to itself operate, or to grant other persons the right to operate, TITLE BOXING CLUB Fitness Studios at locations and on terms Franchisor deems appropriate outside the Development Area granted Developer, and (2) to sell the products and services authorized for TITLE BOXING CLUB Fitness Studios under the Licensed Marks or under other trademarks, service marks and commercial symbols through dissimilar channels of distribution and under terms Franchisor deems appropriate within and outside the Development Area, including, but not limited to, by electronic means, such as the Internet, mobile applications, web sites, and other digital means established by Franchisor, as we determine, in our sole discretion.

In addition, Franchisor, any other developer and any other authorized person or entity shall have the right, at any time, to advertise and promote the System, in the Development Area. Developer acknowledges and agrees that Developer is only granted the right to develop and operate TITLE BOXING CLUB Fitness Studios within the Development Area. Accordingly, within and outside the Development Area, Franchisor and its affiliate and its subsidiaries may also offer and sell, and may authorize others to offer and sell products identified by the Licensed Marks at or from any location.

Franchisor or any other developer or any other authorized person or entity shall have the right, at any time, to establish and operate businesses offering dissimilar products or dissimilar services within and outside the Development Area granted by the Area Development Agreement and within and outside the Protected Area granted by a Franchise Agreement, under the Licensed Marks and on any terms and conditions as determined by Franchisor; to acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at a TITLE BOXING CLUB® Fitness Studio and to franchise, license or create similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or the licensees of these businesses) are located or operating, which may include within the Development Area granted by this Area Development Agreement and within the Protected Area granted by a Franchise Agreement.



Franchisor may be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction, by a business providing products and similar services to those provided at a TITLE BOXING CLUB® Fitness Studio, or by another business, even if such business operates, franchises and/or licenses competitive businesses within the Development Area granted by the Area Development Agreement and within the Protected Area granted by a Franchise Agreement.

Franchisor has the right to own, operate and license others to own and operate other fitness concepts in and outside the Development Area, so long as such other fitness concepts do not use the Licensed Marks as the business name thereof.

Franchisor has no obligation and will not pay Developer if it exercises any of the rights specified above within the Development Area granted by the Area Development Agreement or within the Protected Area granted by a Franchise Agreement.

#### B. RIGHTS DURING DEVELOPMENT PERIODS

Except as provided below, if Developer: (1) is in compliance with the material terms and conditions contained in this Agreement, including the timely development obligations to open a specific cumulative number of new TITLE BOXING CLUB Fitness Studios over prescribed periods of time as established in Exhibit B (the “Development Schedule”); and (2) is in substantial compliance with all material obligations under Franchise Agreements granted Developer for individual TITLE BOXING CLUB Fitness Studios under this Agreement; then during the Development Schedule, Franchisor: (i) will grant Developer the right to own and operate TITLE BOXING CLUB Fitness Studios located within the Development Area; and (ii) will not operate (directly or through its affiliate), nor grant a franchise for the location of, any TITLE BOXING CLUB Fitness Studio within the Development Area, except for franchises granted to Developer under this Agreement, or other than through the uses and exceptions as described in Section 4, Paragraph A of this Agreement.

If Developer, for any reason within his control, fails to comply with the Development Schedule, this failure constitutes a material default of this Agreement, and Franchisor has the right to terminate this Agreement pursuant to Section 14 of this Agreement. In the event Developer fails to cure the noticed default within the time allowed under Section 14, Franchisor may terminate this Agreement and grant individual or area development franchises within the Development Area to third parties or own and operate Fitness Studios owned by Franchisor or by the affiliate of Franchisor. Franchisor and Developer agree that the timely development of Fitness Studios by Developer in compliance with the Development Schedule will control the rights granted Developer by this Agreement, regardless of the time period granted Developer to open a Fitness Studio pursuant to a Franchise Agreement for such Fitness Studio. Upon termination of this Agreement, all rights granted Developer revert to Franchisor, who is free to franchise any other person to use the System within the Development Area or to itself own and operate TITLE BOXING CLUB Fitness Studios within the Development Area. The provisions of this paragraph do not apply to any delay or failure caused by a default or neglect on the part of Franchisor.

C. DEVELOPMENT OBLIGATIONS

Developer will at all times faithfully, honestly, and diligently perform his obligations under this Agreement and will continuously exert his best efforts to timely promote and enhance the development of TITLE BOXING CLUB Fitness Studios within the Development Area. Developer agrees to open and operate the cumulative number of new TITLE BOXING CLUB Fitness Studios at the end of each Development Period set forth in the Development Schedule (see Exhibit B). Developer agrees that compliance with the Development Schedule is the essence of this Agreement. For the avoidance of doubt, TITLE BOXING CLUB Fitness Studios which were already open when this Agreement was executed do not count towards satisfying the obligation to open and operate new TITLE BOXING CLUB Fitness Studios. Similarly, for the avoidance of doubt, TITLE BOXING CLUB Fitness Studios which were or are opened by other franchisees do not count towards satisfying the obligation to open and operate new TITLE BOXING CLUB Fitness Studios.

D. EXPIRATION OR TERMINATION

After this Agreement expires or terminates for any reason, Franchisor shall have the absolute right to operate or license other persons to operate TITLE BOXING CLUB FITNESS STUDIOS in the Development Area.

5. TITLE BOXING CLUB FITNESS STUDIOS CLOSINGS

If during the term of this Agreement, Developer ceases to operate any TITLE BOXING CLUB Fitness Studio developed under this Agreement for any reason, Developer must develop a new replacement TITLE BOXING CLUB Fitness Studio to fulfill Developer's obligation to have open and in operation the required number of TITLE BOXING CLUB Fitness Studios upon the expiration of each Development Period. The replacement TITLE BOXING CLUB Fitness Studio must be open and in operation within six (6) months after Developer ceases to operate the TITLE BOXING CLUB Fitness Studio to be replaced. If, during the term of this Agreement, Developer, in accordance with the terms of any Franchise Agreement for a TITLE BOXING CLUB Fitness Studio developed under this Agreement, transfers its interests in that TITLE BOXING CLUB Fitness Studio, a transferred TITLE BOXING CLUB Fitness Studio shall continue to be counted in determining whether the Developer has complied with the Development Schedule so long as it continues to be operated as a TITLE BOXING CLUB Fitness Studio. If the transferred TITLE BOXING CLUB Fitness Studio ceases to be operated as a TITLE BOXING CLUB Fitness Studio, it will not count toward Developer's compliance with the Development Schedule.

6. PROCEDURE FOR EXERCISING DEVELOPMENT RIGHTS

Developer shall enter into a separate Franchise Agreement with Franchisor for each TITLE BOXING CLUB Fitness Studio developed pursuant to this Agreement. The Franchise Agreement to be executed for the first TITLE BOXING CLUB Fitness Studio to be developed by Developer under this Agreement must be executed and delivered to Franchisor concurrently with the execution and delivery of this Agreement and must be in the form of the Franchise Agreement attached as Exhibit C. All subsequent TITLE BOXING CLUB Fitness Studios developed under this Agreement must be established and operated under the then-current form of Franchise

Agreement then being used by Franchisor for TITLE BOXING CLUB Fitness Studios under the System. The then-current form of Franchise Agreement may differ from the form attached as Exhibit C; however, the provisions regarding the initial franchise fee, royalty fees and advertising contributions shall remain as established in Exhibit C. Developer must execute the then-current form of Franchise Agreement and pay Franchisor the initial franchise fee for each TITLE BOXING CLUB Fitness Studio to be developed under this Agreement.

Developer acknowledges that the projected opening date for each TITLE BOXING CLUB Fitness Studio set forth in the Development Schedule are reasonable requirements. Developer shall execute a Franchise Agreement for each Fitness Studio and pay the initial franchise fee to Franchisor within fifteen (15) days of the earlier of the commencement of construction of the Fitness Studio or the execution of either a lease or purchase contract for the premises.

## 7. **DUTIES OF DEVELOPER**

### A. **ORGANIZATION OF DEVELOPER**

Developer makes the following representations, warranties and covenants and accepts the following continuing obligations:

(1) If Developer is a corporation, limited liability company or a partnership, Developer represents, warrants and covenants that: (i) Developer is duly organized and validly existing under the state law of its formation; (ii) Developer is duly qualified and is authorized to do business in each jurisdiction which requires such qualification; (iii) the execution and performance of this Agreement are within Developer's corporate power, if Developer is a corporation or if Developer is a partnership permitted under Developer's written partnership agreement, or if Developer is a limited liability company, permitted under the management agreement;

(2) If Developer is a corporation, copies of its articles of incorporation, bylaws, other governing documents, any amendments, resolutions of the Board of Directors authorizing entry into and performance of this Agreement, shall be promptly furnished to Franchisor. If Developer is a partnership, copies of Developer's written partnership agreement and other governing documents shall be promptly furnished to Franchisor before the execution of this Agreement. If Developer is a limited liability company, copies of Developer's organizational documents and management agreement shall be promptly furnished to Franchisor;

(3) If Developer is a corporation, partnership, limited liability company, or other form of legal entity other than an individual, Developer shall maintain at all times a current list of all owners of record and all beneficial owners of any class of voting securities in Developer or, if Developer is a partnership, Developer shall maintain at all times a current list of all owners of an interest in the partnership, or, if Developer is a limited liability company, it shall maintain at all times a current list of managers and members of the limited liability company;

(4) If, after the execution of this Agreement, any person ceases to qualify as one of the Developer's Principal's (as defined in Section 1), or if Developer believes in the event any individual later qualifies as one of Principals, Developer shall promptly notify Franchisor and

that person shall execute any documents (including, as applicable, this Agreement) as Franchisor may reasonably require;

(5) If Developer is a corporation, Developer must maintain stop-transfer instructions against the transfer of its records of any equity security and each stock certificate of the corporation shall have conspicuously endorsed upon it a statement in a form satisfactory to Franchisor that it is held subject to all restrictions imposed upon assignments by this Agreement; provided, however, that the requirements of this Section 7 shall not apply to a publicly held corporation. If Developer is a partnership, its written partnership agreement shall provide that ownership of an interest in the partnership is held subject to and that further assignment or transfer is subject to restrictions imposed on assignments by this Agreement. If Developer is a limited liability company, its articles of organization and operating agreement must provide that ownership interests are subject to restrictions on transfers imposed on assignments by this Agreement;

(6) Developer agrees to maintain at all times throughout the term of this Agreement, sufficient working capital to fulfill its obligations under this Agreement; and

(7) Each Principal who has right, title, or interest of ten percent (10%) or more in the ownership of Developer, must each execute and bind themselves to the confidentiality and noncompetition covenants set forth in the Confidentiality Agreement and Ancillary Covenants Not to Compete (Exhibit E). The Principals agree to jointly and severally guarantee the performance of all of Developer's obligations, under the terms of this Agreement, except the obligation to open Fitness Studios.

#### B. REQUIREMENTS OF REPRESENTATIVE

Upon the execution of this Agreement, Developer must designate and retain an individual throughout the term of this Agreement to act on behalf of Developer in all transactions with Developer concerning Developer's obligations under this Agreement ("Representative"). If Developer is an individual, Developer must perform all obligations of the Representative. The Representative must use reasonable efforts to do the following, during the entire period he serves in that capacity: (1) maintain a direct or indirect ownership interest in the Developer; (2) devote substantial time and reasonable efforts to the supervision and conduct of the business contemplated by this Agreement and execute this Agreement as one of the Principals; and (3) meet Franchisor's standards and criteria for a Representative as set forth in the Operations Manual or otherwise in writing by Franchisor. If the Representative or any designee is not able to continue to serve in the capacity of Representative or no longer qualifies, Developer must promptly notify Franchisor and designate a replacement.

#### C. BEST EFFORTS

Developer must use his best efforts to substantially comply with all requirements of federal, state and local rules, regulations and orders.

## 8. SITE SELECTION, LEASES, FRANCHISE AGREEMENT

### A. SELECTION OF SITE BY DEVELOPER

Developer assumes all costs, liabilities, expenses and responsibilities for locating, obtaining, financing and developing sites for TITLE BOXING CLUB Fitness Studios, and for constructing and equipping TITLE BOXING CLUB Fitness Studios at those sites. The selection of a site and the development of a Fitness Studio at any site is the responsibility of Developer. The selection of a site by Developer is subject to our approval and must be in compliance with Franchisor's site selection procedures and its standards for demographic characteristics, parking, traffic patterns and the predominant character of the neighborhood, and other commercial characteristics of the site and any other factors Franchisor may consider relevant in reviewing a site selected by Developer. Developer must not enter into a binding commitment with a prospective seller or lessor of real estate with respect to the site for a Fitness Studio until Franchisor has approved the proposed site. Developer specifically acknowledges that the selection of a site by Developer in compliance with Franchisor's site selection procedures and the approval of a site by Franchisor does not constitute a representation, promise or guarantee by Franchisor that the site and the Fitness Studio to be operated at that site will be profitable or successful. Developer acknowledges that factors governing the success of a TITLE BOXING CLUB Fitness Studio are unpredictable and beyond Franchisor's control. Franchisor is not responsible to Developer or to any other person or entity if a site approved by Franchisor fails to meet Developer's expectations for revenue or operational criteria

Developer will pay \$0 to Franchisor for site selection assistance so long as Developer uses Franchisor's approved vendor for site selection services. Should Developer elect to utilize Developer's own real estate broker to assist Developer with site selection, Developer will be required to pay \$2,000 to Franchisor to cover the coordination of Developer's site approval with Franchisor's real estate committee. In addition to this \$2,000, Developer could also need to pay Developer's own real estate broker.

### B. DEMOGRAPHIC INFORMATION

Before acquiring a site for any Fitness Studio by lease or purchase, Developer must locate a site for the Fitness Studio that satisfies the site selection guidelines Franchisor provides to Developer. If requested by Developer, Franchisor will provide site scores for various sites requested, but Franchisor reserves the right to charge Developer a fee between \$25 and \$100 per site score requested. Once Developer has located a site, Developer must submit to Franchisor, in the form Franchisor specifies, a description of the site, a demographic study and other information and materials Franchisor may reasonably require, and Franchisor shall also represent in writing that Developer has the option or other firm commitment to obtain the site. Franchisor will review information provided by Developer for the site which may include the population of the work force or residents, character of the neighborhood, household income, ingress and egress, and trade area. If on-site evaluations by Franchisor are requested by Developer or determined to be necessary by Franchisor, Developer must reimburse Franchisor for the reasonable expenses Franchisor incurs for the on-site evaluations, including, but not limited to, the cost of travel, lodging, meals and wages of Franchisor's representatives and employees.

C. LEASE OR PURCHASE OF SITE

Developer shall not make any binding commitment to purchase or lease real estate for a proposed site for a TITLE BOXING CLUB Fitness Studio until the proposed site has been approved by Franchisor and a Franchise Agreement has been executed by Franchisor and Developer (or its affiliate) for a Fitness Studio at such site. Developer shall provide Franchisor with a copy of either the proposed contract of sale or lease relating to the site before the Franchise Agreement is executed.

D. FRANCHISE AGREEMENT

After a proposed site has been approved by Franchisor, a Franchise Agreement shall be executed for Developer (or its affiliate) to operate a TITLE BOXING CLUB Fitness Studio at such site. Franchisor will deliver a Franchise Agreement, in the then-current form, to Developer for execution by Developer (or its affiliate). The Franchise Agreement must be executed and returned to Franchisor within fifteen (15) days after Franchisor's delivery along with the payment of any initial franchise fee, if applicable. If Developer fails to timely execute the Franchise Agreement and tender payment of the initial franchise fee, if applicable, Franchisor may, at its sole discretion, revoke its approval of the site and its offer to grant Developer a franchise to operate a TITLE BOXING CLUB Fitness Studio at the site.

9. DEVELOPMENT FEE

Concurrently with the execution of this Agreement, Developer must pay to Franchisor a nonrefundable area development fee equal to either: (1) the product of Forty-Nine thousand Five Hundred Dollars (\$49,500) multiplied by the total number of Fitness Studios to be developed by Developer under this Agreement pursuant to the Development Schedule if Developer is developing two Fitness Studios; (2) the product of Thirty-Three Thousand One Hundred Sixty-Six Dollars (\$33,166) multiplied by the total number of Fitness Studios to be developed by Developer under this Agreement pursuant to the Development Schedule if Developer is developing three or four Fitness Studios; or (3) the product of Twenty-Nine Thousand Nine Hundred Dollars (\$29,900) multiplied by the total number of Fitness Studios to be developed by Developer under this Agreement pursuant to the Development Schedule if Developer is developing five or more Fitness Studios. The area development fee is deemed fully earned by Franchisor upon execution of this Agreement in consideration of lost development opportunities and is nonrefundable. The area development fee applicable to each Fitness Studio will be credited toward the initial franchise fee due under the Franchise Agreement for each Fitness Studio.

10 SUPERIORITY OF INDIVIDUAL FRANCHISE AGREEMENT

Developer understands and agrees that any and all individual Franchise Agreements executed by Developer and Franchisor for TITLE BOXING CLUB Fitness Studios within the Development Area are independent of this Agreement. The continued effectiveness of any Franchise Agreement does not depend on the continued effectiveness of this Area Development Agreement. If any conflict arises with this Agreement and any Franchise Agreement, the Franchise Agreement controls, has precedence and superiority.

## 11. COVENANTS

A. Developer and the Representative covenant that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Developer and the Representative must devote substantial time, energy and best efforts to the management and operation of the development activities required under this Agreement.

B. Developer and each of the Principals shall not during the term of this Agreement or thereafter, communicate or divulge to, or use for the benefit of, any other person, persons, partnership, association, limited liability company or corporation and shall not use for their own benefit any confidential information, knowledge or know-how concerning the methods of development and operation of a TITLE BOXING CLUB Fitness Studio and which are designated by Franchisor in writing to be confidential. Developer shall divulge such confidential information only to such of its employees as may have access to it in connection with their employment in the franchised business. Neither Developer nor the Principals shall at any time, without Franchisor's prior written consent, communicate such confidential information in whole or in part, except as required to operate TITLE BOXING CLUB Fitness Studios or develop Fitness Studios under this Agreement. Developer shall obtain execution of covenants from all Principals and all personnel of Developer who receive or have access to confidential information in substantially the form contained in Exhibit E to this Agreement.

C. Developer and the Principals specifically acknowledge that they will receive valuable specialized training, trade secrets and confidential information and other methods and techniques of Franchisor, which are beyond the present skills and experience of Developer and the Principals and Developer's managers and employees. Developer and the Principals acknowledge that such specialized training, trade secrets and confidential information provide a competitive advantage and will be valuable to them in the development of the franchised business, and are, therefore, a primary reason for entering into this Agreement. In consideration thereof, Developer and the Principals covenant that Developer, during the term of this Agreement and the Principals, during the term of this Agreement for so long as such individual or entity satisfies the definition of "Principals", neither Developer nor any of the Principals shall, either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person(s), partnership, limited liability company or corporation:

(1) Intentionally divert, or attempt to divert, any business or customer of the business described hereunder to any business that offers the same or similar services or products, or uses a facility of the same or similar design, or is operated pursuant to the same or similar systems (a "Competitive Business" or "Competitor"), by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Licensed Marks and the System; and

(2) Except with respect to Fitness Studios operated under Franchise Agreements between Developer and its affiliates, and Franchisor or its affiliate and its subsidiaries, own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, limited liability companies, trusts, unincorporated associations or joint ventures), advise, assist or make loans to, any Competitive Business or a business that is of a character and concept similar to a TITLE BOXING CLUB Fitness Studio.

For purposes of this Agreement, a Competitive Business is defined as one that is of a character and concept similar to a TITLE BOXING CLUB Fitness Studio. As used herein, the term “similar” means a boxing gym, health or fitness center or club featuring boxing, or kick-boxing or martial arts for weight training, or body toning or cardiovascular health, or operates in a manner similar to a TITLE BOXING CLUB Fitness Studio, and which Competitive Business is located in the United States, its territories or commonwealths, or any other country, province, state or geographic area in which Franchisor has used, sought registration of or has registered the same or similar Licensed Marks or operates or licenses others to operate a business under the same or similar Licensed Marks.

D. Developer agrees for a continuous uninterrupted two (2) year period commencing upon the expiration, termination, or transfer of all of Developers interest in this Agreement and with respect to each of the Principals, commencing upon the earlier of: the expiration, termination, or transfer of all of Principal’s interest in this Agreement or at the time the individual or entity ceases to satisfy the definition of “Principal”, except as otherwise approved in writing by Franchisor, neither Developer nor any of the Principals shall, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person(s), partnership or corporation:

(1) Intentionally divert, or attempt to divert, any business or customer of the business described hereunder to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Franchisor’s Licensed Marks and the System; or

(2) Except with respect to Fitness Studios operated under Franchise Agreements between Developer and its affiliates, and Franchisor or its affiliate or any of its subsidiaries, own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, limited liability companies, unincorporated associations or joint ventures), advise, assist or make loans to, any Competitive Business or a business that is of a character and concept similar to a TITLE BOXING CLUB Fitness Studio. For purposes of this Agreement, a Competitive Business is defined as one that is of a character and concept similar to a TITLE BOXING CLUB Fitness Studio. As used herein, the term “similar” means a boxing gym, health or fitness center or club featuring boxing, or kick-boxing or martial arts for weight training or body toning or cardiovascular health, or operates in a manner similar to a TITLE BOXING CLUB Fitness Studio, and which Competitive Business is located in, or is intended to be located within the Development Area of this Area Development Agreement or within the Development Area of any other Area Development Agreement granted a developer within the System, or within a five (5) mile radius of the location of any TITLE BOXING CLUB Fitness Studio in existence or under construction or where land has been purchased or a lease has been executed by any developer or franchisee or by Franchisor or its affiliate or its subsidiaries.

E. The parties acknowledge and agree that each of the covenants contained herein are independent of any other covenant or provision of this Agreement and are reasonable limitations as to duration, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. If all



or any portion of a covenant in this Section 11 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Developer and the Principals expressly agree to be bound by any lesser covenant subsumed within the terms of that covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 11.

F. Developer and the Principals expressly agree that the existence of any claims they may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 11.

G. Developer and the Principals agree that failure to comply with the covenants of this Section 11 shall constitute a material event of default under this Agreement, that a violation of this Section 11 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available. Therefore, Franchisor shall be entitled, in addition to other remedies it may have, at law, or in equity, to obtain specific performance of, or an injunction against the violation of the terms of this Section 11. Developer and the Principals agree to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section 11.

H. Notwithstanding the foregoing, Franchisor reserves the right, in its sole discretion, to reduce the period of time or geographic scope of the non-competition covenants set forth in this Section 11 and in Exhibit E, by written notice to Developer.

## 12. **RELATIONSHIP OF THE PARTIES**

The parties agree that this Agreement does not create a fiduciary relationship between them, that Developer is an independent contractor and must at all times represent itself as an independent contractor. This Agreement does not create either party as an agent, legal representative, subsidiary, joint venturer, partner, employee or joint employer.

A. Developer shall hold itself out to the public as an independent contractor operating pursuant to this Agreement. Developer agrees to take any action necessary to that end, including without limitation, exhibiting a notice on signage and member contracts, as required by Franchisor as to content and manner of disclosure.

B. Developer understands and agrees that nothing in this Agreement authorizes Developer to make any contract, agreement, warranty or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name and that Franchisor shall in no event assume liability for, or be deemed liable under this Agreement as a result of any such action, or for any act or omission of Developer in the conduct of its business pursuant to this Agreement or any claim or judgment arising therefrom.

C. Developer and each of the Principals shall, at all times, indemnify and hold harmless Franchisor and its affiliate, successors and assigns and the officers, directors, shareholders, agents, representatives and employees of each of them ("Indemnitees") from all losses and expenses incurred in connection with any formal or informal action, suit, proceeding, claim, demand, investigation or inquiry or any settlement thereof, which arises out of or is based upon the action or negligence of Developer or any Principal in any of the following:

(1) The infringement, alleged infringement, or any other violation or alleged violation of any Licensed Mark or other proprietary right owned by Franchisor;

(2) Claims of sexual harassment or discrimination by Developer's employees or by a guest at the Fitness Studio;

(3) The violation of any federal, state or local law, regulation, rule, standard or directive, or any industry standard, including without limitation, health, sanitation and safety laws and regulations;

(4) Libel, slander or any other form of defamation of Franchisor or the System, by Developer or the Principals;

(5) The violation or breach by Developer or any of the Principals of any warranty, representation, agreement or obligation of this Agreement or any Franchise Agreement; and

(6) Acts, errors or omissions of Developer or any of its agents, servants, employees, contractors, partners, affiliates or representatives.

D. Developer and each of the Principals agree to give Franchisor immediate notice of any such action, suit, proceeding, claim, demand, inquiry or investigation.

E. Franchisor may, at any time and without notice, as it, in its reasonable discretion, consent, or agree to settlement, or take such other remedial or corrective action as it deems expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation.

F. All losses and expenses incurred under this Section 12 shall be chargeable to and shall be paid by Developer or any of the Principals pursuant to this Section 12, regardless of any actions, activity or defense undertaken by Franchisor or the subsequent success or failure of such actions, activity or defense. However, Franchisor will indemnify Developer from losses or expenses resulting from the direct result of Franchisor's negligence or intentional acts.

G. The phrase "losses and expenses" shall include, without limitation, all monetary losses, compensatory, exemplary or punitive damages, fines, actual costs, expenses, lost profits, reasonable attorneys' fees, court costs, settlement amounts, judgments, damages to Franchisor's reputation and goodwill, costs of financing or advertising material and media costs and all expenses of recall, refunds, compensation, public notices and such other amounts incurred in connection with the matters described.

H. Developer must give Franchisor notice of any such action immediately upon Developer having received notice of any such action, claim or proceeding.

I. Under no circumstances shall Indemnitees be required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against Developer.

Developer and the Principals agree that the failure of Franchisor to pursue recovery or mitigate loss from third parties will in no way reduce the amounts recoverable from Developer or the Principals.

J. Developer and the Principals expressly agree that the terms of this Section 12 shall continue in full force and effect after the termination, expiration or transfer of this Agreement or any interest herein.

### 13. **LICENSED MARKS**

A. Developer acknowledges that Developer has no interest in or to the Licensed Marks and Developer's right to use the Licensed Marks is derived solely from the individual Franchise Agreements entered into between Developer and Franchisor for the purpose of operating TITLE BOXING CLUB Fitness Studios. Developer agrees that all usage of the Licensed Marks by Developer and any goodwill established exclusively benefits Franchisor. Developer agrees that after termination or expiration of this Agreement, Developer will not, except with respect to TITLE BOXING CLUB Fitness Studios operated by Developer under individual Franchise Agreements, directly or indirectly, at any time or in any manner identify itself or any business as a Developer or former Developer of, or otherwise associated with, Franchisor or use in any manner or for any purpose any Licensed Mark or other indicia of a TITLE BOXING CLUB Fitness Studio or any colorable imitation.

B. Developer must not use any Licensed Mark as part of any corporate or trade names or with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modified form, nor may Developer use any Licensed Mark in connection with any business or activity, other than the business conducted by Developer under Franchise Agreements entered into between Developer and Franchisor, or in any other manner not explicitly authorized in writing by Franchisor.

C. Developer must immediately notify Franchisor in writing of any apparent infringement of or challenge to Developer's use of any Licensed Mark, or claim by any person of any rights in any Licensed Mark or similar trade name, trademark, or service mark of which Developer becomes aware. Developer must not communicate with any person other than Franchisor and its counsel regarding any infringement, challenge or claim. Franchisor has sole discretion to take action it deems appropriate and the right to exclusively control any litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding arising out of any infringement, challenge, or claim or otherwise relating to any Licensed Mark.

D. Franchisor has registered the domain name "titleboxingclub.com". Franchisee acknowledges that Franchisor is the lawful and sole owner of the domain name "titleboxingclub.com" which domain name incorporates the trademark TITLE BOXING CLUB®. Franchisee agrees not to register the trademark TITLE BOXING CLUB® or any of the Licensed Marks now or hereafter owned by Franchisor or any abbreviation, acronym or variation of the Licensed Marks, or any other name that could be deemed confusingly similar, as Internet domain names, including, but not limited to, generic and country code top level domain names available at the present time or in the future.

#### 14. TERMINATION

A. Franchisor may terminate this Agreement for a material default of this Agreement by Developer and all rights granted herein shall automatically terminate upon written notice to Developer, upon the occurrence of any of the following:

(1) If Developer becomes insolvent, makes a general assignment for the benefit of creditors; files a voluntary petition in bankruptcy, or an involuntary petition is filed against Developer in bankruptcy; or Developer is adjudicated bankrupt; or if a bill in equity or other proceeding for the appointment of a receiver of Developer or other custodian for Developer or assets is filed and consented to by Developer; or if a receiver or other custodian (permanent or temporary) of Developer's assets or property, or any part thereof, is appointed by a court of competent jurisdiction; or if a proceeding for a composition of creditors under any state or federal law should be initiated against Developer; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer, (unless supersedeas bond is filed); or if Developer is dissolved; or if execution is levied against Developer; or if a suit to foreclose any lien or mortgage against the premises or Fitness Studio is levied; or if the real or personal property of Fitness Studio is sold after levy thereon by any sheriff, marshal or law officer;

(2) If Developer or any of its Principals fail to comply with Section 11 of this Agreement;

(3) If Developer or a Principal discloses the contents of the Operations Manual or other confidential information contrary to this Agreement;

(4) If an immediate threat or danger to public health or safety results from the operation of a Fitness Studio operated by Developer under a Franchise Agreement;

(5) If Developer or a Principal has made material misrepresentations in connection with its application for the franchise;

(6) If Developer fails on three (3) or more occasions within any one (1) year period to comply with one (1) or more provisions of this Agreement, whether or not such failures to comply are cured after notice thereof is delivered to Developer; or

(6) Failure to comply with the conditions of transfer of any interest in Developer as required of this Agreement.

B. Franchisor may terminate this Agreement and all rights granted herein, upon thirty (30) days written notice to Developer, or a less time as specified below, for a material default of this Agreement, which shall constitute good cause for termination and the failure of Developer to cure the good cause for termination within the notice period. Good cause for termination shall be the occurrence of any one of the following events of default:

(1) If Developer fails to meet the development requirements set forth in the Development Schedule;

(2) If Developer fails to develop, open and operate each Fitness Studio and execute each Franchise Agreement in compliance with this Agreement;

(3) If Developer fails to designate a qualified replacement Representative;

(4) If Developer misappropriates, misuses or makes any unauthorized use of the Licensed Marks or materially impairs the goodwill associated with the Licensed Marks or with the System and does not cure such default following written notice from Franchisor;

(5) If Developer, fails, refuses or is unable to promptly pay when due any monetary obligation to Franchisor or its affiliate required by this Agreement, or by any Franchise Agreement or any other agreement between the parties and does not cure the monetary default within fourteen (14) days following written notice from Franchisor;

(6) If Developer fails to correct a deficiency of a health, sanitation, or safety issue after notice of such deficiency is issued by a local, state, or federal agency or regulatory authority; or

(7) If Franchisee fails to comply with any other material term or material condition imposed by this Agreement or any other Franchise Agreement between Franchisor and Franchisee.

C. Failure of Developer to cure the default within the specified time, or a longer period of time as applicable law may require, will result in Developer's rights under this Agreement to be terminated effective on the expiration of the notice period, and without further notice to Developer.

D. Upon termination of this Agreement, Developer has no right to establish or operate any Fitness Studio for which an individual Franchise Agreement has not been executed by Franchisor and delivered to Developer at the time of termination. Franchisor, effective upon termination of this Agreement, shall have the absolute right and is entitled to establish, and to license others to establish, TITLE BOXING CLUB Fitness Studios in the Development Area, except as may be otherwise provided under any Franchise Agreement which is then in effect between Franchisor and Developer.

E. No default under this Agreement shall constitute a default under any Franchise Agreement between the parties, unless Developer's acts or omissions also violate the terms and conditions of the applicable Franchise Agreement.

F. No right or remedy herein conferred upon or reserved to the Franchisor is exclusive of any other right or remedy provided or permitted by law or in equity.

## 15. **EFFECT OF TERMINATION AND EXPIRATION**

All obligations of Franchisor and Developer under this Agreement, which expressly or by their nature survive the expiration or termination of this Agreement, continue in full force and effect after the expiration or termination of this Agreement and until they are satisfied in full or by their nature expire.

16. **TRANSFER OF INTEREST**

A. **BY FRANCHISOR**

Franchisor has the absolute right to transfer or assign this Agreement and all or any part of its rights, duties or obligations to any person or legal entity without the consent of or notice to Developer. This Agreement shall inure to the benefit of, and be binding on the successors and assigns of Franchisor.

B. **DEVELOPER MAY NOT ASSIGN WITHOUT APPROVAL OF THE FRANCHISOR**

Developer understands and acknowledges that the rights and duties created by this Agreement are personal to Developer and its owners and that Franchisor has granted these rights to Developer in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of Developer and/or its owners. Unless otherwise provided with respect to an assignment to an entity controlled by Developer as provided in Section 16.D., none of these rights nor any ownership interest in Developer may be voluntarily, involuntarily, directly or indirectly, assigned, sold, conveyed, pledged, sub-franchised or otherwise transferred by Developer or its owners (including by merger or consolidation, by issuance of additional securities representing an ownership interest in Developer, by conversion of a general partnership to a limited partnership, by transfer or creation of an interest as a general partner of a partnership, by transfer of an interest in Developer or in this Agreement in a divorce proceeding, or if Developer or an owner of Developer dies, by will, declaration of or transfer in trust or the laws of the intestate succession) without the approval of Franchisor. Any attempted assignment or transfer without such approval will constitute a breach of this Agreement and will not transfer any rights or interests to such assignee or transferee.

C. **CONDITIONS FOR APPROVAL OF ASSIGNMENT**

If Developer is in substantial compliance with this Agreement, Franchisor shall not unreasonably withhold its approval of an assignment or transfer contemplated by Section 16.B. so long as the proposed assignee or transferor has good and moral character, sufficient business experience and aptitude to develop and own and operate Fitness Studios, and otherwise meets Franchisor's then-current standards for developers and Franchisees. Franchisor may require that any one or more of the following conditions be met before, or concurrently with, the effective date of any such assignment or transfer:

(1) All the accrued monetary obligations of Developer or any of its affiliates and all other outstanding obligations to Franchisor or its affiliate arising under this Agreement or any Franchise Agreement or other agreement between them and all trade accounts and any other debts to Franchisor, of whatsoever nature, prior to the transfer becoming effective shall be satisfied;

(2) Developer and its affiliates are not in material default of any substantive provision of this Agreement, any amendment hereof or successor hereto, or any Franchise Agreement granted pursuant to its terms, or other agreement between Developer or any of its affiliates and Franchisor or its affiliate;

(3) Developer and its Principals, as applicable, shall have executed a general release, in a form satisfactory to Franchisor, releasing Franchisor of any and all claims against Franchisor and its affiliate and their respective past and present partners, the past and present officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, in their corporate and individual capacities, including, without limitation, claims arising under or related to this Agreement and any other agreements between Developer and Franchisor, or under federal, state or local laws, rules, and regulations or orders;

(4) The transferee shall demonstrate to Franchisor's satisfaction that the transferee meets the criteria considered by Franchisor when reviewing a prospective developer's application for development rights, including, but not limited to, Franchisor's managerial and business experience standards, that the transferee possesses good moral character, business reputation and credit rating; that the transferee has the aptitude, financial resources and capital committed for the operation of the business, and the geographic proximity of other territories with respect to which transferee has been granted development rights or of other TITLE BOXING CLUB Fitness Studios operated by transferee, if any;

(5) The transferee shall sign a written assumption agreement, in a form prescribed by Franchisor, assuming full, unconditional, joint and several liability from the date of the transfer of all obligations, covenants and agreements of Developer in this Agreement; and, if transferee is a corporation, limited liability company or a partnership, transferee's shareholders, partners, members or other investors, as applicable, shall also execute such agreement;

(6) Developer shall pay a transfer fee of \$10,000 to Franchisor at the time of transfer;

(7) Developer acknowledges and agrees that each condition, which must be met by the transferee, is reasonable and necessary; and

(8) Developer must pay any referral fees or commissions that may be due to any franchise broker, sales agent or other third party upon the occurrence of such assignment.

Franchisor's consent to a transfer of any interest in Developer described herein shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee.

D. ASSIGNMENT TO A CORPORATION OR LIMITED LIABILITY COMPANY

(1) Notwithstanding the provisions of this Section 16 of this Agreement, upon thirty (30) days' prior written notice to Franchisor, and without payment of a transfer fee, Developer may assign this Agreement to a corporation or limited liability company that conducts no business other than the development and/or operation of TITLE BOXING CLUB Fitness Studios. Developer shall be the owner of all the voting stock or interest of the corporation or limited liability company, or if Developer is more than one individual, each individual shall have the same proportionate ownership interest in the corporation as he had in Developer before the transfer. Developer and each of its Principals, as applicable, may transfer, sell or assign their respective interests in Developer, by and amongst themselves with Franchisor's prior written consent, which

consent shall not be unreasonably withheld; but may be conditioned on compliance with Section 11, except that such transfer, sale or assignment shall not effect a change in the controlling interest in Developer.

(2) Any person who is or becomes a shareholder or member of Developer or has or acquires beneficial ownership of any shares of stock equal to or greater than ten percent (10%) ownership interest in Developer must execute an agreement in substantially the form of the attached Guaranty and Assumption of Obligations undertaking to be bound jointly and severally to all provisions of this Agreement. Developer must furnish Franchisor at any time upon request a certified copy of the articles of incorporation or articles of organization and a list, in a form Franchisor requires, of all shareholders or members of record and all persons having beneficial ownership of shares of stock, reflecting their respective interests in Developer.

E. RIGHT OF FIRST REFUSAL

If Developer receives and desires to accept any bona fide offer to transfer an ownership interest from a third party, then the Developer shall promptly notify Franchisor in writing and send Franchisor an executed copy of the contract of transfer. Franchisor shall have the right and option, exercisable within thirty (30) days after actual receipt of such notification or of the executed contract of transfer which shall describe the terms of the offer, to send written notice to Developer that Franchisor intends to purchase the Developer's interest on the same terms and conditions offered by the third party. Closing on the purchase must occur within sixty (60) days from the date of notice by Franchisor to the Developer of Franchisor's election to purchase. Any material change in the terms of any offer before closing shall constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of an initial offer. Failure of Franchisor to exercise the option afforded by this Section 16 shall not constitute a waiver of any other provision of this Agreement. If the offer from a third party provides for payment of consideration other than cash or involves certain intangible benefits, Franchisor may elect to purchase the interest proposed to be sold for the reasonable cash equivalent, or any publicly-traded securities, including its own, or intangible benefits similar to those being offered. If the parties cannot agree within a reasonable time on the reasonable cash equivalent of the non-cash part of the offer, then such amount shall be determined by an independent appraiser designated by Franchisor, and his determination shall be binding.

F. DEATH OR DISABILITY

(1) Upon the death or permanent disability of Developer (or the managing shareholder, managing member or partner), the executor, administrator, conservator or other personal representative of that person, or the remaining shareholders, partners or members, must appoint a competent manager within a reasonable time, not to exceed thirty (30) days from the date of death or permanent disability. The appointed manager must attend and successfully complete Franchisor's training program within one hundred twenty (120) days of the appointment. If the Fitness Studio is not being managed by a Franchisor approved manager within thirty (30) days after death or permanent disability, Franchisor is authorized, but is not required, to immediately appoint a manager to maintain the operations of the Fitness Studio for and on behalf of Developer until an approved assignee is able to assume the management and operation of the Fitness Studio. Franchisor's appointment of a manager of the Fitness Studio does not relieve Developer of his



obligations, and Franchisor is not liable for any debts, losses, costs or expenses incurred in the operations of the Fitness Studio or to any creditor of Developer for any products, materials, supplies or services purchased by the Fitness Studio during any period in which it is managed by Franchisor's appointed manager. Franchisor has the right to charge a reasonable fee for management services and to cease to provide management services at any time.

(2) Upon the death or permanent disability of Developer (or any shareholder, partner or managing member of Developer, if Developer is a corporation, partnership or limited liability company), the executor, administrator, conservator or other personal representative of that person must transfer his interest to a person Franchisor approves within a reasonable time, not to exceed twelve (12) months from the date of death or appoint a manager approved by Franchisor in the case of permanent disability. Approval of a transfer will not be unreasonably withheld. Transfers, including transfers by devise or inheritance, are subject to all the terms and conditions for assignments and transfers contained in Paragraphs B and C of this Section 16. Failure to so dispose of this interest within that period of time constitutes grounds for termination.

#### G. PUBLIC OR PRIVATE OFFERINGS

(1) Developer acknowledges that the written information used to raise or secure funds can reflect upon Franchisor. Developer agrees to submit any written information intended to be used for that purpose to Franchisor before its inclusion in any registration statement, prospectus or similar offering circular or memorandum. This requirement applies under the following conditions: (i) if Developer attempts to raise or secure funds by the sale of securities in Developer or any affiliate of Developer (including common or preferred stock, bonds, debentures or general or limited partnership interest) and (ii) if any of its owners attempt to raise or secure funds by the sale of securities in Developer or any affiliate of Developer (including common or preferred stock, bonds, debentures or general or limited partnership interests) Developer (or any of its owners) agrees not to use the written materials submitted to Franchisor or any other written materials to raise or secure funds unless and until Franchisor approves of the language. No information respecting Franchisor or its affiliate shall be included in any securities disclosure document, unless that information has been furnished to Franchisor, in writing, pursuant to the written request of the Developer. The written request shall state the specific purpose for which the information is to be used. Should Franchisor, in its sole discretion, object to any reference to Franchisor or its affiliate or any of their businesses in the offering literature or prospectus, the literature or prospectus shall not be used unless and until the objections of Franchisor are withdrawn. Franchisor assumes no responsibility for the offering whatsoever. Developer must pay Franchisor a public offering fee of Three Thousand Five Hundred Dollars (\$3,500) for the costs to Franchisor to review the information. The written consent of Franchisor pursuant to this Paragraph G does not imply or constitute the approval of Franchisor with respect to the method of financing, the offering literature submitted to Franchisor or any other aspect of the offering.

(2) The prospectus or other literature utilized in any offering must contain the following language in bold-face type on the first textual page:

**“NEITHER TBC INTERNATIONAL LLC NOR ITS AFFILIATE NOR ANY OF ITS AFFILIATE’S SUBSIDIARIES IS DIRECTLY OR INDIRECTLY THE ISSUER OF THE SECURITIES OFFERED. NEITHER TBC**

**INTERNATIONAL LLC NOR ITS AFFILIATE NOR ANY OF ITS AFFILIATE'S SUBSIDIARIES ASSUMES ANY RESPONSIBILITY WITH RESPECT TO THIS OFFERING AND/OR THE ADEQUACY OR ACCURACY OF THE INFORMATION SET FORTH, INCLUDING ANY STATEMENTS MADE WITH RESPECT TO ANY OF THEM. NEITHER TBC INTERNATIONAL LLC NOR ITS AFFILIATE NOR ANY OF ITS AFFILIATE'S SUBSIDIARIES ENDORSES OR MAKES ANY RECOMMENDATION WITH RESPECT TO THE INVESTMENT CONTEMPLATED BY THIS OFFERING."**

(3) Developer and each of its owners agrees to indemnify, defend and hold harmless Franchisor and its affiliate, and their respective officers, directors, employees and agents, from any and all claims, demands, liabilities, and all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor as the result of the offer or sale of securities. This Agreement applies to any and all claims, demands, liabilities, and all costs and expenses (including reasonable attorney's fees) asserted by a purchaser of any security or by a governmental agency. Franchisor has the right (but not the obligation) to defend any claims, demands or liabilities and/or to participate in the defense of any action to which Franchisor or its affiliate or any of their respective officers, directors, employees or agents is named as a party.

#### H. NOTICE TO FRANCHISOR

Provided Developer is not then a public company, if any person holding an interest in Developer (other than Developer or a Principal, which parties shall be subject to the provisions set forth above) transfers such interest, then Developer shall promptly notify Franchisor of such proposed transfer in writing and provide information as Franchisor may reasonably request before the transfer. The transferee may not be one of Franchisor's competitors. The transferee must execute a Confidentiality Agreement and Ancillary Covenants Not to Compete in the form then required by Franchisor, which form shall be in substantially the same form attached hereto as Exhibit E. Franchisor also reserves the right to designate the transferee as one of the Principals. If Developer is a public company, this provision applies only to transfers in interest by Principals or to any person or entity controlling more than ten percent (10%) of Developer's voting stock.

#### 17. APPROVALS

A. Wherever this Agreement requires the prior approval or consent of Franchisor, Developer shall make a timely written request to Franchisor for such approval or consent.

B. Franchisor makes no warranties or guarantees upon which Developer may rely and assumes no liability or obligation to Developer or to any third party to which it would not otherwise be subject, by providing any waiver, approval, advise, consent, or services to Developer in connection with this Agreement, or by any reason of neglect, delay or denial of any request therefor.

18. **NONWAIVER**

A. No failure of Franchisor to exercise any power reserved to it by this Agreement, or to insist upon strict compliance by Developer or Principals with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver or estoppel of Franchisor's right to demand exact compliance with any of the terms herein and Developer and the Principals warrant and undertake that it shall not rely on such failure, custom or practice. Waiver by Franchisor of any particular default by Developer or any of the Principals shall not affect or impair Franchisor's rights with respect to any subsequent default of the same, similar or different nature, nor shall delay, forbearance, or omission of Franchisor to exercise any power or right arising out of any breach or default by its other developers or by Developer of any of the terms, provisions, or covenants hereof, affect or impair Franchisor's right to exercise the same, nor shall such constitute a waiver by Franchisor of any right hereunder, or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Subsequent acceptance by Franchisor of any payments due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Developer of any terms, covenants or conditions of this Agreement.

B. All rights and remedies of the parties hereto shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement, the rights and remedies of the parties hereto shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration or early termination of this Agreement shall not discharge or release Developer from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration or early termination of this Agreement.

19. **DEVELOPER'S RECORDS AND REPORTS**

A. Developer must keep accurate records concerning all transactions and communications between Franchisor and Developer relating to the development and operation of facilities in the Development Area. Franchisor's duly authorized representative has the right, following reasonable notice, at all reasonable hours of the day to examine all Developer's records with respect to the subject matter of this Agreement, and has full and free access to records for that purpose and for the purpose of making extracts. All records must be kept available for at least three (3) years after preparation.

B. Developer must furnish to Franchisor monthly written reports regarding Developer's progress on the development of TITLE BOXING CLUB Fitness Studios under this Agreement.

20. **NOTICES AND PAYMENTS**

All written notices and reports permitted or required to be delivered by the provisions of this Agreement or of the Operations Manual shall be deemed so delivered at the time delivered by hand or by e-mail with receipt confirmed by the receiving party or one (1) business day after sending by overnight courier with delivery confirmed and addressed to the party to be notified at its most current address of which the notifying party has been notified. The following addresses for the parties shall be used unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor:

**TBC INTERNATIONAL LLC**  
8647 Hayden Place,  
Culver City, CA 90232  
ATTN: CEO  
legal@teamtitleboxingclub.com

with copy to:

John D. Moore, Esq.  
Husch Blackwell LLP  
4801 Main Street, Suite 1000  
Kansas City, Missouri 64112  
(816) 983-8115

Notice to Developer:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
ATTN: \_\_\_\_\_

21. **MEDIATION**

**THE PARTIES AGREE TO SUBMIT ANY CLAIM, CONTROVERSY OR DISPUTE ARISING OUT OF OR RELATING TO THIS AGREEMENT (AND EXHIBITS) OR THE RELATIONSHIP CREATED BY THIS AGREEMENT TO NON-BINDING MEDIATION BEFORE BRINGING A CLAIM, CONTROVERSY OR DISPUTE IN AN ARBITRATION OR BEFORE ANY OTHER TRIBUNAL. THE MEDIATION IS TO BE CONDUCTED THROUGH EITHER AN INDIVIDUAL MEDIATOR OR A MEDIATOR APPOINTED BY A MEDIATION SERVICES ORGANIZATION OR BODY, EXPERIENCED IN THE MEDIATION OF DISPUTES BETWEEN FRANCHISORS AND DEVELOPERS, AGREED UPON BY THE PARTIES AND, FAILING AN AGREEMENT WITHIN A REASONABLE PERIOD OF TIME AFTER EITHER PARTY HAS NOTIFIED THE OTHER OF ITS DESIRE TO SEEK MEDIATION OF ANY CLAIM,**

**CONTROVERSY OR DISPUTE (NOT TO EXCEED FIFTEEN (15) DAYS), BY THE AMERICAN ARBITRATION ASSOCIATION (OR ANY SUCCESSOR ORGANIZATION) IN ACCORDANCE WITH ITS RULES GOVERNING MEDIATION, IN LOS ANGELES, CALIFORNIA. THE COSTS AND EXPENSES OF MEDIATION, INCLUDING COMPENSATION AND EXPENSES OF THE MEDIATOR (AND EXCEPT FOR THE ATTORNEYS FEES INCURRED BY EITHER PARTY), IS TO BE SHARED BY THE PARTIES EQUALLY. IF THE PARTIES ARE UNABLE TO RESOLVE THE CLAIM, CONTROVERSY OR DISPUTE WITHIN NINETY (90) DAYS AFTER THE MEDIATOR HAS BEEN CHOSEN, THEN THE MATTER MUST BE SUBMITTED TO ARBITRATION IN ACCORDANCE WITH SECTION 22 TO RESOLVE THE CLAIM, CONTROVERSY OR DISPUTE UNLESS THE TIME PERIOD IS EXTENDED BY WRITTEN AGREEMENT OF THE PARTIES. NOTWITHSTANDING THE FOREGOING, FRANCHISOR MAY BRING AN ACTION (1) FOR MONEY OWED, (2) FOR INJUNCTIVE OR OTHER EXTRAORDINARY RELIEF IT DEEMS NECESSARY TO PROTECT THE SYSTEM OR THE LICENSED MARKS; OR (3) TO OBTAIN POSSESSION OF OR TO SECURE OTHER RELIEF RELATING TO THE FITNESS STUDIO PREMISES IN A COURT HAVING JURISDICTION WITHOUT FIRST SUBMITTING THAT ACTION TO MEDIATION.**

## **22. ARBITRATION**

Except for controversies, disputes or claims related to or based on Developer's use of the Licensed Marks after the expiration or termination of this Agreement, all controversies, disputes or claims between Franchisor, Franchisor's affiliate and Franchisor's respective shareholders, officers, directors, agents, employees, successors and assigns and Developer and Developer's owners, guarantors, affiliates, employees and independent contractors arising out of or related to: (1) this Agreement or any other agreement between Developer and Franchisor or any provision of any agreement; (2) Franchisor's relationship with Developer; (3) the validity of this Agreement or any other agreement between Developer and Franchisor or any provision of any such agreement; or (4) any System Standard relating to the operation of the TITLE BOXING CLUB Fitness Studio will be submitted for arbitration to the Los Angeles, California office, as determined by Franchisor, in its sole discretion, of the American Arbitration Association on demand of either party. Arbitration proceedings will be conducted in Los Angeles, California, and, except as otherwise provided in this Agreement, will be heard by one arbitrator in accordance with the then-current commercial arbitration rules of the American Arbitration Association. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.) and not by any state arbitration law.

The arbitrator will have the right to award or include in the award any relief which the arbitrator deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief and attorneys' fees and costs, provided that the arbitrator will not have the right to declare any Licensed Mark generic or otherwise invalid or to award exemplary or punitive damages. The award and decision of the arbitrator will be conclusive and binding upon all parties hereto, and judgment upon the award may be entered in any court of competent jurisdiction.

Franchisor and Developer agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. Franchisor and Developer further agree that, in connection with any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as described above will be forever barred.

Franchisor and Developer agree that arbitration will be conducted on an individual, not a class-wide, basis, and that an arbitration proceeding between Franchisor, Franchisor's affiliate and Franchisor's respective shareholders, officers, directors, agents and employees and Developer and Developer's owners, guarantors, affiliates, employees and independent contractors may not be consolidated with any other arbitration proceeding between Franchisor and any other person.

Notwithstanding the foregoing, Franchisor may bring an action (1) for money owed, (2) for injunctive or other extraordinary relief from a court of competent jurisdiction, or (3) to obtain possession of or to secure other relief relating to the TITLE BOXING CLUB Fitness Studio in a court having jurisdiction, without first submitting that action to mediation or to arbitration.

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

## 23. **ENFORCEMENT**

### A. **SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS**

(1) Except as expressly provided to the contrary in this Agreement, each section, paragraph, term and provision of this Agreement, is considered severable and if, for any reason, any portion of this Agreement is held to be invalid, contrary to, or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which Franchisor is a party, that ruling shall not impair the operation of, or have any other effect upon, other portions of this Agreement as may remain otherwise intelligible, which shall continue to be given full force and effect and bind the parties to this Agreement, although any portion held to be invalid shall be deemed not to be a part of this Agreement from the date the time for appeal expires, if Developer is a party, otherwise upon Developer's receipt of a notice of non-enforcement from Franchisor.

(2) If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required in this Agreement, or the taking of some other action not required, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure Franchisor prescribes is invalid or unenforceable, the prior notice and/or other action required by law or rule shall be substituted for the comparable provisions, and Franchisor has the right, in its sole discretion, to modify the invalid or unenforceable provision, specification, standard or operating procedure to the extent required to be valid and enforceable. Developer agrees to be

bound by any promise or covenant imposing the maximum duty permitted by law which is prescribed within the terms of any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions, or any specification, standard or operating procedure Franchisor prescribes, any portion or portions which a court may hold to be unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with a court order. Modifications to this Agreement shall be effective only in that jurisdiction, unless Franchisor elects to give them greater applicability, and this Agreement shall be enforced as originally made and entered into in all other jurisdictions.

B. EXCEPTIONS

Neither Franchisor nor Developer are liable for loss or damage or deemed to be in breach of this Agreement if its failure to perform its obligations results from: (1) transportation shortages, inadequate supply of labor, material or energy, or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency; (2) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state, or municipal government or any department or agency; (3) acts of God; (4) acts or omissions of the other party; (5) fires, strikes, embargoes, war or riot; or (6) any other similar event or cause. Any delay resulting from any of these causes shall extend performance accordingly or excuse performance, in whole or in part, as may be reasonable.

C. SPECIFIC PERFORMANCE/INJUNCTIVE RELIEF

Nothing in this Agreement bars Franchisor's right to obtain specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause it loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. Developer agrees that Franchisor may have injunctive relief, upon due notice, in addition to further and other relief as may be available at equity or law. Developer has remedies as may be available at equity or law, including the dissolution of injunction if the entry of injunction is vacated.

D. RIGHTS OF PARTIES ARE CUMULATIVE

The rights of Franchisor and Developer under this Agreement are cumulative and no exercise or enforcement by Franchisor or Developer of any right or remedy precludes the exercise or enforcement by Franchisor or Developer of any other right or remedy which Franchisor or Developer is entitled by law to enforce.

E. COSTS AND ATTORNEYS' FEES

If a claim for amounts owed by Developer to Franchisor or its affiliate is asserted in any legal proceeding before a court of competent jurisdiction or by an arbitrator or mediator, or if Franchisor or its affiliate is required to enforce this Agreement in a judicial or arbitration proceeding, Franchisor or its affiliate is entitled to reimbursement of its costs and expenses incurred, including reasonable accounting and attorneys' fees.

F. GOVERNING LAW

To the extent not inconsistent with applicable law, this Agreement and the offer and sale of a franchise is governed by the laws of the State of Kansas, which laws shall prevail in the event of any conflict of laws.

G. EXCLUSIVE JURISDICTION

With respect to any claims, controversies or disputes which are not finally resolved through mediation or as otherwise provided in this Agreement, Developer hereby irrevocably submits itself to the state courts of the state and county where Franchisor is then headquartered and the Federal District Court having jurisdiction over the same geographical area. Developer hereby agrees that service of process may be made upon it in any proceeding relating to or arising out of this Agreement or the relationship created by this Agreement by any means allowed by the law of the state where Franchisor is then headquartered or Federal Law. Developer further agrees that venue for any proceeding relating to or arising out of this Agreement shall be in the county and state where Franchisor is then headquartered; provided, however, with respect to any action (i) for money owed, (ii) for injunctive or other extraordinary relief, or (iii) involving possession or disposition of, or other relief relating to, real property, Franchisor may bring such action in any state or Federal District Court which has jurisdiction.

Developer and Franchisor acknowledge that the execution of this Agreement and the acceptance of the terms of the parties occurred in Culver City, California, and further acknowledge that the performance of certain obligations of Developer arising under this Agreement, including, but not limited to, the payment of money due under this Agreement shall occur in Culver City, California.

H. VARIANCES

Developer acknowledges that Franchisor has and may at different times approve exceptions or changes from the uniform standards of the System in Franchisor's absolute sole discretion, which Franchisor deems desirable or necessary under particular circumstances. Developer understands that he has no right to object to or automatically obtain such variances, and any exception or change must be approved in advance from Franchisor in writing. Developer understands existing Developers may operate under different forms of agreements and that the rights and obligations of existing Developers may differ materially from this Agreement.

I. WAIVER OF JURY TRIAL

The parties hereby waive trial by jury in any action, proceeding or counterclaim, whether at law or in equity, in any matter arising out of or in any way connected with this Agreement. All litigated disputes shall be tried to the court sitting without a jury. Developer waives, to the fullest extent permitted by law, any right to assert any claim against Franchisor on behalf of, or as a member of, a class.



J. BINDING EFFECT

This Agreement is binding upon the parties of this Agreement and their respective executors, administrators, heirs, assigns and successors in interest, and shall not be modified except by written agreement signed by both Developer and Franchisor.

K. CONSTRUCTION/INTEGRATION CLAUSE

This Agreement, all exhibits to this Agreement and all ancillary agreements executed contemporaneously with this Agreement constitute the entire agreement between the parties with reference to the subject matter of this Agreement and supersede any and all prior negotiations, undertakings, representations, and agreements; provided, however, that nothing in this or any related agreement is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document that Franchisor furnished to Developer. Developer acknowledges that Developer is entering into this Agreement, and all ancillary agreements executed contemporaneously with this Agreement, as a result of Developer's own independent investigation of the franchised business and not as a result of any representations about Franchisor made by Franchisor's shareholders, officers, directors, employees, agents, representatives, independent contractors, attorneys, or Developers, which are contrary to the terms set forth in this Agreement or of any franchise disclosure document, offering circular, prospectus, or other similar document required or permitted to be given to Developer pursuant to applicable law.

Developer hereby acknowledges and further represents and warrants to Franchisor that:

1. Developer has placed no reliance on any oral or written statements, whether referred to as representations, warranties, inducements, or otherwise, which are not contained in this Agreement or in the Franchise Disclosure Document;
2. Developer has entered into this Agreement after making an independent investigation of Franchisor's operations and the System;
3. Franchisor has not made any guarantee or provided any assurance that the business location will be successful or profitable regardless of whether Franchisor may have approved of the franchise or site location;
4. Developer has (a) read this Agreement in its entirety and understands its contents; (b) been given the opportunity to clarify any provisions that Developer did not understand and (c) had the opportunity to consult with professional advisors regarding the operation and effect of the Agreement and the operation of the System;
5. Developer has, together with its advisors, sufficient knowledge and experience in financial and business matters to make an informed decision with respect to the franchise offered by Franchisor; and
6. Developer has received a copy of the Franchise Disclosure Document not later than the earlier of the first personal meeting held to discuss the sale of a franchise, or fourteen (14) calendar days before execution of this Agreement or fourteen (14) calendar days before any payment of any consideration.

Except as may have been disclosed at Item 19 of Franchisor's Franchise Disclosure Document, Developer represents and warrants to Franchisor that no claims, representations, or warranties regarding the earnings, sales, profits, success or failure of the franchised business have been made to Developer and no such claims, representations or warranties have induced Developer to enter into this Agreement.

Except for those changes permitted to be made unilaterally by Franchisor, no amendment, change or variance from this Agreement is binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

24. **CAVEAT**

A. The success of the business venture contemplated to be undertaken by this Agreement is speculative and depends, to a large extent, upon the ability of the Developer as an independent business person, and the active participation of Developer in the daily affairs of the business as well as other factors. Franchisor does not make any representation or warranty, express or implied, as to the potential success of the business venture contemplated hereby.

B. Developer acknowledges that it has entered into this Agreement after making an independent investigation of Franchisor's operations and not upon any representation as to gross sales, volume, potential earnings or profits which Developer in particular might be expected to realize, nor has anyone made any other representation which is not expressly set forth in this Agreement, to induce the Developer to accept this franchise and execute this Agreement.

C. Developer represents and acknowledges that he has received a copy of this Agreement, with all blanks filled in, from Franchisor at least seven (7) calendar days before the date of execution of this Agreement. Developer further represents that he understands the terms, conditions and obligations of this Agreement and agrees to be bound.

25. **MISCELLANEOUS**

A. Except as otherwise expressly provided, nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity who is not a party to this Agreement.

B. The headings of the several sections and paragraphs are for convenience only and do not define, limit or construe the contents of sections or paragraphs.

C. The "Developer" as used in this Agreement is applicable to one (1) or more persons, a corporation or a partnership or limited partnership or limited liability company as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If two (2) or more persons are at any time Developer under this Agreement, their obligations and liabilities to Franchisor shall be joint and several. References to "Developer" and "Assignee" which are applicable to an individual or individuals shall mean the owner or owners of the equity or operating control of Developer or the Assignee, if Developer or the Assignee is a corporation, partnership, limited partnership or limited liability company.

This Agreement shall be executed in multiple copies, each of which shall be deemed an original.

IN WITNESS WHEREOF, the parties have executed, sealed and delivered this Agreement in duplicate on the date recited in the first paragraph.

**FRANCHISOR:**

**DEVELOPER:**

TBC INTERNATIONAL LLC

By: \_\_\_\_\_  
Todd Wadler, CEO

By: \_\_\_\_\_  
NAME

By: \_\_\_\_\_  
NAME

## GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this day \_\_\_\_\_ by \_\_\_\_\_, (each a “Guarantor”).

In consideration of, and as an inducement to, the execution of that certain Area Development Agreement of even date (the “Area Development Agreement”) by TBC INTERNATIONAL, LLC (the “Franchisor”), and with \_\_\_\_\_ (“Developer”), each Guarantor hereby personally and unconditionally (a) guarantees to Franchisor, and its successor and assigns, for the term of the Area Development Agreement and as provided in the Area Development Agreement, that Developer shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Area Development Agreement; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Area Development Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities.

Each Guarantor hereby waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed; (4) any right Guarantor may have to require that an action be brought against Developer or any other person as a condition of liability; and (5) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed.

Each Guarantor hereby consents and agrees that: (1) such Guarantor’s undertaking shall be direct, immediate and independent of the liability of, and shall be joint and several with, Developer and any other Guarantors; (2) Guarantor shall render any payment or performance required under the Area Development Agreement upon demand if Developer fails or refuses punctually to do so; (3) Guarantor’s liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Developer or any other person; (4) Guarantor’s liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may grant to Developer or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Area Development Agreement; (5) this undertaking will continue unchanged by the occurrence of any bankruptcy with respect to Developer or any assignee or successor of Developer or by any abandonment of the Area Development Agreement by a trustee of Developer; (6) neither the Guarantor’s obligations to make payment or render performance in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Developer or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency; (7) Franchisor may proceed against Guarantor and Developer jointly and severally, or Franchisor may, at its option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against Developer; and (8) Guarantor shall pay all reasonable attorneys’ fees and all costs and other expenses incurred in

any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against Guarantor.

IN WITNESS WHEREOF, each Guarantor has executed this Guaranty and Assumption of Obligations as of the date set forth above.

GUARANTOR(S):

---

Guarantor

---

Guarantor

---

Guarantor

**EXHIBIT A - DEVELOPMENT AREA**

**DEVELOPMENT AREA**

The development rights and obligations of Developer, \_\_\_\_\_, to timely develop and open new TITLE BOXING CLUB Fitness Studios shall be within the following described area:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**FRANCHISOR:**

**DEVELOPER:**

TBC INTERNATIONAL LLC

By: \_\_\_\_\_  
Todd Wadler, CEO

By: \_\_\_\_\_  
NAME

By: \_\_\_\_\_  
NAME

**EXHIBIT B - DEVELOPMENT SCHEDULE**

1. Development Schedule

Developer, \_\_\_\_\_, agrees to timely open new TITLE BOXING CLUB Fitness Studios in compliance with the following Development Schedule. Developer further agrees that failure to timely open the new Fitness Studios in compliance with the Development Schedule shall cause the rights of exclusivity granted to Developer regarding the geographic area defined in Exhibit A to be forfeited. For the avoidance of doubt, TITLE BOXING CLUB Fitness Studios which were already open when this Agreement was executed do not count towards satisfying the obligation to open and operate new TITLE BOXING CLUB Fitness Studios. Similarly, for the avoidance of doubt, TITLE BOXING CLUB Fitness Studios which were or are opened by other franchisees do not count towards satisfying the obligation to open and operate new TITLE BOXING CLUB Fitness Studios.

The Development Schedule is as follows:

| <b>FITNESS STUDIO NUMBER</b> | <b>DATE OF FITNESS STUDIO OPENING (DEVELOPMENT PERIOD)</b> | <b>CUMULATIVE NUMBER OF FITNESS STUDIOS TO BE OPENED</b> |
|------------------------------|--|--|
| 1                            | Within 12 Months   | 1  |
| 2                            | Within 24 Months   | 2  |
| 3                            | Within 36 Months   | 3  |
| 4                            | Within 36 Months   | 4  |
| 5                            | Within 36 Months   | 5  |

2. Forfeiture of Rights of Exclusivity

Developer’s failure to comply with the Development Schedule causes the rights of exclusivity to be forfeited.

**FRANCHISOR:**

**DEVELOPER:**

TBC INTERNATIONAL LLC

By: \_\_\_\_\_  
Todd Wadler, CEO

By: \_\_\_\_\_  
NAME

By: \_\_\_\_\_  
NAME



**EXHIBIT C - FRANCHISE AGREEMENT**

**EXHIBIT D - STATEMENT OF OWNERSHIP INTERESTS AND PRINCIPALS**

**STATEMENT OF OWNERSHIP INTERESTS  
AND PRINCIPALS**

- A. The following is a list of shareholders, partners, members or other investors in Developer, including all investors who own or hold a direct or indirect interest in Developer, and a description of the nature of their interest:

| <u>Name</u> | <u>Percentage of Ownership/Nature of Interest</u> |
|-------------|---|
|-------------|---|

- B. The following is a list of all of Principals described in and designated pursuant to this Area Development Agreement, each of whom shall execute the Confidentiality Agreement and Ancillary Covenants Not to Compete substantially in the form set forth in Exhibit E of this Area Development Agreement:

\_\_\_\_\_  
Initial and Date

\_\_\_\_\_  
Initial and Date

**EXHIBIT E - CONFIDENTIALITY AGREEMENT AND  
ANCILLARY COVENANTS NOT TO COMPETE**

This Agreement is made and entered into this day \_\_\_\_\_, between TBC INTERNATIONAL, LLC, a Kansas limited liability company (“Franchisor”), \_\_\_\_\_ (“Developer”), and \_\_\_\_\_ (“Covenantor”).

RECITALS

WHEREAS, Franchisor has obtained the right to develop a unique system (the “System”) for the development and operation of TITLE BOXING CLUB® Fitness Studios under the name and marks TITLE BOXING CLUB® (“Fitness Studios”); and

WHEREAS, the System includes, but is not limited to, certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the marks TITLE BOXING CLUB® and other trade names, service marks, trademarks, logos, insignia, slogans, emblems, designs and commercial symbols as Franchisor may develop in the future to identify for the public the source of services and products marketed under the marks and under the System and representing the System’s high standards of quality, appearance and service and distinctive merchandising, interior design, decor, color scheme and furnishings, uniform standards, specifications and procedures for inventory, merchandising, management and financial control; operations; quality and uniformity of products offered; procedures for management and financial control; training and assistance; and advertising and promotional programs; all of which Franchisor may change, improve and further develop and which Franchisor uses in connection with the operation of the System (“Trade Secrets”); and

WHEREAS, the Licensed Marks and Trade Secrets provide economic advantages to Franchisor and are not generally known to, and are not readily ascertainable by proper means by, Franchisor’s competitors who could obtain economic value from knowledge and use of the Trade Secrets; and

WHEREAS, Franchisor has taken and intends to take all reasonable steps to maintain the confidentiality and secrecy of the Trade Secrets; and

WHEREAS, Franchisor has granted Developer the limited right to develop a TITLE BOXING CLUB Fitness Studio using the System, the Licensed Marks and the Trade Secrets, pursuant to a Area Development Agreement entered into on \_\_\_\_\_, (“Area Development Agreement”), by and between Franchisor and Developer; and

WHEREAS, Franchisor and Developer have agreed in the Area Development Agreement on the importance to Franchisor and to Developer and other licensed users of the System of restricting the use, access and dissemination of the Trade Secrets; and

WHEREAS, it is necessary for certain employees, agents, independent contractors, officers, directors and equity interest holders of Developer, or any entity having an interest in Developer (“Covenantor”) to have access to and to use some of all of the Trade Secrets in the management and operation of Developer’s TITLE BOXING CLUB Fitness Studio using the System; and

WHEREAS, Developer has agreed to obtain from those covenantors written agreements protecting the Trade Secrets and the System against unfair competition; and

WHEREAS, Covenantor wishes to remain, or wishes to become associated with or employed by Developer; and

WHEREAS, Covenantor wishes and needs to receive and use the Trade Secrets in the course of his employment or association in order to effectively perform the services for Developer; and

WHEREAS, Covenantor acknowledges that receipt of and the right to use the Trade Secrets constitutes independent valuable consideration for the representations, promises and covenants made by Covenantor.

NOW, THEREFORE, in consideration of the mutual covenant and obligations contained in this Agreement, the parties agree as follows:

#### Confidentiality Agreement

1. Franchisor and/or Developer shall disclose to Covenantor some or all of the Trade Secrets relating to the System. All information and materials, including, without limitation, manuals, drawings, specifications, techniques and compilations of data which Franchisor provides to Developer and/or Covenantor are deemed confidential Trade Secrets for the purposes of this Agreement.

2. Covenantor shall receive the Trade Secrets in confidence and must, at all times, maintain them in confidence, and use them only in the course of his employment or association with a Developer and then only in connection with the development and/or operation by Developer of a TITLE BOXING CLUB Fitness Studio for so long as Developer is licensed by Franchisor to use the System.

3. Covenantor shall not at any time make copies of any documents or compilations containing some or all of the Trade Secrets without Franchisor's express written permission.

4. Covenantor shall not at any time disclose or permit the disclosure of the Trade Secrets except to other employees of Developer and only to the limited extent necessary to train or assist other employees of Developer in the development or operation of a TITLE BOXING CLUB Fitness Studio.

5. Covenantor must surrender any material containing some or all of the Trade Secrets to Developer or Franchisor, upon request, or upon termination of employment by Developer, or upon conclusion of the use for which the information or material may have been furnished to Covenantor.

6. Covenantor shall not at any time, directly or indirectly, do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Trade Secrets and the System.

7. Franchisor loans all manuals to Developer for limited purposes only and they remain the property of Franchisor and may not be reproduced, in whole or in part, without Franchisor's written consent.

#### Covenants Not to Compete

1. In order to protect the goodwill and unique qualities of the System and the confidentiality and value of the Trade Secrets during the term of this Agreement, and in consideration for the disclosure to Covenantor of the Trade Secrets, Covenantor further agrees and covenants as follows:

a. Not to divert, or attempt to divert, directly or indirectly, any business, business opportunity, or customer of the Fitness Studios to any competitor; and

c. Except with respect to Fitness Studios operated under Franchise Agreements between Developer and its affiliates, and Franchisor or its affiliate or any of its subsidiaries, own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, limited liability companies, unincorporated associations or joint ventures), advise, assist or make loans to, any Competitive Business or a business that is of a character and concept similar to a TITLE BOXING CLUB Fitness Studio. For purposes of this Agreement, a Competitive Business is defined as one that is of a character and concept similar to a TITLE BOXING CLUB Fitness Studio. As used herein, the term “similar” means a boxing gym, health or fitness center or club featuring boxing, or kick-boxing or martial arts for weight training or body toning or cardiovascular health, or operates in a manner similar to a TITLE BOXING CLUB Fitness Studio, and which Competitive Business is located in, or is intended to be located within the Development Area of this Area Development Agreement or within the Development Area of any other area development agreement granted a developer within the System, or within a five (5) mile radius of the location of any TITLE BOXING CLUB Fitness Studio in existence or under construction or where land has been purchased or a lease has been executed by any developer or franchisee or by Franchisor or its affiliate or its subsidiaries.

2. In further consideration for the disclosure to Covenantor of the Trade Secrets and to protect the uniqueness of the System, Covenantor agrees and covenants that for two (2) years following the earlier of the expiration, termination or transfer of all Developer’s interest in the Area Development Agreement or the termination of his association with or employment by Developer, Covenantor will not without the prior written consent of Franchisor:

a. Divert or attempt to divert, directly or indirectly, any business, business opportunity or customer of the Fitness Studios to any competitor; and

c. Except with respect to Fitness Studios operated under Franchise Agreements between Developer and its affiliates, and Franchisor or its affiliate or any of its subsidiaries, own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, limited liability companies, unincorporated associations or joint ventures), advise, assist or make loans to, any Competitive Business or a business that is of a character and concept similar to a TITLE BOXING CLUB Fitness Studio. For purposes of this Agreement, a Competitive Business is defined as one that is of a character and concept similar to a TITLE BOXING CLUB Fitness Studio. As used herein, the term “similar” means a boxing gym, health or fitness center or club featuring boxing, or kick-boxing or martial arts for weight training or body toning or cardiovascular health, or operates in a manner similar to a TITLE BOXING CLUB Fitness Studio, and which Competitive Business is located in, or is intended to be located within the Development Area of this Area Development Agreement or within the Development Area of any other Area Development Agreement granted a developer within the System, or within a five (5) mile radius of the location of any TITLE BOXING CLUB Fitness Studio in existence or under construction or where land has been

purchased or a lease has been executed by any developer or franchisee or by Franchisor or its affiliate or its subsidiaries.

### Miscellaneous

1. Developer shall make all commercially reasonable efforts to ensure that Covenantor acts as required by this Agreement.

2. Covenantor agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of a breach, or threatened or attempted breach of any of the provisions, Franchisor is entitled to enforce the provisions of this Agreement and is entitled, in addition to any other remedies available to it at law or in equity, including the right to terminate the Area Development Agreement, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

3. Covenantor agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Developer in enforcing this Agreement.

4. Any failure by Franchisor to object to or take action with respect to any breach of this Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Covenantor.

5. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF KANSAS AND COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF TO THE JURISDICTION OF THE SUPERIOR COURT OF CALIFORNIA FOR THE COUNTY OF LOS ANGELES, CALIFORNIA AND THE JURSDICTION OF THE UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT COURT OF CALIFORNIA IN LOS ANGELES, CALIFORNIA. COVENANTOR HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. COVENANTOR HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON HIM IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY CALIFORNIA, KANSAS, OR FEDERAL LAW. COVENANTOR FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE LOS ANGELES, CALIFORNIA; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR DEVELOPER MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION.

6. The parties acknowledge and agree that each of the covenants contained in this Agreement are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a part, Covenantor expressly agrees to be bound by any lesser covenant subsumed within the terms of

the covenant that imposes the maximum duty permitted by law as if the resulting covenant were separately stated in and made a part of this Agreement.

7. This Agreement contains the entire agreement of the parties regarding the subject matter of this Agreement. This Agreement may be modified only by a duly authorized writing executed by all parties.

8. All notices and demands required to be given must be in writing and sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid, electronic mail, (provided that the sender confirms the electronic mail, by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission), to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other parties.

If directed to Franchisor, the notice shall be addressed to:

TBC INTERNATIONAL, LLC  
5360 College Blvd, Suite 200  
Overland Park, KS 66221  
ATTN: President

legal@teamtitleboxingclub.com

with a copy to:

John D. Moore, Esq.  
Husch Blackwell LLP  
4801 Main Street, Suite 1000  
Kansas City, Missouri 64112  
JOHN.MOORE@HUSCHBLACKWELL.COM

If directed to Developer, the notice shall be addressed to:\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_

If directed to Covenantor, the notice shall be addressed to:

\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by electronic mail shall be deemed given upon transmission, provided confirmation is made as provided above. Any notice sent by expedited delivery service or registered or certified mail shall be deemed given three (3) business days after the time of mailing. Any change in the foregoing addresses shall be effected by giving fifteen (15) days written notice of such change to the other parties. Business day for the purpose of this Agreement excludes Saturday, Sunday and the following national holidays: New Year’s Day, Martin Luther King Day, Presidents’ Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving.

9. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and inure to the benefit of its respective parent, successor and assigns. The respective obligations of Developer and Covenantor hereunder may not be assigned by Developer or Covenantor without the prior written consent of Franchisor.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

**FRANCHISOR:**

**DEVELOPER:**

TBC INTERNATIONAL LLC

By: \_\_\_\_\_  
Todd Wadler, CEO

By: \_\_\_\_\_  
NAME

By: \_\_\_\_\_  
NAME



**EXHIBIT C TO FDD  
FRANCHISE AGREEMENT**



**FRANCHISE AGREEMENT**

**LOCATION**

---

FRANCHISEE

---

DATE OF AGREEMENT

---

FRANCHISE NUMBER

**STD 2024 FA**

## TABLE OF CONTENTS

|   | <u>Page</u> |
|---|-------------|
| 1. DEFINITIONS.....                                     | 2           |
| A. PREMISES .....                                       | 2           |
| B. AREA DEVELOPMENT AGREEMENT .....                     | 2           |
| C. PROTECTED AREA.....                                  | 2           |
| D. SPECIFICATIONS.....                                  | 2           |
| E. PRINCIPALS.....                                      | 2           |
| F. IMMEDIATE FAMILY MEMBER .....                        | 2           |
| 2. GRANT OF FRANCHISE.....                              | 3           |
| 3. DUTIES OF FRANCHISEE.....                            | 6           |
| 4. SITE SELECTION.....                                  | 8           |
| 5. DEVELOPMENT AND OPENING OF A FITNESS STUDIO.....     | 9           |
| A. DEVELOPMENT AND CONSTRUCTION OF FITNESS STUDIO ..... | 9           |
| B. FITNESS STUDIO OPENING .....                         | 10          |
| C. RELOCATION OF FITNESS STUDIO .....                   | 10          |
| D. PROGRESS REPORTS .....                               | 11          |
| 6. TRAINING AND OPERATING ASSISTANCE .....              | 11          |
| A. TRAINING .....                                       | 11          |
| B. SUPPLEMENTAL TRAINING .....                          | 12          |
| C. HIRING AND TRAINING OF EMPLOYEES BY FRANCHISEE.....  | 13          |
| D. OPENING ASSISTANCE .....                             | 13          |
| E. OPERATING ASSISTANCE.....                            | 13          |
| F. OPERATIONS MANUAL .....                              | 14          |
| G. MODIFICATIONS TO THE SYSTEM.....                     | 14          |
| 7. LICENSED MARKS .....                                 | 15          |
| A. LICENSE .....  | 15          |
| B. OWNERSHIP AND GOODWILL .....                         | 15          |
| C. USE OF THE LICENSED MARKS .....                      | 15          |
| D. RESTRICTIONS ON INTERNET AND WEBSITE USE .....       | 16          |
| E. NOTIFICATION OF INFRINGEMENT AND CLAIMS .....        | 16          |

|     |   |    |
|-----|---|----|
| F.  | INDEMNIFICATION OF FRANCHISEE/DISCONTINUANCE OF USE OF<br>LICENSED MARKS .....    | 17 |
| G.  | NON-EXCLUSIVE RIGHTS .....  | 17 |
| 8.  | FRANCHISOR’S OBLIGATIONS .....  | 17 |
| 9.  | CONFIDENTIAL INFORMATION .....  | 18 |
| 10. | RELATIONSHIP OF THE PARTIES/INDEMNIFICATION .....                                 | 20 |
| 11. | FRANCHISE FEES .....  | 22 |
| A.  | INITIAL FRANCHISE FEE .....   | 22 |
| B.  | ROYALTY FEE.....  | 23 |
| C.  | ONLINE SCHEDULING TRANSACTIONS .....  | 23 |
| D.  | DEFINITION OF GROSS REVENUE.....  | 24 |
| E.  | ROYALTY FEE REPORTS .....   | 24 |
| F.  | ELECTRONIC FUNDS TRANSFER .....   | 24 |
| G.  | TECHNOLOGY FEE .....  | 25 |
| H.  | MUSIC LICENSING FEE .....   | 25 |
| I.  | SETUP FEE .....   | 25 |
| J.  | STANDARD INITIAL PACKAGE.....   | 26 |
| L.  | INITIAL TRAINING FEE.....   | 26 |
| M.  | INTEREST ON LATE PAYMENTS.....  | 26 |
| N.  | APPLICATION OF PAYMENTS .....   | 26 |
| O.  | WITHHOLDING PAYMENTS UNLAWFUL .....   | 26 |
| 12. | FITNESS STUDIO IMAGE AND OPERATING STANDARDS.....                                 | 27 |
| A.  | MAINTAINING UNIFORMITY .....  | 27 |
| B.  | CONDITION AND APPEARANCE OF FITNESS STUDIO /REBUILDING<br>OF FITNESS STUDIO ..... | 27 |
| C.  | REMEDIES FOR NONCOMPLIANCE WITH APPEARANCE OF FITNESS<br>STUDIO .....             | 28 |
| D.  | DAMAGE CAUSED BY CASUALTY .....   | 28 |
| E.  | ALTERATIONS TO THE FITNESS STUDIO .....   | 28 |
| F.  | OPERATING STANDARDS AND SPECIFICATIONS .....                                      | 29 |
| G.  | PRODUCTS AND SERVICES OFFERED FOR SALE.....                                       | 29 |
| H.  | MARKET RESEARCH/TESTING .....   | 30 |
| I.  | DESIGNATED ITEMS AND APPROVED SUPPLIERS; ALTERNATIVES.....                        | 30 |

|     |   |    |
|-----|---|----|
| J.  | STANDARDS OF SERVICE .....  | 31 |
| K.  | COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES .....                | 31 |
| L.  | MANAGEMENT OF THE FITNESS STUDIO/CONFLICTING INTERESTS .....          | 32 |
| 13. | INSURANCE.....  | 33 |
| 14. | ADVERTISING.....  | 34 |
| A.  | BRAND CREATIVE FUND .....   | 34 |
| B.  | LOCAL ADVERTISING.....  | 36 |
| C.  | REGIONAL OR LOCAL ADVERTISING COOPERATIVE .....                       | 37 |
| D.  | APPROVAL BY FRANCHISOR.....   | 38 |
| E.  | PRICING.....  | 38 |
| 15. | RECORDS AND REPORTS .....   | 38 |
| 16. | INSPECTION AND AUDITS .....   | 39 |
| A.  | THE FRANCHISOR’S RIGHT TO INSPECT THE FITNESS STUDIO .....            | 39 |
| B.  | THE FRANCHISOR’S RIGHT TO EXAMINE BOOKS AND RECORDS.....              | 40 |
| 17. | TRANSFER OF INTEREST .....  | 41 |
| A.  | BY THE FRANCHISOR .....   | 41 |
| B.  | FRANCHISEE MAY NOT ASSIGN WITHOUT APPROVAL OF THE<br>FRANCHISOR ..... | 41 |
| C.  | CONDITIONS FOR APPROVAL OF ASSIGNMENT .....                           | 41 |
| D.  | DEATH OR DISABILITY OF FRANCHISEE .....                               | 43 |
| E.  | RELATED PARTY TRANSFERS.....  | 44 |
| F.  | PUBLIC OR PRIVATE OFFERINGS.....                                      | 44 |
| G.  | THE FRANCHISOR’S RIGHT OF FIRST REFUSAL .....                         | 45 |
| H.  | UNDERTAKING BY OWNERS OF FRANCHISEE .....                             | 45 |
| 18. | RENEWAL OF FRANCHISE .....  | 46 |
| A.  | FRANCHISEE’S RIGHT TO RENEW .....                                     | 46 |
| B.  | NOTICE OF RENEWAL AND NONRENEWAL .....                                | 46 |
| C.  | RENEWAL FRANCHISE AGREEMENT .....                                     | 47 |
| D.  | CONDITIONS FOR RENEWAL .....  | 47 |
| 19. | TERMINATION.....  | 48 |
| 20. | POST-TERMINATION, POST-EXPIRATION AND LIQUIDATED DAMAGES .....        | 52 |
| 21. | COVENANTS .....   | 55 |
| 22. | MEDIATION.....  | 59 |

|     |  |    |
|-----|--|----|
| 23. | ENFORCEMENT .....  | 59 |
|     | A. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS ..... | 59 |
|     | B. WAIVER OF OBLIGATIONS .....                             | 60 |
|     | C. SPECIFIC PERFORMANCE/INJUNCTIVE RELIEF .....            | 61 |
|     | D. RIGHTS OF PARTIES ARE CUMULATIVE .....                  | 61 |
|     | E. COSTS AND ATTORNEYS' FEES.....                          | 61 |
|     | F. GOVERNING LAW.....                                      | 62 |
|     | G. ARBITRATION .....                                       | 62 |
|     | H. WAIVER OF DAMAGES .....                                 | 63 |
|     | I. JURY TRIAL WAIVER .....                                 | 63 |
|     | J. EXCLUSIVE JURISDICTION .....                            | 63 |
|     | K. VARIANCES.....  | 64 |
|     | L. BINDING EFFECT .....                                    | 64 |
|     | M. CONSTRUCTION/INTEGRATION CLAUSE .....                   | 64 |
| 24. | NOTICES AND PAYMENTS.....                                  | 65 |
| 25. | COMPLIANCE WITH ANTI-TERRORISM LAWS.....                   | 66 |
| 26. | CAVEAT .....   | 66 |
| 27. | MISCELLANEOUS .....  | 67 |

**EXHIBITS**

GUARANTY AND ASSUMPTION OF OBLIGATIONS

EXHIBIT A – LOCATION

EXHIBIT B – CONFIDENTIALITY AGREEMENT AND ANCILLARY COVENANTS NOT TO COMPETE

EXHIBIT C – LEASE RIDER

EXHIBIT D – STATEMENT OF OWNERSHIP INTEREST AND PRINCIPALS

EXHIBIT E – STANDARD INITIAL PACKAGE

EXHIBIT F – ELECTRONIC FUND TRANSFER AUTHORIZATION

**TITLE BOXING CLUB FITNESS STUDIO  
FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT (“Agreement”) is made and entered into on \_\_\_\_\_, by and between TBC International LLC, a Kansas limited liability company, with its principal office at 8647 Hayden Place, Culver City, CA 90232 (the “Franchisor”) and \_\_\_\_\_, a \_\_\_\_\_ formed and operating under the laws of the State of \_\_\_\_\_, or \_\_\_\_\_, an individual, whose principal address is \_\_\_\_\_ (the “Franchisee”).

WITNESSETH:

**WHEREAS**, as a result of the expenditure of time, effort, and expense, Franchisor has created a unique and distinctive proprietary system hereinafter (the “System”) for the establishment, development and operation of TITLE BOXING CLUB® Fitness Studio that offer effective and fun total body workouts that are taught by boxers, kickboxers and mixed martial artists;

**WHEREAS**, Franchisor owns the System and the right to use the Licensed Marks (as defined below) and grants the right and license to others to use the System and the Licensed Marks;

**WHEREAS**, the distinguishing characteristics of the System, include, without limitation: interior design, color scheme and equipment; uniform standards, specifications and procedures for the unique boxing, kickboxing and marital arts classes; specifications and procedures for operations; uniformity of services and products offered; procedures for inventory management and financial controls; training assistance; and advertising and marketing programs; all of which may be changed, improved and further developed by Franchisor;

**WHEREAS**, Franchisor identifies the System and licenses the use of certain trade names, service marks, trademarks, emblems and indicia of origin, including the mark TITLE BOXING CLUB® and other trade names, service marks and trademarks as are now designated and may be hereafter designated by Franchisor in writing for use with the System (the “Licensed Marks”);

**WHEREAS**, Franchisee understands and acknowledges the importance of uniformity of services and the uniformity of operating all Fitness Studios in conformity with the Specifications (as defined below); and

**WHEREAS**, Franchisee acknowledges that it has conducted an independent investigation of the business contemplated by this Agreement and recognizes that, like any other business, the nature of the business conducted at a TITLE BOXING CLUB® Fitness Studio may evolve over time, and that an investment in a TITLE BOXING CLUB® Fitness Studio involves business risks and that the success of the venture is largely dependent on Franchisee’s business abilities.

**NOW, THEREFORE,** the parties, in consideration of the mutual undertakings and commitments of each party set forth herein, agree as follows:

**1. DEFINITIONS**

For purposes of this Agreement, the terms listed below have the following meanings. Other terms used in this Agreement are defined and construed in the context in which they occur.

A. PREMISES

The term “Premises” shall mean the location approved by Franchisor where the Fitness Studio shall be located.

B. AREA DEVELOPMENT AGREEMENT

If applicable, the term “Area Development Agreement” shall mean the agreement executed by Franchisor and Franchisee or its affiliate (“Developer”), dated \_\_\_\_\_, pursuant to which Developer was granted the right to develop multiple Fitness Studios in a Development Area (defined therein).

C. PROTECTED AREA

The term “Protected Area” shall mean the geographic area set forth in Exhibit A to this Agreement.

D. SPECIFICATIONS

The term “Specifications” shall mean the standards, procedures, requirements and specifications promulgated from time to time by Franchisor for construction, advertising, equipment, operations, design and other aspects of operation of a Fitness Studio.

E. PRINCIPALS

The term “Principals” includes, collectively and individually: (1) Franchisee’s spouse, if Franchisee is an individual; (2) any officers and directors of Franchisee (including the officers and directors of any general partner of Franchisee); (3) the managing member or manager if Franchisee is a limited liability company; (4) the spouse of any officer, director, managing member or manager; and (5) any person or any entity directly owning and/or controlling ten percent (10%) or more of the beneficial equity ownership of Franchisee. The initial Principals shall be listed in Exhibit D. The Principals must execute agreements in substantially the form of the attached Guaranty and Assumption of Obligations and substantially the form of the attached Confidentiality Agreement and Ancillary Covenant Not to Compete.

F. IMMEDIATE FAMILY MEMBER

An Immediate Family Member shall mean a spouse or living children or living grandchildren or a trust for the benefit of such persons.



## 2. GRANT OF FRANCHISE

A. In reliance upon the representations and warranties of Franchisee and its Principals (as defined in Section 1) and subject to Franchisee's compliance with the Minimum Performance Standard (as defined in Section 2, Paragraph G), Franchisor hereby grants to Franchisee, subject to the provisions contained in this Agreement, a non-exclusive right and license, and Franchisee hereby accepts the right and obligation, to own and operate a TITLE BOXING CLUB Fitness Studio utilizing the System and the Licensed Marks at, and only at, the Premises (the "Fitness Studio"). During the term of this Agreement, provided Franchisee is in compliance with the provisions herein and subject to Franchisee's compliance with the Minimum Performance Standard, Franchisor will not open or authorize another person to open a Fitness Studio within the Protected Area. The operation of a Fitness Studio at the Premises by Franchisee is restricted to retail sales of the approved products and services. The initial term of this Agreement is for ten (10) years, commencing on the date of this Agreement.

B. Franchisee and its Principals understand and acknowledge that Franchisor has granted these rights in reliance on the representations and warranties, the business skill, financial capability, personal character and expectations of performance by Franchisee and the Principals. This Agreement, and the rights and obligations, may not be transferred until after the Fitness Studio is open for business.

C. The location of the Fitness Studio and the size of the Protected Area are set forth on Exhibit A. If Franchisee has not determined the location of the Fitness Studio as of the date of this Agreement, Franchisor and Franchisee shall complete and execute Alternative Exhibit A, which shall set forth a geographic area in which the location of the Fitness Studio will be established. With respect to the geographical area set forth in Alternative Exhibit A, Franchisee acknowledges and agrees that (i) Franchisee does not have any territorial rights within that geographical area; (ii) Franchisor may permit other new franchisees to search for a location for their Fitness Studio within that same geographical area if Franchisor determines in its sole discretion that the geographical area is large enough to contain additional franchises; and (iii) potential locations for Fitness Studios and resulting Protected Areas located within that geographical area will be reviewed and approved by Franchisor or denied by Franchisor based on which franchisee first proposes a Fitness Studio at a particular location. If Franchisee selects a location in accordance with Alternative Exhibit A, Franchisor and Franchisee will then execute Exhibit A, which will establish the Protected Area around the Fitness Studio. The Protected Area will typically consist of a one (1) mile radius around the Fitness Studio, but Franchisor reserves the right to vary the size of the Protected Area granted to different franchisees depending upon demographics, population, commercial development and any other factors deemed relevant by Franchisor in its discretion.

D. Notwithstanding the above, Franchisor and any other authorized person or entity (including any other TITLE BOXING CLUB franchisee) shall have the right, at any time, to advertise and promote the System in the Protected Area. Such advertising may occur within or outside the Protected Area, including to members and prospects of the Franchisee's Fitness Studio.

E. Franchisor (on behalf of itself, its parent, its affiliate and its subsidiaries) retains the right, in its sole discretion, and without granting any rights to Franchisee:

(1) To itself operate, or to grant other persons the right to operate, TITLE BOXING CLUB Fitness Studios, at locations and on terms Franchisor deems appropriate outside the Protected Area;

(2) To sell the products and services authorized for TITLE BOXING CLUB Fitness Studios under the Licensed Marks or under other trademarks, service marks and commercial symbols through dissimilar channels of distribution, including, but not limited to, electronic means such as the Internet, mobile applications, websites, and other digital means established by Franchisor, and to advertise the System on the Internet and to create, operate, maintain and modify, or discontinue the use of the websites using the Licensed Marks pursuant to terms Franchisor deems appropriate within and outside the Protected Area;

(3) Within and outside the Protected Area, to offer and sell, and authorize others to offer and sell collateral products such as training tapes, clothing, fitness equipment and TITLE BOXING CLUB memorabilia under the Licensed Marks at or from any location;

(4) To own, operate or license others to own and operate, other fitness concepts, including similar fitness concepts, within and outside the Protected Area, so long as such other fitness concepts do not use the Licensed Marks as the business name thereof;

(5) To establish and operate, and to grant to others the right to establish and operate, businesses offering dissimilar products and services, both inside and outside of the Protected Area granted by the Franchise Agreement, under the Licensed Marks and on any terms and conditions we deem appropriate;

(6) To acquire the assets or ownership interest of one or more businesses providing products and services similar to those provided at TITLE BOXING CLUB Fitness Studios, and to franchise, license or create similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or the licensees of these businesses) are located or operating, which may include within the Protected Area;

(7) To be acquired (whether through acquisition of assets, ownership interest or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at TITLE BOXING CLUB Fitness Studios, even if such business operates, franchises and/or licenses competitive businesses within or outside the Protected Area; and

(8) To advertise and promote, and to grant others the right to advertise and promote, the System, in the Protected Area.

F. Franchisee hereby waives and releases any claims, demands, or damages arising from or related to any of the activities in paragraph E above and agrees never to begin or join in any legal action or proceeding, directly or indirectly, contending otherwise.

G. The right granted Franchisee to operate the Fitness Studio within the Protected Area is contingent upon Franchisee achieving and maintaining all of the following (collectively the “Minimum Performance Standard”):

- (i) Monthly Gross Revenue in excess of \$23,600 per calendar month beginning the calendar month containing the first anniversary of the date the Fitness Studio opens for business, and subject to (ii) below, continuing for each month thereafter; and
- (ii) Monthly Gross Revenue in excess of \$29,500 per calendar month beginning the calendar month containing the second anniversary of the date the Fitness Studio opens for business and continuing for each month thereafter.
- (iii) If Franchisee fails to achieve and maintain the Minimum Performance Standard for any calendar month during the term of this Franchise Agreement, then Franchisee shall pay the Royalty Adjustment set forth in Section 11, Paragraph B of this Agreement. Franchisee acknowledges and agrees that the achievement and maintenance by Franchisee of the Minimum Performance Standard is a material provision and requirement of this Franchise Agreement. Franchisee further acknowledges and agrees that the failure by Franchisee to achieve the Minimum Performance Standard for any three (3) consecutive calendar months that the Minimum Performance Standard applies shall be deemed a material default under this Agreement and that the remedies available to Franchisor under this paragraph are necessary if Franchisee fails to achieve the Minimum Performance Standard.

If Franchisee fails to achieve and maintain the Minimum Performance Standard for any calendar month during the term of this Franchise Agreement, then (1) Franchisee shall pay the Royalty Adjustment set forth in Section 11, Paragraph B of this Agreement and (2) Franchisor will have the right to grant additional franchises within the Protected Area. Franchisee acknowledges and agrees that the achievement and maintenance by Franchisee of the Minimum Performance Standard is a material provision and requirement of this Franchise Agreement. Franchisee further acknowledges and agrees that the failure by Franchisee to achieve and maintain the Minimum Performance Standard for any calendar month that the Minimum Performance Standard applies shall be a material default under this Agreement and that the remedies available to Franchisor under this paragraph are necessary if Franchisee fails to achieve the Minimum Performance Standard.

### **3. DUTIES OF FRANCHISEE**

A. Franchisee and the Principals, as applicable, make the following representations and warranties and accept the following obligations: If Franchisee is a corporation, or a partnership, or a limited liability company, Franchisee represents, warrants and covenants that: (i) Franchisee is and shall at all times be duly organized and validly existing under the state law of its formation; (ii) Franchisee is duly qualified and is authorized to do business in each jurisdiction in which its business activities or the nature of the properties owned by it require qualification; (iii) the execution and performance of the obligations of this Agreement are within Franchisee's corporate power, if Franchisee is a corporation or if Franchisee is a partnership, permitted under Franchisee's written partnership agreement and if Franchisee is a limited liability company, permitted under the organizational documents; and (iv) copies of its articles of incorporation, bylaws, articles of organization and operating agreements, other governing documents, any amendments, resolutions of the Board of Directors authorizing entry into and performance of this Agreement, and any certificates, buy-sell agreements or other documents restricting the sale or transfer of stock of the corporation, and any other documents Franchisor reasonably requests will be furnished to Franchisor within a reasonable time after receipt of Franchisor's written request; or if Franchisee is a partnership, copies of Franchisee's written partnership agreement, other governing documents and any amendments will be furnished to Franchisor as soon as is practical after receipt of Franchisor's written request, including evidence of consent or approval of the entry into and performance of this Agreement by the requisite number or percentage of partners, if approval or consent is required by Franchisee's partnership agreement, or if Franchisee is a limited liability company, copies of Franchisee's written articles of organization and operating agreement, other governing documents and any amendments have been furnished to Franchisor for the execution of this Agreement.

B. The ownership interests in Franchisee must be accurately and completely described in Exhibit D to this Agreement. Further, if Franchisee is a corporation, it must maintain at all times a current list of all owners of record and all beneficial owners of any class of voting securities in Franchisee or, if Franchisee is a partnership, it must maintain at all times a current list of all owners of an interest in the partnership entity, or if Franchisee is a limited liability company, Franchisee must maintain at all times a current list of members and managers. Franchisee must immediately provide a copy of the updated list of owners to Franchisor upon the occurrence of any change of ownership and otherwise make its list of owners available to Franchisor upon request.

C. Franchisee must notify Franchisor if any person ceases to qualify as one of the Franchisee's Principals, or if any individual subsequently qualifies as one of Franchisee's Principals, and such person must execute any documents as Franchisor reasonably requires.

D. Franchisee must maintain stop-transfer instructions against the transfer on its records of any of its equity securities and each stock certificate representing stock of the corporation must have conspicuously endorsed upon it a statement in a form satisfactory to Franchisor that it is held subject to all restrictions imposed upon assignments by this Agreement; provided, however, that the requirements of this Section 3 do not apply to a publicly held corporation. If Franchisee is a partnership, its written partnership agreement must provide that the ownership of an interest in the partnership is held subject to, and that further assignment or transfer is subject to, restrictions imposed on assignments by this Agreement. If Franchisee is a limited

liability company, the articles of organization and management agreement must provide that transfer of an ownership interest is subject to restrictions imposed on assignments by this Agreement.

E. Franchisee must provide Franchisor with the most recent financial statements of Franchisee, which satisfy Franchisor's then-current financial criteria for franchisees. The financial statements must present fairly the financial position of Franchisee, at the dates indicated and with respect to Franchisee, the results of its operations and its cash flow for the year then ended. Franchisor's financial criteria for franchisees will require Franchisee to maintain sufficient working capital to fulfill its obligations under this Agreement. The required financial statements must be in conformity with generally accepted accounting principles ("GAAP") applicable to the respective period involved.

F. Franchisee's Principals must each execute the confidentiality and non-competition covenants set forth in the Confidentiality Agreement and Ancillary Covenants Not to Compete (Exhibit B). Principals must jointly and severally guarantee Franchisee's performance of all of Franchisee's obligations, covenants and agreements in this Agreement.

G. Upon execution of this Agreement, Franchisee must designate an individual to serve as the Representative of Franchisee who is fully authorized to act on behalf of Franchisee in all transactions with Franchisor (the "Representative"). The Representative must, during the term of this Agreement, meet the following qualifications:

(a) The Representative must maintain a direct or indirect ownership interest in the Franchisee.

(b) The Representative must devote substantial time and best efforts to the supervision and conduct of the business contemplated by this Agreement.

(c) If, during the term of this Agreement, the Representative is not able to continue to serve in the capacity of Representative or no longer qualifies to act in accordance with this Section 3, Franchisee must promptly notify Franchisor and designate a replacement Representative within ten (10) days after the Representative ceases to serve or be so qualified.

H. Franchisee or its Representative shall attend every annual franchisee convention that occurs for TITLE BOXING CLUB franchisees. Franchisee shall pay a registration fee in the amount and via the method set by Franchisor in the Operations Manual or other written communication by Franchisor for every annual franchisee convention that occurs for TITLE BOXING CLUB franchisees. The annual franchisee convention may or may not occur every year. In addition to registration fees, Franchisee shall pay all expenses incurred by Franchisee (or any of Franchisee's employees) in connection with attendance and participation in any annual convention, including, without limitation, the cost of transportation, lodging, meals and any salaries and other wages.

I. Franchisee and the Principals acknowledge and agree that the representations, warranties and covenants set forth in above paragraphs are continuing obligations, as applicable, and that any failure to comply with those representations, warranties and covenants shall constitute a material event of default under this Agreement.

#### **4. SITE SELECTION**

A. Site selection, building design, and construction of the Fitness Studio are the responsibility of Franchisee, but Franchisee must obtain Franchisor's approval of the proposed site. Franchisor will exert its best efforts to deliver written notification of approval or disapproval of each proposed site within sixty (60) days after its receipt of all information and materials Franchisor may reasonably require to approve such site.

Franchisor must have approved the proposed site before Franchisee can execute the lease, make any improvements to the site, or take possession of the site. Franchisee agrees that Franchisor's approval of a site or the rendering of assistance in the selection of a site for the Fitness Studio does not constitute a representation, promise, or guarantee by Franchisor that the site will be profitable or otherwise successful. Failure to comply with this Agreement or any other franchise agreement granted under the terms of the Area Development Agreement could affect Franchisee's right to develop and open TITLE BOXING CLUB Fitness Studios and could result in the loss of other rights or the termination of the Area Development Agreement. In the event of a conflict between the terms of this Agreement and the Area Development Agreement, this Agreement shall control.

Franchisee will pay \$0 to Franchisor for site selection assistance so long as Franchisee uses Franchisor's approved vendor for site selection services. Should Franchisee elect to utilize Franchisee's own real estate broker to assist Franchisee with site selection, Franchisee will be required to pay \$2,000 to Franchisor to cover the coordination of Franchisee's site approval with Franchisor's real estate committee. In addition to this \$2,000, Franchisee could also need to pay Franchisee's own real estate broker.

B. Franchisee assumes all costs, liabilities, expenses and responsibilities for locating, obtaining and developing a site for the Fitness Studio within the Protected Area and for constructing and equipping the Fitness Studio at the site. Franchisee must purchase or lease a site for a Fitness Studio. Franchisee agrees that Franchisor's approval of a site or rendering of assistance in the selection of a site for a Fitness Studio does not constitute a representation, promise, or guarantee, by Franchisor that the site will be profitable or otherwise successful. Franchisor assumes no responsibility for the selection of the site. Franchisee must select a site for the Fitness Studio within five (5) months after the date of this Agreement; provided that Franchisor may grant a forty-five (45) day extension of such time period if Franchisee demonstrates that it is diligently pursuing sites and requests such extension at least fourteen (14) days in advance of the expiration of the original period.

C. Prior to acquisition by lease or purchase of a site for a Fitness Studio, Franchisee must submit to Franchisor, in the form specified by Franchisor, a description of the site, a construction checklist, a site package, photographs, demographic information concerning the population of the work force and residents in the Protected Area, competitive analysis, average household income, ingress and egress, a site plan of the retail center in which the Fitness Studio would be located (if applicable) proximity to and nature of the business in the Protected Area and such other information and materials as Franchisor may reasonably require. If a site evaluation is requested by Franchisee or is necessary as determined by Franchisor, Franchisee must reimburse Franchisor for all direct expenses Franchisor incurs for the on-site evaluations, including, but not

limited to, the cost of travel, lodging, meals and wages of its representatives and employees. Franchisee agrees that it will submit this information and materials for the proposed site to Franchisor no later than five (5) months after the execution of this Agreement; provided that Franchisor may grant a forty-five (45) day extension of such time period if Franchisee demonstrates that it is diligently pursuing a site and requests such extension at least fourteen (14) days in advance of the expiration of the original period. Any acquisition or lease of a site by Franchisee shall be in accordance with the following.

(1) If Franchisee proposes to purchase the Premises for the Fitness Studio, Franchisee must send to Franchisor a copy of the proposed purchase contract or a memorandum of its business terms. Franchisor will respond to Franchisee within fifteen (15) days of receipt of the information with any comments or recommendations concerning the business terms. Franchisee will furnish Franchisor a copy of the executed purchase contract.

(2) If Franchisee intends to lease the Premises, Franchisee must send to Franchisor a copy of the proposed lease or a memorandum setting forth its business terms. Franchisor shall have fifteen (15) days after its receipt of the information submitted to comment and make recommendations with respect to the business terms of the proposed lease. The proposed lease must include the Franchisor's Lease Rider attached as Exhibit C (the "Lease Rider"). The Lease Rider must be executed by Franchisee and the landlord and returned to the Franchisor for review and approval prior to Franchisee executing the lease. Once executed, Franchisee will furnish Franchisor a copy of the fully executed lease and the Lease Rider.

D. Within six (6) months after the date of this Agreement, Franchisee must acquire the site by purchase or lease provided that Franchisor may grant a forty-five (45) day extension of such time period if Franchisee demonstrates that it is diligently pursuing a site and requests such extension at least fourteen (14) days in advance of the expiration of the original period. Franchisee's failure to select and acquire the site for the Fitness Studio in accordance with these requirements will constitute a material breach of this Agreement.

E. Franchisee must commence and diligently pursue construction or conversion of the Fitness Studio, as applicable. Franchisee acknowledges that time is of the essence.

## **5. DEVELOPMENT AND OPENING OF A FITNESS STUDIO**

### **A. DEVELOPMENT AND CONSTRUCTION OF FITNESS STUDIO**

Franchisor will furnish Franchisee its then-current prototype architectural plans and Specifications for a TITLE BOXING CLUB Fitness Studio, reflecting Franchisor's requirements for dimensions, interior design and layout, image, placement of equipment, fixtures, furniture, signs and decor. Franchisee must construct the Fitness Studio in compliance with the prototype plans and Specifications.

Promptly after signing a lease or closing on a purchase of the Premises of the TITLE BOXING CLUB Fitness Studio and being furnished with Franchisor's prototype plans and Specifications, Franchisee will adapt the prototype plans and Specifications for the Fitness Studio and submit the actual plans for the Fitness Studio to Franchisor for review and approval. If necessary, it is Franchisee's sole responsibility to hire an architect or contractor and ensure their

adherence to the TITLE Boxing Club Specifications. If Franchisor determines, in its sole discretion, that the plans are not acceptable, Franchisor (A) will provide notice to Franchisee in writing within thirty (30) days of receipt of the plans stating the reasons the plans are unacceptable; and (B) may prohibit Franchisee from taking additional steps to construct the Fitness Studio until such time as the plans are acceptable to Franchisor. Franchisee must revise and resubmit the plans to Franchisor for approval and Franchisor will approve or reject the revised plans within fifteen (15) days of receipt. Regardless of any approval provided by Franchisor, Franchisee is solely responsible for the accuracy of the plans and the integrity of the construction of the Fitness Studio.

Promptly after receiving Franchisor's approval of the plans for the Fitness Studio in writing, Franchisee will do or cause to be done the following:

(1) Obtain all required zoning, building, utility, sign, health, and business permits and licenses, and any other required permits and licenses;

(2) Construct all required improvements to the Premises, purchase and install all required fitness equipment, fixtures, furniture and other equipment and decorate the Premises in accordance with the approved plans and in compliance with the Specifications and all applicable ordinances, building codes, permit requirements and lease or deed requirements and restrictions; and

(3) Establish filing, accounting and inventory control systems conforming to the requirements prescribed by Franchisor.

#### B. FITNESS STUDIO OPENING

Franchisee agrees that it will not open the Fitness Studio for business without Franchisor's prior approval and compliance by Franchisee with the requirements of this Agreement and the opening criteria established in the Operations Manual or other writings by Franchisor. In addition, Franchisee agrees that it will not open the Fitness Studio for business until it obtains 175 founding members, and Franchisee understands that Franchisee may not be successful even if the Fitness Studio opens with 175 founding members.

Franchisee must meet these requirements and open the Fitness Studio and commence business by the earliest to occur of the following three events:

(1) six (6) months after receiving site approval from Franchisor; or

(2) the twelve (12) month anniversary of the date of this Agreement; or

(3) thirty (30) days after receipt of Franchisor's written authorization to open.

Franchisee's failure to open for business in accordance with these requirements and deadline will constitute a material breach of this Agreement.

#### C. RELOCATION OF FITNESS STUDIO

1. Relocation other than because of Natural Disaster



If Franchisee's lease for the Premises of the Fitness Studio expires or terminates without fault of Franchisee, or if in the judgment of Franchisor and Franchisee there is a change in the character of the location of the Fitness Studio sufficiently detrimental to its business potential to warrant its relocation, Franchisor will grant permission for relocation of the Fitness Studio to another location Franchisor approves in the Protected Area. Franchisor will approve any relocation of the Fitness Studio under the same criteria as Franchisor uses to approve any new location. Franchisee must comply with the applicable site selection and construction procedures set forth in Sections 4 and 5 of this Agreement. Any relocation requires continuous operation - i.e. there cannot be more than a five day gap between when the old location stops operating and the new location begins operating. Any relocation must be at Franchisee's sole expense, and Franchisee must pay Franchisor a change of location fee of Five Thousand Dollars (\$5,000) at the time relocation is requested for services Franchisor renders to Franchisee because of relocation.

## 2. Relocation Due to Destruction by Natural Disaster

If Franchisee is unable to continue the operation of the Fitness Studio at the approved location because the Fitness Studio is destroyed by a natural disaster, then Franchisee may relocate the Fitness Studio to another location Franchisor approves in the Protected Area. Franchisor will approve any relocation of the Fitness Studio under the same criteria as Franchisor uses to approve any new location. Franchisee must comply with the applicable site selection and construction procedures set forth in Sections 4 and 5 of this Agreement. The relocated location must open within six months of the date the Fitness Studio is destroyed by the natural disaster. Any relocation must be at Franchisee's sole expense. There is no relocation fee for a force majeure event.

## D. PROGRESS REPORTS

Franchisee must provide Franchisor monthly written reports regarding the progress of construction or remodeling in compliance with Franchisor's then-current Specifications.

## 6. TRAINING AND OPERATING ASSISTANCE

### A. INITIAL TRAINING

1. Franchisor's current initial training program ("Initial Training") for franchisees addresses operation of the Fitness Studio, sales, marketing, and product, and currently consists of three parts: Pre-Opening Training, Pre-Sales Training, and Launch Training. (Franchisees who acquire existing operating TITLE Boxing Club Fitness Studios may not need to complete the Pre-Opening Training and Pre-Sales Training portions of Initial Training, but must complete any training required by Franchisor.) At Franchisor's discretion, the Initial Training program will consist of pre-prepared virtual courses, in person training (at one or more locations selected by Franchisor), or a combination.

2. The content, length, and location of the Initial Training is subject to change at Franchisor's sole discretion.

3. Franchisee and its general manager must successfully complete, to Franchisor's satisfaction, the Initial Training at least two weeks before the opening, or taking over operations, of the Fitness Studio.

4. If at any time during the Initial Training program it appears to Franchisor, in Franchisor's sole discretion, that a proposed manager is not able to successfully complete the Initial Training program, then Franchisee must select a successor manager who must attend and successfully complete the initial training program.

5. Franchisee is solely responsible for the compensation, travel, lodging and living expenses for Franchisee and its employees in connection with the attendance at the Initial Training. Franchisee is also solely responsible for the travel and lodging expense for Franchisor's trainers for any portions of the Initial Training that may occur at Franchisee's Fitness Studio.

6. Franchisee acknowledges and agrees that it is not in Franchisee's best interest or in the best interest of the System to allow the Fitness Studio to be managed by any person who has not successfully completed Franchisor's Initial Training.

#### B. SUPPLEMENTAL TRAINING

1. In addition to Initial Training, Franchisee and its general manager must attend and successfully complete all training programs and seminars as Franchisor periodically may require ("Supplemental Training").

2. For Supplemental Training away from the Fitness Studio, (a) Franchisee must pay Franchisor the then-current Supplemental Training fee, which is currently \$800 per day and which shall not exceed \$1,500 per day, and (b) Franchisee must pay all expenses incurred by Franchisee (or any of Franchisee's employees) in connection with attendance and participation in any Supplemental Training, including, without limitation, the cost of transportation, lodging, meals and any salaries or other wages.

3. For Supplemental Training at the Fitness Studio, (a) Franchisee must pay Franchisor the then-current Supplemental Training fee, which is currently \$800 per day and which shall not exceed \$1,500 per day, (b) Franchisee must reimburse Franchisor for the costs and expenses of Franchisor's employees conducting such training, including, without limitation, the cost of transportation, lodging and meals, and (c) Franchisee must pay all expenses incurred by Franchisee (or any of Franchisee's employees) in connection with attendance and participation in any Supplemental Training, including without limitations, the costs of transportation, lodging, meals, and any salaries or other wages.

4. If Franchisee requests additional training from Franchisor, and Franchisee chooses to provide this additional requested training, then (a) Franchisee must pay Franchisor the then-current Supplemental Training fee, which is currently \$800 per day and which shall not exceed \$1,500 per day, (b) Franchisee must reimburse Franchisor for the costs and expenses of

Franchisor's employees conducting such training, including, without limitation, the cost of transportation, lodging and meals, and (c) Franchisee must pay all expenses incurred by Franchisee (or any of Franchisee's employees) in connection with attendance and participation in any such training, including without limitations, the costs of transportation, lodging, meals, and any salaries or other wages.

C. HIRING AND TRAINING OF EMPLOYEES BY FRANCHISEE

Franchisee is solely responsible for the hiring of all of its employees of the Fitness Studio and is exclusively responsible for the terms of their employment and for their supervision and management, compensation and training. Franchisee is solely responsible for all employee hiring, working hours, benefits, wages, policies, management and supervision.

Franchisee agrees to maintain at all times a staff of trained employees sufficient to operate the Fitness Studio in compliance with Franchisor's standards. Any employee who is hired to serve as a coach must complete to Franchisor's satisfaction any Supplemental Training prior to conducting any classes in the Fitness Studio. In the event Franchisor determines any particular training should require additional Supplemental Training, Franchisor shall have discretion to require such additional training.

D. OPENING ASSISTANCE

If Franchisee requests, and Franchisor agrees (in Franchisor's sole discretion), then Franchisor will provide Franchisee with supervisory assistance in connection with the opening and initial operations of the Fitness Studio. Franchisee shall reimburse Franchisor or its affiliate for all costs and expenses incurred by Franchisor or such affiliate to provide such assistance to Franchisee. The direct costs and expenses to be reimbursed to Franchisor or its affiliate by Franchisee may include, but are not necessarily limited to, the costs of the transportation and lodging for the employees and other representatives of Franchisor and its affiliates to provide such assistance. In the event Franchisor provides Franchisee with opening assistance, Franchisee agrees to pay Franchisor or its affiliate such direct costs and expenses within thirty (30) days from the date of an invoice from Franchisor or its affiliate. Franchisee must have a certificate of occupancy from the local governmental agency where the Fitness Studio is located before Franchisor will schedule any such assistance.

E. OPERATING ASSISTANCE

Franchisor will advise Franchisee of operating problems of the Fitness Studio disclosed by reports submitted by Franchisee or by visits by Franchisor to the Fitness Studio, if Franchisor chooses to make visits to the Fitness Studio. Franchisor may evaluate the services provided by Franchisee at the Fitness Studio to maintain the highest standards of quality, service, and consistency throughout the System. Operating assistance provided by Franchisor to Franchisee may consist of one or more of the following:

- (1) Operating procedures utilized by Franchisee;

- (2) Evaluation of the Fitness Studio and the products and services provided by Franchisee to ensure compliance with the standards of quality, and service of the System;
- (3) Administering the Brand Creative Fund;
- (4) Conducting a national convention or regional meetings of Franchisees;
- (5) Selection of approved vendors and suppliers of products or services.

Guidance may be provided by Franchisor, in Franchisor's sole discretion, in the form of Franchisor's Operations Manual or through written or electronic communications to Franchisee, telephone consultations and/or consultations.

F. OPERATIONS MANUAL

Franchisor loans to Franchisee during the term of this Agreement one (1) copy of an Operations Manual. The Operations Manual may consist of one (1) or more handbooks or manuals, pre-recorded courses, training materials, and other written, electronic, digital, or recorded materials and communications (collectively, the "Operations Manual") for TITLE BOXING CLUB Fitness Studios. The Operations Manual contains mandatory and suggested specifications, standards and operating procedures Franchisor prescribes for TITLE BOXING CLUB Fitness Studios and information relative to other obligations of Franchisee. Franchisor has the right to add to, and otherwise modify, the Operations Manual to reflect changes in authorized products and services and then-current Specifications for a TITLE BOXING CLUB Fitness Studio. Franchisee must keep its copy of the Operations Manual current. The master copy of the Operations Manual Franchisor maintains controls if there is a dispute relative to the contents of the Operations Manual, provided Franchisor has made accessible to Franchisee via the Internet or otherwise (or delivered to Franchisee) the updates, changes, addenda, additions and revisions to the Operations Manual. Franchisee shall have a reasonable period of time to implement the changes in the System required by changes to the Operations Manual. Franchisor shall give Franchisee written notice of the changes required.

G. MODIFICATIONS TO THE SYSTEM

In the exercise of Franchisor's sole business judgment, Franchisor may from time to time modify any component of the System and any of the requirements applicable to Franchisee, including, but not limited to: (1) altering the products, services, programs, methods, standards, accounting and computer systems, forms, policies and procedures of the System; (2) adding to, deleting from or modifying the products and services which the Fitness Studio is authorized and required to offer; (3) modifying or substituting the equipment, signs, trade dress and other characteristics that Franchisee is required to follow; and (4) changing, improving, modifying or substituting Licensed Marks. Franchisee agrees to implement any System modifications as if they were part of the System at the time Franchisee signed this Agreement.

Franchisee further acknowledges that because uniformity under many varying conditions may not be possible or practical, Franchisor hereby reserves the right to materially vary its standards or franchise agreement terms for any Fitness Studio, based on the timing of the grant of the franchise, the peculiarities of the particular territory or the circumstances, business potential,

population, existing business practices, other non-arbitrary distinctions or any other condition which Franchisor considers important to the successful operation of the Fitness Studio. Franchisee has no right to require Franchisor to disclose any variation or to grant the same or a similar variation to Franchisee.

## 7. LICENSED MARKS

### A. LICENSE

Franchisor grants Franchisee the right to use the Licensed Marks during the term of this Agreement in accordance with the System and in compliance with the Specifications.

### B. OWNERSHIP AND GOODWILL

Franchisee expressly understands and acknowledges that:

(1) Franchisor has the licensed right and interest in and to the Licensed Marks and the goodwill associated with and symbolized by the Licensed Marks;

(2) Franchisee acknowledges that Franchisee has no interest whatsoever in or to the Licensed Marks and that Franchisee's right to use the Licensed Marks is derived solely from this Agreement and is conditioned upon Franchisee's conduct of his business in compliance with this Agreement and all applicable Specifications. Any unauthorized use of the Licensed Marks by Franchisee constitutes an infringement of the rights of Franchisor in and to the Licensed Marks;

(3) Franchisee agrees that all usage of the Licensed Marks by Franchisee and any goodwill exclusively benefits Franchisor or the registered owner to the Licensed Marks, Title Boxing, LLC. Franchisee acknowledges that this Agreement does not confer any goodwill or other interests in the Licensed Marks upon Franchisee. Franchisee shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Licensed Marks or assist any other person in contesting the validity or ownership of any of the Licensed Marks;

(4) Neither Franchisee nor any Principal may take any action that prejudices or interferes with the validity of Franchisor's rights with respect to the Licensed Marks; and

(5) All provisions of this Agreement applicable to the Licensed Marks apply to any additional trademarks, service marks, logo forms and commercial symbols authorized for use by, and licensed to, Franchisee pursuant to this Agreement.

### C. USE OF THE LICENSED MARKS

Franchisee further agrees that:

(1) The Licensed Marks shall be the sole identification of the Fitness Studio. Franchisee must operate and advertise the Fitness Studio only under the name TITLE BOXING CLUB® without prefix or suffix. Franchisee must not use the Licensed Marks as part of its

corporate or other legal name and must not use the Licensed Marks with modifying words, terms, designs or symbols, or in any modified form;

(2) Franchisee must identify itself as the owner of the Fitness Studio, as an independent Franchisee of Franchisor, in conjunction with any use of the Licensed Marks, including, but not limited to, uses on stationery, membership contracts, advertising, invoices, order forms, receipts and contracts, and in a notice at the Fitness Studio, as required in the Operations Manual. Franchisee agrees to display the Licensed Marks prominently and in the manner prescribed by Franchisor; and

(3) Franchisee must comply with Franchisor's instructions in filing and maintaining their requisite trade name or fictitious name registrations as may be required by applicable law.

#### D. RESTRICTIONS ON INTERNET AND WEBSITE USE

Franchisor retains the sole right to advertise the System on the Internet and to create, operate, maintain and modify, or discontinue the use of, a website using the Licensed Marks. Franchisee has the right to access Franchisor's website. However, except as Franchisor may authorize in writing, in Franchisor's sole discretion, Franchisee shall not in any way: (i) link or frame Franchisor's website; (ii) conduct any business or offer to sell or advertise any products or services on the worldwide web; and (iii) create or register any Internet domain name in connection with Franchisee's franchise.

Franchisor has registered the domain name "titleboxingclub.com". Franchisee acknowledges that Franchisor is the lawful and sole owner of the domain name "titleboxingclub.com" which domain name incorporates Franchisor's trademark TITLE BOXING CLUB®. Franchisee agrees not to register the trademark TITLE BOXING CLUB® or any of the Licensed Marks now or hereafter owned by Franchisor or any abbreviation, acronym or variation of the Licensed Marks, or any other name that could be deemed confusingly similar, as Internet domain names, including, but not limited to, generic and country code top level domain names available at the present time or in the future.

#### E. NOTIFICATION OF INFRINGEMENT AND CLAIMS

Franchisee must notify Franchisor immediately in writing of any apparent infringement of or challenge to Franchisee's use of any Licensed Mark, or claim by any person of any rights in any Licensed Mark or any similar trade name, trademark or service mark of which Franchisee becomes aware. Franchisee must not communicate with any person other than Franchisor and its counsel in connection with any infringement, challenge or claim. Franchisor and/or its licensor has sole discretion to take any action it deems appropriate and the right to exclusively control any litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding arising out of any infringement, challenge or claim or otherwise relating to any Licensed Mark. Franchisee agrees to execute all documents, render assistance and do all that may be necessary or advisable to protect and maintain the interests of Franchisor and/or its licensor in any litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding or to otherwise protect and maintain the interests of Franchisor and/or its licensor in the Licensed Marks. Franchisor will

reimburse Franchisee for reasonable direct expenses incurred by Franchisee in assisting Franchisor in any such litigation or administrative proceeding.

F. INDEMNIFICATION OF FRANCHISEE/DISCONTINUANCE OF USE OF LICENSED MARKS

Franchisor agrees to indemnify Franchisee against, and to reimburse Franchisee for, all damages for which he is held liable in any proceeding brought by a third-party in which Franchisee's use of any Licensed Mark is held to constitute trademark infringement, unfair competition, or dilution, and for all costs Franchisee reasonably incurs in the defense of any claim brought against him or in any proceeding in which he is named as a party, provided that Franchisee timely notifies Franchisor of the claim or proceeding and has otherwise complied with this Agreement and that Franchisor has the right to defend any claim. If Franchisor defends the claim, Franchisor has no obligation to indemnify or reimburse Franchisee with respect to any fees or disbursements of any attorney retained by Franchisee.

At any time in Franchisor's sole discretion it becomes advisable for Franchisor and/or Franchisee to modify or discontinue use of any Licensed Mark, and/or use one (1) or more additional or substitute trademarks or service marks, Franchisee agrees to comply within a reasonable time after notice by Franchisor. Any substitution or change in the Licensed Marks shall not be effective as to Franchisee, until such change is made in Franchisor's Fitness Studios. The sole liability and obligation of Franchisor in any event is to reimburse Franchisee for the out-of-pocket costs of complying with this obligation.

G. NON-EXCLUSIVE RIGHTS

The right and license to the use of the Licensed Marks granted to Franchisee is non-exclusive and Franchisor has and retains the following rights: (i) to grant other licenses for use of the Licensed Marks except as prohibited in Section 2 of this Agreement; and (ii) to engage in the use and licensing for distribution and sale of the Licensed Marks for utilization on products as Franchisor may develop or use.

**8. FRANCHISOR'S OBLIGATIONS**

Franchisor agrees to provide the following services:

A. Provide on loan to Franchisee digital access to the confidential Operations Manual and other written materials as Franchisor develops for use in the operation of a Fitness Studio;

B. Provide advice and consult with Franchisee periodically in connection with the operation of the Fitness Studio. Franchisor may, but is not obligated to, provide the foregoing information by telephone, by videoconference, by visiting the Fitness Studio, by providing written material or communications, or via meetings at such locations as may be selected by Franchisor;

C. Provide certain marketing materials developed by Franchisor for use by Franchisee in the operation of the Fitness Studio;

D. Provide a list of approved suppliers to Franchisee and continue to evaluate approved supplier performance and product quality; and

E. Conduct an initial training program for Franchisee.

## **9. CONFIDENTIAL INFORMATION**

A. Confidential Information means all methods, techniques, formats, specifications, training, marketing and public relations methods, programming and format of the fitness classes, service methods, systems, trade secrets, customer information, membership data, and knowledge in the operation of TITLE BOXING CLUB Fitness Studio (the “Confidential Information”). Franchisee acknowledges that this Confidential Information, which includes, but is not limited to, that contained in the Operations Manual, is not generally known in the industry and is beyond the present skill and experience of Franchisee and that to develop it would be expensive, time consuming and difficult. Franchisor discloses the Confidential Information to Franchisee in the training programs, Operations Manual and in guidance furnished to Franchisee. Franchisee acknowledges that the Confidential Information provides a competitive advantage and will be valuable to Franchisee. Accordingly, Franchisee agrees that the Confidential Information, as described above, which may or may not be “trade secrets” under prevailing judicial interpretations or statutes, is private and valuable and does constitute trade secrets belonging to Franchisor. Franchisee further acknowledges that all memberships, membership data, and other customer information generated by Franchisee, shall become Confidential Information belonging to Franchisor and there shall no compensation to Franchisee for the development of the same.

B. To protect the reputation and goodwill of Franchisor and the System and to maintain high standards of operation under the Licensed Marks, Franchisee agrees to conduct its business in accordance with the Operations Manual, with other written directives from Franchisor, which Franchisor may issue to Franchisee and which may or may not be made part of the Operations Manual, and other manuals, electronic transmissions, publications and materials created or approved for use in the operation of the franchised business.

C. Franchisee shall at all times treat the Operations Manual and any other manuals and materials created for or approved for use and the information contained therein as confidential and shall maintain all information as trade secrets and confidential. Franchisee may divulge and make this material available only to those of Franchisee’s employees who must have access to it in order to operate the Fitness Studio. Except as is reasonably necessary to conduct the business of the Fitness Studio, Franchisee shall not at any time copy, duplicate, record or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any unauthorized person, without the prior written consent of Franchisor.

D. The Operations Manual, written directives, other manuals and materials, and any other Confidential Information provided or approved by Franchisor shall at all times remain the sole property of Franchisor, shall be kept in a secure place at the Fitness Studio, and shall be returned to Franchisor immediately upon request or upon termination or expiration of this Agreement.



E. Franchisor may revise the contents of the Operations Manual and the contents of any other manuals created or approved for use in the operation of the Fitness Studio. Franchisee expressly agrees to comply with each new or changed standard.

F. Franchisee acknowledges and agrees that during and after the term of this Agreement, Franchisee, its owners and employees will not acquire any interest in the Confidential Information, other than the right to utilize it in the development and operation of the Fitness Studio during the term of this Agreement, and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition. Franchisee acknowledges and agrees that the Confidential Information is proprietary and is a trade secret of Franchisor and is disclosed to Franchisee solely on the condition that Franchisee agrees, and Franchisee does agree, that he will:

- (1) not use the Confidential Information in any other business or capacity;
- (2) maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement;
- (3) not make unauthorized copies of any portion of the Confidential Information disclosed in written form;
- (4) adopt and implement all reasonable procedures Franchisor prescribes to prevent unauthorized use or disclosure of the Confidential Information, including restrictions on disclosure to employees of the Fitness Studio and the use of nondisclosure and noncompetition clauses in employment agreements with persons; and
- (5) sign a Confidentiality Agreement and will require all managers to sign such an agreement in a form approved by Franchisor (see Exhibit B).

G. The restrictions on Franchisee's disclosure and use of the Confidential Information will not apply to (i) information, processes or techniques which are or become generally known in the fitness industry, other than through disclosure (whether deliberate or inadvertent) by Franchisee; or (ii) disclosure of Confidential Information in judicial or administrative proceedings to the extent Franchisee is legally compelled to disclose information, provided Franchisee has used its best efforts, and has afforded Franchisor the opportunity, to obtain an appropriate protective order or other insurance satisfactory to Franchisor of confidential treatment for the information required to be disclosed.

H. Neither Franchisee nor any Principal shall, during the term of this Agreement or thereafter, communicate, disclose or use to the benefit of any other person, persons, partnership, association, limited liability company or corporation, any Confidential Information, trade secrets, knowledge or know-how concerning the method of operation of the Fitness Studio which may be communicated to Franchisee or of which they may be approved by virtue of Franchisee's operation of the Fitness Studio under the terms of this Agreement. Any and all information, trade secrets, knowledge, know-how, techniques and any materials used in or related to the System, which Franchisor provides to Franchisee in connection with this Agreement and which are identified by Franchisor in writing to be confidential, shall be deemed confidential for purposes of this Agreement.

I. If Franchisee or the Principals develop any new concept, process, product, training or fitness class, or improvement to the operation or promotion of the Fitness Studio, Franchisee must promptly notify Franchisor and provide Franchisor with all necessary related information and assign Franchisor all rights and interests thereto, without compensation. Franchisee and the Principals acknowledge that any concept, process, product, or improvement becomes the property of Franchisor either as a “work made-for-hire” or otherwise, and Franchisor may use or disclose that information to other franchisees as it determines to be appropriate. In the event the concept, process, product or improvement becomes a part of the System, Franchisor will reimburse Franchisee for its reasonable out-of-pocket expenses incurred in its development.

## **10. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION**

A. The parties understand and agree that this Agreement does not create a fiduciary relationship between them, that Franchisor and Franchisee are independent contractors and that nothing in this Agreement is intended to make either party a general or special agent, legal representative, subsidiary, joint venturers, partner, employee or servant of the other for any purpose. None of Franchisee’s employees will be considered as Franchisor’s employees. Neither Franchisor nor any of its employees whose compensation Franchisee pays may in any way, directly or indirectly, expressly or by implication, be construed, to be Franchisor’s employee for any purpose. Franchisor will not have the power or authority to hire or fire Franchisee’s employees. Franchisee acknowledges and agrees, and will never contend otherwise, that Franchisee alone will exercise day-to-day control over all operations, activities and elements of its Fitness Studio. Franchisee further acknowledges and agrees that the requirements, restrictions, Specifications, recommendations and procedures of the System, do not directly or indirectly suggest, infer or imply that Franchisor controls any aspect or element of the day-to-day operations of the Fitness Studio, which Franchisee alone controls.

B. Franchisee must conspicuously identify himself at the Premises of the Fitness Studio and in all dealings with customers, lessors, contractors, suppliers, public officials and others as the owner of the Fitness Studio under a franchise from Franchisor, and must place other notices of independent ownership on signs, forms, membership contracts, employment agreements, stationery, advertising and other materials as Franchisor requires.

C. Franchisor has not authorized or empowered Franchisee to use the Licensed Marks, except as provided by this Agreement. Franchisee must not employ any Licensed Mark in signing any contract, lease, mortgage, check, purchase agreement, negotiable instrument or other legal obligation without the prior written consent of Franchisor, or employ any Licensed Mark in a manner that is likely to result in liability of Franchisor for any indebtedness or obligation of Franchisee.

D. Neither Franchisor nor Franchisee may make any express or implied agreements, guaranties or representations, or incur any debt, in the name of or on behalf of the other or represent that their relationship is other than franchisor and franchisee, and neither Franchisor nor Franchisee are obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized, nor is Franchisor obligated for any damages to any person or property directly or indirectly arising out of the operation of the Fitness Studio, whether or not caused by Franchisee’s negligent or willful action or failure to act.

E. Franchisor has no liability for any sales, use, excise, gross receipts, property or other taxes, whether levied upon Franchisee, the Fitness Studio or its assets, or upon Franchisor in connection with sales made, services performed or business conducted by Franchisee.

F. Franchisee and each of the Principals must, at their sole cost and at all times, indemnify and hold harmless to the fullest extent permitted by law, Franchisor, its affiliate and its subsidiaries, its successors and assigns and the officers, directors, managers, shareholders, partners, agents, representatives, independent contractors, attorneys, servants and employees of each of them (the "Indemnitees,") from all losses and expenses and for any liability, taxes or damages (actual or consequential) and all reasonable costs and expenses of defending any claim brought against any of them or any action in which any of them is named as a party (including reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses) which any of them may suffer, sustain or incur by reason of, arising from or in connection with Franchisee's ownership or operation of the Fitness Studio, unless the loss, liability or damage is solely due to Franchisor's gross negligence, willful misconduct or criminal acts (except to the extent that joint liability is involved, in which event the indemnification provided herein shall extend to any finding of comparative or contributory negligence to Franchisee) and such indemnification shall include all such amounts incurred in connection with any action, suit, proceeding, claim, demand, investigation, inquiry (formal or informal) or settlement which arises out of or is based upon any of the following:

(1) The infringement, alleged infringement, or any other violation or alleged violation by Franchisee or any of the Principals of any Licensed Mark owned by Franchisor (except the right to use the Licensed Marks, any copyrights or any other proprietary information granted pursuant to this Agreement);

(2) Libel, slander or any other form of defamation of Franchisor, the System or any franchisee operating under the System, by Franchisee or by any of the Principals;

(3) The violation or breach of any warranty, representation, agreement or obligation in this Agreement or any other agreement between Franchisee or its affiliate and Franchisor or its affiliate, or the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of any of them; or

(4) Intentional acts and unintentional acts, errors or omissions of Franchisee, or of Franchisee's affiliate or of any of the Principals or the officers, directors, shareholders, partners, agents, representatives, independent contractors or employees of each of them in connection with the establishment or the operation of the Fitness Studio, including, without limitation, acts or claims of discrimination of any nature.

Franchisee and each of the Principals agree to give Franchisor prompt notice of any action, suit, proceeding, claim, demand, inquiry or investigation that could be the basis for a claim by any Indemnitee within five (5) days of actual or constructive notice of it to Franchisee. At the expense and risk of Franchisee and each of the Principals, Franchisor may elect to assume (but under no circumstances is obligated to undertake) the defense and/or settlement of any action, suit, proceeding, claim, demand, inquiry or investigation. An undertaking by Franchisor, does not

diminishes the obligation of Franchisee and each of the Principals to indemnify Franchisor and the other Indemnitees and to hold Franchisor and them harmless.

All losses and expenses incurred under this Section 10 shall be chargeable to and paid by Franchisee and any of the Principals pursuant to its obligations of indemnity under this Section 10, regardless of any actions, activity or defense undertaken by Franchisor or the subsequent defense or failure of these actions, activity, or defense. The phrase “losses and expenses” includes, without limitation, all losses, claims, liabilities, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, reasonable attorneys’ and experts’ fees, court costs, settlement amounts, judgments, compensation for damages to the Franchisor’s reputation and goodwill, cost of or resulting from delays, financing, cost of advertising material and media time, and cost of changing, substituting or replacing the same, and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described. All such losses and expenses incurred under this indemnification provision will be chargeable to and paid by Franchisee, regardless of any actions, activity or defense undertaken by Franchisor or the subsequent success or failure of the actions, activity or defense.

Under no circumstances is the Franchisor required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against Franchisee or any of the Principals. Franchisee and each of the Principals agree that Franchisor’s failure to pursue recovery or mitigate their loss in no way reduces the amounts recoverable from Franchisee or any of the Principals; and

Franchisee and the Principals expressly agree that the terms of this Section 10 shall survive the termination, expiration or transfer of this Agreement or any interest herein.

G. Franchisor agrees to indemnify and hold Franchisee harmless against, and to reimburse him for, any loss, liability or damage (actual or consequential) and all reasonable costs and expenses of defending any claim brought against Franchisee or any action which Franchisee is named as a party (including reasonable accountants’, attorneys’ and expert witness fees, the cost of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses) which Franchisee may suffer, sustain or incur solely by reason of, arising from or in connection with the gross negligence of Franchisor (or its affiliate) in the operation of the Fitness Studio and which was the direct cause of the loss, liability or damage.

## **11. FRANCHISE FEES**

### **A. INITIAL FRANCHISE FEE**

Franchisee must pay Franchisor an Initial Franchise Fee equal to \$49,500, which must be paid to Franchisor at the time of signing the Franchise Agreement. Franchisor will reduce the Initial Franchise Fee to \$33,166 per Franchise Agreement if Franchisee contemporaneously signs Franchise Agreements for three or four Fitness Studios or the Developer commits to develop three or four Fitness Studios under the terms of the Area Development Agreement. The initial franchise fee is reduced to \$29,900 per Franchise Agreement if Franchisee contemporaneously signs Franchise Agreements for five or more Fitness Studios or the Developer commits to develop five or more Fitness Studios under the terms of the Area Development Agreement. Franchisee is

prohibited from opening a Fitness Studio until the Initial Franchise Fee for that Fitness Studio has been paid by Franchisee to Franchisor. The Initial Franchise Fee is fully earned upon execution of the Franchise Agreement and is not refundable under any circumstance. The parties agree that the Initial Franchise Fee is intended to allow Franchisor to recover a portion of its costs to help Franchisee develop the Fitness Studio prior to opening.

#### B. ROYALTY FEE

Subject to the calculation and payment of Minimum Royalties (as defined below), Franchisee shall pay Franchisor, on a weekly basis, a continuing non-refundable royalty fee (the "Royalty Fee") equal to seven and one-half percent (7.5%) of the Fitness Studio's Gross Revenue (as defined below) for the previous week. The term "Minimum Royalties" means an amount equal to the Royalty Fee that Franchisee would have paid if the Franchisee had achieved the applicable Minimum Performance Standard in Section 2 Paragraph G of this Agreement during any particular calendar month that the Minimum Performance Standard applied, where such amount is determined by multiplying the monthly Gross Revenue associated with the applicable Minimum Performance Standard times seven and one half percent (7.5%). If the Royalty Fees paid by Franchisee based on the operation of the Fitness Studio for any particular calendar month are less than the Minimum Royalties, Franchisee shall pay an additional amount, on a monthly basis, equal to the amount the Minimum Royalties exceed the Royalty Fees already paid for such month (the "Royalty Adjustment"). Any additional amounts collected as a Royalty Adjustment shall be deemed part of the "Royalty Fee" for purposes of this Agreement. The Royalty Fee must be paid in accordance with our System Standards. Our current standard requires the use of our approved vendor for Royalty collection. Franchisee acknowledges, agrees and authorizes the approved vendor to deduct from the Gross Revenue due Franchisee the Royalty Fee and Brand Creative Fund Contribution due Franchisor. Franchisor may require Franchisee to pay the Royalty Fee and the Brand Creative Fund Contribution by Electronic Funds Transfer upon thirty (30) days written notice from Franchisor, and in such event, Franchisee agrees to execute Exhibit F to this Agreement or such other documents as Franchisor may require to cause an electronic funds transfer for payment of the Royalty Fee. Each Royalty Fee payment must be accompanied or preceded by a weekly report itemizing the Gross Revenue and any other reports required under this Agreement. The Gross Revenue report must be e-mailed to Franchisor weekly or by such other method of delivery as Franchisor reasonably directs, in the form and format required by Franchisor, in its sole and absolute discretion. If applicable, any Royalty Adjustment will be calculated immediately after the end of the calendar month during which the Minimum Royalties for that month exceed the Royalty Fees previously paid by Franchisee for such month, and any Royalty Adjustment due to Franchisor must be paid by Franchisee within ten (10) days after Franchisee's receipt of the calculation of such Royalty Adjustment. The parties agree that the Royalty Fee is intended to compensate Franchisor for Franchisee's right to use the System and the Licensed Marks in accordance with the terms of this Agreement.

#### C. ONLINE SCHEDULING TRANSACTIONS

Franchisor Reserves the right to distinguish online scheduling from other aspects of technology which would otherwise be paid through the Technology Fee. Franchisor may charge Franchisee a standardized fee ("On-line Scheduling Charge") based on the actual amount the

service provider charges Franchisor to provide these services. This fee may be adjusted by Franchisor if the service provider changes the amount of fees it charges Franchisor.

#### D. DEFINITION OF GROSS REVENUE

The term “Gross Revenue” means the aggregate amount of all sales of services, classes, memberships, goods, articles and any other merchandise or service, and the aggregate of all charges for services (including service charges in lieu of gratuity), whether for cash, on credit or otherwise, made and rendered in, about or in connection with the Fitness Studio or received as a consequence of the use of the Licensed Marks or other aspects of the System, including off-Premises sales and moneys derived at or away from the Fitness Studio, provided they are in connection with the business conducted under this Agreement. Gross Revenue does not include employee discounts or other discounts. The term Gross Revenue does not include any federal, state, municipal or other sales, value added or retailer’s excise taxes paid or accrued by Franchisee. The term Gross Revenue shall not include adjustments for refunds or net returns on salable goods or services, and discounts allowed to customers on sales, but must not be modified for uncollected accounts.

#### E. ROYALTY FEE REPORTS

Each Royalty Fee payment must be paid by, in accordance with our System Standards, and must be accompanied by or preceded by a Royalty Fee report itemizing the Gross Revenue for the preceding week. Franchisee must provide Franchisor with the Royalty Fee report by e-mail by Tuesday of each week or by such other method of delivery as Franchisor reasonably directs, in the form and format required by Franchisor, in its sole and absolute discretion.

#### F. PAYMENT PROCESS AND ELECTRONIC FUNDS TRANSFER

Franchisee is required to use and pay for Franchisor’s approved vendor or vendors for certain payment processing services, as more clearly described in the Operations Manual or other writings by Franchisor. As part of this service, Franchisee acknowledges and agrees that the approved vendor may (1) collect certain revenue on behalf of Franchisee, and (2) pay to Franchisor, Franchisor’s affiliates, and certain vendors fees or other amounts owed to Franchisor, Franchisor’s affiliates, and certain vendors, including but not limited to Royalty, Brand Creative Fund, Technology Fees, CLR Fees, contributions to an advertising cooperative, interest, late fees, and other charges or other fees required pursuant to this Agreement or the Operations Manual or other writings by Franchisor, and (3) remit the remaining revenue, net of any service fees, to Franchisee. Franchisor reserves the right to change the approved vendor or vendors, what services are provided by the approved vendor or vendors, what fees are paid by the vendor or vendors, and what fees are charged by the vendor or vendors and by Franchisor. Franchisee must pay any adjusted fees within thirty (30) days after Franchisor notifies Franchisee of the adjustment.

At Franchisor’s election, upon thirty (30) days written notice from Franchisor, Franchisee agrees to pay by Electronic Funds Transfer fees or other amounts owed to Franchisor, Franchisor’s affiliates, or vendors, including but not limited to Royalty, Brand Creative Fund, Technology Fees, CLR Fees, contributions to an advertising cooperative, interest, late fees, and other charges or other fees required pursuant to this Agreement or the Operations Manual or other writings by

Franchisor. Franchisee is required to sign and agrees to sign and deliver to Franchisor appropriate Electronic Funds Transfer Pre-Authorization Draft Forms drawn upon Franchisee's checking account, as required by Franchisor, in its sole discretion. In the event the request for Electronic Funds Transfer fails for any reason whatsoever, Franchisee agrees to immediately pay Franchisor any fees and money due Franchisor, Franchisor's affiliates, or vendors.

G. TECHNOLOGY FEE AND APP FEE

1. Franchisee shall pay Franchisor, or its designated vendor, its then-current monthly Technology Fee which is currently \$349 per month, commencing upon the execution of this Agreement, which is due and payable on or before the tenth (10th) day of each month. Franchisor reserves the right to adjust the amount of the Technology Fee from time to time as set forth in the Operations Manual or other writings, and Franchisee must pay the adjusted Technology Fee within thirty (30) days after Franchisor notifies Franchisee of the rate adjustment. Franchisor also reserves the right to adjust what services are included with the Technology Fee from time to time as set forth in the Operations Manual or other writings.

2. In addition to this Technology Fee, Franchisee shall pay Franchisor, or its designated vendor, its then-current monthly App Fee which is currently \$110 per month, commencing upon the execution of this Agreement, which is due and payable on or before the tenth (10th) day of each month. Franchisor reserves the right to adjust the App Fee from time to time as set forth in the Operations Manual or other writings, and Franchisee must pay the adjusted App Fee within thirty (30) days after Franchisor notifies Franchisee of the rate adjustment. Franchisor also reserves the right to adjust what services are included with the App Fee from time to time as set forth in the Operations Manual or other writings.

3. In addition to the Technology Fee and App Fee, Franchisee will need to incur other costs for technology.

H. MUSIC LICENSING FEE

If required by Franchisor, Franchisee must acquire licensing rights from the music vendor specified by Franchisor and pay periodic licensing fees to such vendor on a timely basis and otherwise maintain such licensing rights. Failure to obtain and maintain such licensing rights if required by Franchisor is a material breach of this Agreement.

I. INITIAL PACKAGE SETUP FEE

Franchisor may offer to supervise the assembly of the bag system for the Fitness Studio to open for business. If Franchisee chooses to utilize Franchisor to provide supervision of the assembly of the bag system for the Fitness Studio to open for business, then Franchisee shall pay Franchisor a one-time fee equal to \$3,500, plus the out-of-pocket costs incurred by Franchisor for travel and lodging of Franchisor's personnel who provide such services. This fee will be due and payable within 30 days after such services are provided to Franchisee.

J. STANDARD INITIAL PACKAGE

Franchisee shall purchase from Franchisor's required vendor(s) a standard initial package (the "Standard Initial Package") of equipment, products and materials. The Standard Initial Package for a 3500 square foot club is set forth on Exhibit E; the Standard Initial Package components and price vary based on the square footage of the club. Franchisor reserves the right to grant variances to the Standard Initial Package depending on the layout of Franchisee's Fitness Studio.

K. INITIAL TRAINING FEES

1. If Franchisee is opening a new TITLE Boxing Club location, Franchisee must pay Franchisor initial training fees consisting of: (A) a one-time Pre-Sales Training Fee in the amount of \$1,500 and (B) a one-time Launch Training Fee in the amount of \$6,000. The Pre-Sales Training Fee and Launch Training Fee are due at the time Franchisee signs the Franchise Agreement.

2. If Franchisee is purchasing an existing operating TITLE BOXING CLUB Fitness Studio, Franchisee must pay Franchisor initial training fees consisting of a one-time Launch Training Fee in the amount of \$6,000. The Launch Training Fee is due at the time Franchisee signs the Franchise Agreement.

3. If, in the future, Franchisee transfers the franchise to another buyer with franchisor's consent, different initial training fees may be due by the future buyer.

L. INTEREST ON LATE PAYMENTS

All Royalty Fees and Brand Creative Fund Contributions and all other amounts which Franchisee owes to Franchisor or its affiliate shall bear interest after the applicable due date at the greater of: (1) one-and-one-half percent (1½%) per month; or (2) an annual interest rate of three percent (3%) in excess of the Prime Rate (as defined below) announced by Chase Manhattan Bank of New York, N.Y. "Prime Rate" means the per annum interest rate for ninety (90) day unsecured commercial loans to large corporate customers of the highest credit standing. The interest rate must not exceed the highest applicable legal rate for open account business credit in the state in which the Fitness Studio is located.

Franchisee acknowledges that this Paragraph G does not constitute Franchisor's agreement to accept payments after they are due or a commitment by Franchisor to extend credit to, or otherwise finance Franchisee's operation of, the Fitness Studio. Further, Franchisee acknowledges that his failure to pay all amounts when due shall constitute grounds for termination of this Agreement, as provided in Section 19.

M. APPLICATION OF PAYMENTS

Franchisor has sole discretion to apply any payments received from Franchisee or any indebtedness of Franchisor to Franchisee to any past due indebtedness of Franchisee including but



not limited to Royalty Fees, Brand Creative Fund Contributions, purchases from Franchisor or its affiliate, interest, third party fees, or any other indebtedness of Franchisee to Franchisor or its affiliate. If Franchisor requires Franchisee to acquire and utilize an electronic cash register system, then if a cash shortage occurs (as defined in the Operations Manual) the amount of Gross Revenue shall be determined based on the records of the electronic cash register system or point-of-sale system and any cash shortage must not be considered in the determination.

N. WITHHOLDING PAYMENTS UNLAWFUL

Franchisee agrees that he will not withhold payment of any Royalty Fee, Brand Creative Fund Contribution or any other amount due Franchisor and that the alleged non-performance or breach of any of Franchisor's obligations under this Agreement or any related agreement does not establish a right at law or in equity to withhold payments due Franchisor for Royalty Fees, Brand Creative Fund Contributions or any other amounts due to Franchisor or its affiliate.

**12. FITNESS STUDIO IMAGE AND OPERATING STANDARDS**

A. MAINTAINING UNIFORMITY

Franchisee agrees to offer membership services, fitness classes, products, supplements, equipment, products, and other services as required by Franchisor consistent with the image of a TITLE BOXING CLUB Fitness Studio. Franchisee agrees to maintain uniformity among all of the TITLE BOXING CLUB Fitness Studios and agrees to comply with all Specifications.

Franchisor reserves the right at any time and from to time to establish maximum, minimum and other pricing requirements on prices Franchisee may charge for memberships, products or services to the fullest extent allowed under applicable law, as provided in Section 14, paragraph E of this Agreement. If Franchisee elects to sell memberships, or any products, services, or merchandise at any price required or recommended by Franchisor, Franchisee acknowledges that Franchisor has made no guarantee or warranty that the required or recommended price will enhance Franchisee's sales or profits.

In the Fitness Studio, Franchisee will honor memberships sold by other franchisees or by an affiliate of the Franchisor and will welcome and allow members of other TITLE BOXING CLUB Fitness Studios to participate in fitness classes and to utilize all of the equipment and benefits of the Fitness Studio in accordance with our System Standards.

Franchisee acknowledges and agrees that it is in the best interests of Franchisee and the System to maintain uniformity, in structure, of membership fees throughout the System.

Franchisee agrees that it is important to maintain uniformity among all TITLE BOXING CLUB Fitness Studios and agrees to comply with all Specifications. These system standards are set forth in the Operations Manual and other written policies that Franchisor may release from time to time. Depending on the nature of the system's standard, Franchisor may establish requirements, procedures, or guidelines to assist Franchisee in meeting or complying with the standard.

B. CONDITION AND APPEARANCE OF FITNESS STUDIO /REBUILDING OF FITNESS STUDIO

To assure the continued success of the Fitness Studio:

(1) Franchisee must maintain the Fitness Studio in a high degree of repair, appearance, condition and sanitation, and must make any additions, alterations, repairs and replacements (but no others without Franchisor's written consent) for that purpose including, without limitation, periodic repainting or replacement of obsolete signs, furnishings, equipment (including fitness, electronic cash register or computer hardware and software systems), and decor and merchandising as Franchisor reasonably directs.

(2) Franchisee must, upon the request of Franchisor, make other improvements to modernize and upgrade the Fitness Studio Premises, fitness equipment, electronic cash register or computer hardware and software systems, signs, interior and exterior decor items, fixtures, equipment, furnishings, supplies and other elements required for the operation of the Fitness Studio, to the Specifications. There are no limitations on the frequency and cost of the upgrading or updating of the computer hardware or software to comply with the Specifications. Franchisor will not impose any new or modified standards or specifications requiring structural changes, remodeling or renovation of the Fitness Studio more frequently than once every two (2) years.

C. REMEDIES FOR NONCOMPLIANCE WITH APPEARANCE OF FITNESS STUDIO

If Franchisee fails or refuses to initiate within ten (10) days after receipt of notice, and to continue in good faith and with due diligence, a bona fide program to undertake and complete any required maintenance or refurbishing that in Franchisor's sole discretion will have a negative impact upon the goodwill associated with the Licensed Marks and/or the System, then Franchisor has the right, but is not obligated, to enter upon the Premises of the Fitness Studio and effect maintenance and refurbishing on Franchisee's behalf, and Franchisee must pay the entire cost to Franchisor on demand.

D. DAMAGE CAUSED BY CASUALTY

If the Fitness Studio is damaged or destroyed by fire or any other casualty, Franchisee must, within thirty (30) days, initiate repairs or reconstruction, and thereafter in good faith and with due diligence continue (until completion) repairs or reconstruction, in order to restore the Premises of the Fitness Studio to its original condition before the casualty. If Franchisee demonstrates that it is diligently pursuing insurance claims related to such damage, Franchisor may grant an extension to such time period. If, in Franchisor's reasonable judgment, the damage or destruction is of a nature or to an extent that it is feasible for Franchisee to repair or reconstruct the Premises of the Fitness Studio in conformance with the then-standard Specifications required by Franchisor without incurring substantial additional costs, Franchisor may require Franchisee, by giving written notice, to repair or reconstruct the Premises of the Fitness Studio in conformance with the then-standard Specifications required by Franchisor.

E. ALTERATIONS TO THE FITNESS STUDIO

Franchisee must make no material alterations to the Premises or appearance of the Fitness Studio, nor make any unapproved additions or replacements of, or material alterations to, the fixtures, equipment, furniture or signs of the Fitness Studio without prior written approval by

Franchisor. Franchisor has the right, in its sole discretion and at the sole expense of Franchisee, to rectify any material alterations to the Fitness Studio not previously approved by Franchisor or contrary to the Specifications. Franchisor will provide written notice to Franchisee and grant Franchisee a reasonable period of time to rectify and correct the material alteration before Franchisor makes the correction.

Franchisee will not be permitted to place any fitness equipment or video or electronic games or other types of games or electronic equipment on the Premises of the Fitness Studio without the express written permission of Franchisor.

#### F. OPERATING STANDARDS AND SPECIFICATIONS

To ensure that the highest degree of quality and service is maintained, Franchisee must use its best efforts to operate the Fitness Studio in strict conformity with the methods and Specifications of Franchisor as set forth in the Operations Manual and as Franchisor may otherwise reasonably prescribe in writings. Franchisee further agrees:

(1) to designate and retain at all times one general manager and assistant manager who shall devote full time and best efforts to the supervision and management of the Fitness Studio, who each has attended and successfully completed the training requirements of the Franchisor and who consistently demonstrate their abilities to satisfy the performance requirements of their positions;

(2) to install and maintain all fitness equipment and all computer systems, as specified in the Operations Manual, which permits Franchisor to access and retrieve by telecommunication any information stored on the computer system or other computer hardware and software at the times and in the manner Franchisor requests;

(3) to permit Franchisor to inspect the Fitness Studio and to monitor electronically (at all times) information concerning the Fitness Studio, Gross Revenue and such other information Franchisor prescribes. Franchisee must obtain and maintain Internet access or other means of electronic communication as Franchisor specifies so that Franchisor shall have telephone access as provided at times and in the manner Franchisor specifies; and

(4) to acquire or license software programs required by Franchisor to track member sales, class scheduling, product sales and compile sales data from the Fitness Studio.

#### G. PRODUCTS AND SERVICES OFFERED FOR SALE

Franchisee acknowledges and agrees that (A) the products and services offered for sale in TITLE BOXING CLUB Fitness Studios must be maintained uniformly throughout the System, (B) the fitness classes are, in the mind of the public, interrelated with the Licensed Marks, and (C) the reputation and goodwill of all TITLE BOXING CLUB Fitness Studios is based upon and can be maintained only by maintaining uniform products and services throughout the System, and Franchisee further agrees:

(1) that Franchisor has the right to change, add to or delete the format of products, fitness classes and the services which have been approved for use or sale in TITLE

BOXING CLUB Fitness Studios and Franchisee will comply with any such change, addition or deletion;

(2) to sell and offer for sale only the fitness classes, products, equipment, clothing, gear, supplements and products and services, and other products and services, which Franchisor has approved, as set forth in the Operations Manual or otherwise approves in writing, in strict compliance with the methods, format, manner and style Franchisor prescribes;

(3) to offer a minimum schedule of fitness classes and maintain the required inventory of fitness equipment and supply of all equipment, supplies, retail items, and services and other approved products that comply with the Specifications, sufficient in quantity and variety to realize the full potential of the Fitness Studio; and

(4) to permit Franchisor or its agents, at any reasonable time, to monitor fitness classes and the operations of the Fitness Studio.

#### H. MARKET RESEARCH/TESTING

Franchisor may conduct market research and testing to determine consumer trends and the salability of new fitness classes, products and services. Franchisee agrees to participate in Franchisor's market research programs that may be conducted by Franchisor in its discretion, by test marketing new fitness classes and products and services in the Fitness Studio. Franchisee agrees to provide Franchisor with timely reports and other relevant information regarding this market research. Franchisee agrees to purchase a reasonable quantity of the tested services and products and effectively promote and make a reasonable effort to sell the products and/or services.

#### I. DESIGNATED ITEMS AND APPROVED SUPPLIERS; ALTERNATIVES

Franchisor will publish in the Operations Manual and in other written or electronic communications, the Specifications (including brand specifications and brand identity) for the products, services and equipment, including, without limitation, for types of Trade Dress, fixtures, fitness equipment, other equipment (including cash registers, point-of-sale system, and computer hardware and software systems), boxing products, other products, supplies, furniture, chairs, tables, artwork, pictures, signs, services, marketing services, gift card programs and other items (the "Designated Items") to be used in the operation of TITLE BOXING CLUB Fitness Studios. Franchisee must comply with the Specifications and only use those Designated Items. Franchisee is restricted to and must purchase the Designated Items and other products and supplies and the point-of-sale system from approved suppliers designated by Franchisor, which may be restricted to Franchisor or its affiliate. Any products or services provided to Franchisee by Franchisor or its affiliate may be sold at prices that exceed Franchisor's costs. Franchisee must purchase, market and sell TITLE BOXING CLUB® products identified by the Licensed Marks only from an approved supplier designated by Franchisor. Franchisor does not make any express or implied warranty on such products.

Franchisor has the absolute right to limit the suppliers with whom Franchisee may purchase or lease Designated Items. Franchisor may restrict the sources of products and services and other items now and in the future in order to assure quality, assure a reliable source of products and

services that meet Franchisor's standards, achieve desirable terms of purchase and delivery and control the use of the Licensed Marks.

Franchisee is required to purchase management services for Franchisee's website, Facebook® and other on-line marketing from a supplier approved by Franchisor.

Franchisor may receive revenue or other consideration from approved suppliers based on the purchase or lease of such products and services by franchisees from the approved suppliers, and Franchisor may use the amounts received for any purpose. Franchisor may modify the list of approved Designated Items and suppliers at any time in its sole discretion, and Franchisee must not, after receiving a revised list of Designated Items and approved suppliers, make any order of a Designated Item or from a supplier, which is no longer approved. Franchisee must not obtain any Designated Item from any supplier until and unless Franchisor approves that supplier in writing.

If Franchisee proposes to either (1) obtain any Designated Item or (2) use any supplier which has not already approved by Franchisor, Franchisee must submit a written request for approval to Franchisor with sufficient information and samples so Franchisor can determine whether such alternative complies with the Specifications and any other criteria. Franchisee acknowledges and agrees that Franchisor is not required to approve any alternative item or supplier proposed by Franchisee. As part of the evaluation of the proposed item or supplier, Franchisor may require that its representatives be permitted to inspect an alternative supplier's facilities and that samples from those facilities be delivered to Franchisor or an independent laboratory for testing. Franchisee (or the supplier proposed by Franchisee) must pay Franchisor for the costs of inspection and testing and any other related costs for the evaluation of the proposed item or supplier. Within sixty (60) days of the completion of the inspection, testing and any related evaluation, Franchisor will notify Franchisee whether or not the proposed item or supplier is approved. Franchisor reserves the right to further inspect facilities and products of any approved supplier at any time and to revoke Franchisor's approval if the supplier fails to continue to meet the Specifications. Franchisor may also (1) prescribe additional procedures for the submission of requests for approval, (2) impose conditions or obligations upon any approved supplier and (3) impose limits on the number of brands or suppliers for any product or service used in the operation of the Fitness Studio.

#### J. STANDARDS OF SERVICE

Franchisee must at all times give prompt, courteous and efficient service to its customers. The Fitness Studio must, in all dealings with its customers and suppliers and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. Franchisee must maintain a competent, conscientious, trained staff and take steps necessary to ensure that its employees preserve good customer relations and comply with Franchisor's uniform standards.

#### K. COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES

(1) Franchisee shall obtain and maintain in effect all required licenses, permits and certificates related to the operation of the Fitness Studio and shall operate the Fitness Studio in full compliance with all applicable federal, state and local laws, ordinances and regulations, including without limitation laws and regulations and all government regulations pertaining to (i)

licensing and certification; (ii) contract terms and prohibitions; (iii) occupational hazards and health; (iv) handling, storage, and disposal of chemicals and other materials of a similar nature; (v) the Occupational Safety and Health Act; (vi) environmental matters; (vii) workers' compensation; (viii) insurance; (ix) unemployment insurance and withholding; and (x) payment of federal and state income taxes, Social Security taxes and sales taxes;

(2) Franchisee must notify Franchisor in writing within five (5) days of the commencement of any action, suit, proceeding or investigation, and of the issuance of any order, writ, injunction, award of decree, by any court, agency, or other governmental entity which may adversely affect the operation or financial condition of Franchisee or the Fitness Studio; and

(3) All advertising and promotion by Franchisee must be completely factual and must conform to the highest standards of ethical advertising. Franchisee agrees to refrain from any business or advertising practice or personal conduct which may be injurious to the business of Franchisor and the goodwill associated with the Licensed Marks and other TITLE BOXING CLUB Fitness Studios.

#### L. MANAGEMENT OF THE FITNESS STUDIO/CONFLICTING INTERESTS

(1) The Fitness Studio should at all times be under the direct, day-to-day, full-time supervision of Franchisee, or a Representative or a general manager who has satisfactorily completed Franchisor's training program and has been approved by Franchisor. If a general manager supervises the Fitness Studio, Franchisee or the Representative must remain active in overseeing the operations of the Fitness Studio conducted under the supervision of the general manager. The general manager must attend all meetings scheduled and conducted by Franchisor for the purpose of further training, educating or informing the individuals supervising the Fitness Studios in the System. Franchisee must notify Franchisor immediately if the general manager of the Fitness Studio resigns or is terminated and must notify Franchisor once a replacement general manager is designated by Franchisee. All Replacement Managers must have also satisfactorily completed Franchisor's training program, including any Supplemental Training, and be approved by Franchisor.

(2) Franchisee should designate and retain at all times at least one (1) assistant manager to assist in the operation and management of the Fitness Studio who satisfies Franchisor's educational and business criteria as established in the Operations Manual and complete, to Franchisor's satisfaction, the training program.

(3) Franchisee should at all times faithfully, honestly and diligently perform its obligations and continuously exert best efforts to promote and enhance the business of the Fitness Studio. The person who is responsible for the day-to-day supervision of the Fitness Studio must assume responsibilities on a full-time basis and must not engage in any other business or other activity, directly or indirectly, that requires any significant management responsibility, time commitments, or otherwise conflicts with Franchisee's obligations.

(4) If at any time the Fitness Studio is not being managed by Franchisee (or, if Franchisee is a partnership, corporation or a limited liability company, the managing partner, shareholder or managing member) or an approved manager who satisfactorily completes

Franchisor's training program, Franchisor is authorized, but is not required, to immediately appoint a manager to maintain the operations of the Fitness Studio for and on behalf of Franchisee. Franchisor's appointment of a manager of the Fitness Studio does not relieve Franchisee of his obligations or constitute a waiver of Franchisor's right to terminate this Agreement pursuant to Section 19. Franchisor is not liable for any debts, losses, costs or expenses incurred in the operation of the Fitness Studio or to any creditor of Franchisee for any products, materials, supplies or services purchased by the Fitness Studio while it is managed by Franchisor's appointed manager. Franchisor has the right to charge a reasonable fee for management services and to cease to provide management services at any time. Franchisor's appointment of a manager to maintain the operations of the Fitness Studio for and on behalf of Franchisee pursuant to the terms of this paragraph will end at the earlier of one hundred eighty (180) days from the date of such appointment or at such time as Franchisee has appointed an approved manager who has satisfactorily completed Franchisor's training program.

M. GROUP PROGRAMS.

Franchisor has the right, but not the obligation, from time to time to establish programs in which some or all Fitness Studios will provide products and services to certain persons through a fitness benefit or corporate wellness program ("Group Programs"). Franchisor may periodically eliminate and modify existing Group Programs and implement (and, once implemented, eliminate and modify) new Group Programs. Franchisee must (i) participate fully in any Group Program that Franchisor requires from time to time, (ii) provide products and services to all valid members of the Group Program according to the terms of any plan that Franchisor establishes, and (iii) participate in any mandated advertising and/or marketing programs to support any Group Program. Group Programs may require uniform billing terms, billing by Franchisor or Franchisor's affiliates or vendors, and various other practices and formats for Franchisee to follow. Franchisee may not alter Franchisee's standard membership terms for, or withhold access to any Fitness Studio services from, any one or more Group Program participants or otherwise treat any Group Program participant differently from Franchisee's Fitness Studio's other members, except as Franchisor requires or approves. Franchisor has the right to receive payments from groups representing any Group Program, because of Franchisor establishing the program or otherwise because of their dealings with Franchisee, and to use all such amounts Franchisor receives without restriction for any purposes Franchisor deems appropriate.

13. INSURANCE

A. Franchisee must procure and maintain in full force at all times during the term of this Agreement, at Franchisee's expense, on a primary, rather than a participatory basis with Franchisor, an insurance policy or policies protecting Franchisee and Franchisor, as named insureds, and Franchisor's affiliate, successors and assigns, and the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of Franchisor's against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense whatsoever arising or occurring upon or in connection with the Fitness Studio.

B. The policy or policies must be written by a responsible carrier or carriers reasonably acceptable to Franchisor and must name Franchisor as an insured, and must include minimum

coverage in accordance with the Specifications established by Franchisor from time to time in the Operations Manual.

C. All public liability and property damage policies must contain a provision that Franchisor is entitled to recover under these policies on any loss occasioned to Franchisor or its servants, agents or employees by reason of the negligence of Franchisee or its servants, agents or employees.

D. Before Franchisee executes a lease for the Premises or acquires the Premises by purchase, Franchisee must deliver or cause to be delivered to Franchisor, a copy of the Certificate of Insurance in compliance with these requirements. All insurance policies required must expressly provide that no less than thirty (30) days' prior to a material alteration or cancellation of the policies, written notice shall be given to Franchisor.

E. Should Franchisee, for any reason, fail to procure or maintain the insurance required by this Agreement, as these requirements may be revised by Franchisor in writing, Franchisor has the right and authority (without, however, any obligation to do so) to immediately procure insurance and to charge same to Franchisee, which charges, together with a reasonable fee for Franchisor's expenses in so acting, shall be payable by Franchisee immediately upon notice. The foregoing remedies are in addition to any other remedies Franchisor may have at law or in equity.

F. Franchisor may upon written notice to Franchisee increase the minimum coverage of insurance and Franchisee must obtain and thereafter maintain such insurance at the increased level of coverage.

#### **14. ADVERTISING**

Recognizing the value of advertising and the importance of the standardization of advertising and marketing programs to the furtherance of the goodwill and public image of the System, the parties agree that Franchisor will develop and administer advertising, public relations and sales promotion programs designed to promote and enhance the collective success of all Fitness Studios in the System. It is expressly understood, acknowledged and agreed that in all phases of such advertising and promotion, including, without limitation, type, quantity, timing, placement and choice of media, market areas, selection of advertising agencies and public relations firms, Franchisor's decision shall be final and binding. Franchisee will be required to participate actively in such advertising, public relations and sales promotion programs, but only in full and complete compliance with such terms and conditions as may be established by Franchisor for each program.

##### **A. BRAND CREATIVE FUND**

Franchisor will initiate, maintain, and administer a brand creative fund (the "Brand Creative Fund"). Franchisor will direct all Brand Creative Fund programs with sole discretion over the creative concepts, materials, endorsements and media used and the placement and allocation of all advertising, marketing and public relations materials. Franchisor has the right to determine, in its sole discretion, the composition of all geographic territories and market areas for the development and implementation of advertising, marketing and public relations programs. The



Brand Creative Fund's programs and activities are intended to maximize public awareness of all Fitness Studios and of the Licensed Marks, and Franchisor is under no obligation to ensure that Franchisee or any other franchisee benefits directly or proportionately from the placement of such advertising, marketing and public relations programs and activities in relationship to Franchisee's contribution to the Brand Creative Fund.

The Brand Creative Fund may be used to meet all costs and expenses related to the following Brand Creative Fund programs and activities:

1. Maintaining, administering, directing and preparing national, regional or local advertising materials, programs, and public relations activities, including, without limitation, the cost of preparing and conducting television, radio, video, direct mail, magazine, billboard, newspaper, Internet, including of costs of developing and maintaining an internet website, and other media programs and activities;
2. Employing advertising agencies and utilizing Franchisor's administrative personnel and Franchisor's other personnel to perform advertising services, public relations services, and related services;
3. Developing promotional brochures and advertising materials for TITLE BOXING CLUB Fitness Studios for purchase by franchisees and by regional and local advertising cooperatives;
4. Conducting market research, testing and development of new fitness classes, products, services and equipment considered for TITLE BOXING CLUB Fitness Studios;
5. Reimbursement of Franchisor's administrative and personnel costs and overhead associated with advertising, marketing, telemarketing, public relations, market research, product development, customer satisfaction, consumer research and any expenses related thereto; and
6. For System meetings and for franchise convention costs.

Franchisor may spend in any fiscal year an amount greater or less than the aggregate contributions of franchisees to the Brand Creative Fund in that year and Franchisor may make loans to the Brand Creative Fund. Franchisor will cause the Brand Creative Fund to invest the surplus for future use by the Brand Creative Fund.

The media in which the advertising may be disseminated includes but is not limited to print, point of purchase, radio, television, direct mail, electronic, internet, video and billboard. The media coverage may be local, regional, or national. The source of the advertising may be in-house advertising and marketing personnel, or a local advertising agency, or free-lance artist. Franchisee may utilize Franchisee's own advertising material subject to submission to us and approval by us in writing of the content (see Paragraph D. below).

Upon commencement of the operation of the Fitness Studio, Franchisee must pay Franchisor an amount equal to one percent (1%) of Gross Revenue of the Fitness Studio (the "Brand Creative Fund Contribution"), which must be paid in the same manner in which the Royalty

is collected; or weekly, at Franchisor's discretion, on the Tuesday of each week for the preceding week by Electronic Funds Transfer. Franchisee will sign the Electronic Funds Transfer Authorization (see Exhibit F) and such other forms Franchisor may require to effect electronic funds transfer. Franchisor may require Franchisee to increase the amount of contributions to the Brand Creative Fund. Upon written notice to Franchisee, Franchisor may increase the Brand Creative Fund Contribution, and Franchisee must contribute the increased percentage of Gross Revenue to the Brand Creative Fund, provided that Franchisee will not be required to contribute more than two percent (2%) of Gross Revenue to the Brand Creative Fund. If so directed by Franchisor in writing, Franchisee must increase its monthly contribution to the Brand Creative Fund within thirty (30) days of receiving such direction from Franchisor. Increases in the required contribution to the Brand Creative Fund are in Franchisor's sole discretion.

The Brand Creative Fund will not be used for Franchisor's general operating expenses, except for salaries, administrative costs, travel and overhead incurred by Franchisor for activities related to the administration or direction of the Brand Creative Fund and its program and activities as outlined above and for collecting and accounting for contributions to the Brand Creative Fund. Franchisor will prepare an unaudited annual report of the operations of the Brand Creative Fund which will be made available to Franchisee upon reasonable request of Franchisee.

The Brand Creative Fund is intended to be perpetual. However, Franchisor may terminate the Brand Creative Fund at any time in its sole discretion. In the event the Brand Creative Fund is terminated by Franchisor, all money paid to the Brand Creative Fund will be expended for the activities of the Brand Creative Fund.

Franchisor may make available to Franchisee for purchase by Franchisee of advertising and marketing materials, direct mail materials, merchandising materials, point of sale materials, special promotions, and similar advertising and marketing materials which may be produced by the Brand Creative Fund and may be purchased by Franchisee.

## B. LOCAL ADVERTISING

(1) Franchisee acknowledges and agrees that to secure new customers for the Fitness Studio Franchisee must aggressively conduct, at Franchisee's expense, marketing, advertising, and promotional programs at the local level. In addition to the contributions to the Brand Creative Fund required above under Section 14 Paragraph A., Franchisee must spend \$25,000 in local advertising before opening the Fitness Studio (referred to a "Pre-Opening Marketing"). Franchisee must spend \$2,000 per month until the first anniversary of the date the Fitness Studio opened for business (the "First Anniversary") on local advertising and public relations activities designed to publicize the operation of the Fitness Studio in the Protected Area; and after the First Anniversary, Franchisee must spend a minimum of \$2,000 per month for local advertising and public relations activities (collectively, the "Local Marketing Requirement"). Franchisor may require that Franchisee submits to Franchisor, on a monthly basis and in the format that Franchisor requires, an accurate report of Franchisee's expenditures on local marketing, advertising, and promotional programs during the preceding month for approved marketing, advertising and promotional items. If required by Franchisor, Franchisee's failure to provide such a report if required by Franchisor is a material breach of this Agreement.

(2) Through the Brand Creative Fund, Franchisor may furnish Franchisee approved local marketing plans and materials on the same terms and conditions as plans and materials are furnished to other franchisees of TITLE BOXING CLUB Fitness Studios.

(3) If the Franchisee's expenditures for local advertising activities do not equal or exceed the Local Marketing Requirement, Franchisor may require that Franchisee pay the amount of such deficiency to Franchisor for deposit in the Brand Creative Fund.

(4) All marketing, advertising and promotion conducted by Franchisee outside of the Protected Area must be performed in accordance with the Operations Manual or with other written communication from Franchisor unless Franchisor approves such marketing, advertising or promotion in advance.

### C. REGIONAL OR LOCAL ADVERTISING COOPERATIVE

(1) Franchisee agrees that Franchisor shall have the right, in its sole discretion, to designate any geographic area in which two (2) or more TITLE BOXING CLUB Fitness Studios are located as a region for purposes of establishing an advertising cooperative ("Cooperative"). The purpose of the Cooperative is to collect funds from its members and to expend such funds for the purposes of advertising, marketing and public relations of TITLE BOXING CLUB® Fitness Studios and its products and services within a designated geographic area. The members of the Cooperative for any area shall, at a minimum, consist of all TITLE BOXING CLUB Fitness Studios located within the area. Each Cooperative shall be organized and governed in a form and manner, and shall commence operation on a date, determined in advance by Franchisor in its sole discretion. Franchisor has the right to dissolve, merge, or change the structure of each Cooperative. Each Cooperative shall be organized for the exclusive purpose of administering advertising programs and developing, subject to Franchisor's approval, promotional and marketing materials for use by members of the Cooperative in local or regional advertising. Franchisor will determine how the Cooperative will be organized and governed. If at the time of execution of this Agreement, a Cooperative has been established for a geographic area that encompasses the Fitness Studio, or if any such cooperative is established during the term of this Agreement, Franchisee shall execute such documents as are required by Franchisor immediately upon the request of Franchisor and shall become a member of the Cooperative pursuant to the terms of those documents. Franchisee will be required to contribute a minimum of \$1,500 each month and a maximum of \$3,000 each month to the Cooperative, which will be credited to Franchisee's obligation to spend the Local Marketing Requirement each month on local advertising in Franchisee's market area. If all of the franchisees who are members of a Cooperative vote to increase the maximum monthly contribution above \$3,000 per month, Franchisee will be required to contribute such unanimously agreed upon amount. Contributions to the Cooperative must be paid by Franchisee to Franchisor by electronic funds transfer or as otherwise required by Franchisor.

(2) Franchisee shall submit to the Cooperative and to Franchisor such statements and reports as may be required by Franchisor or by the Cooperative. All contributions to the Cooperative shall be maintained and administered in accordance with the documents governing the Cooperative. No advertising or promotional plans or materials may be

used by the Cooperative or furnished to its members without the prior written approval of Franchisor.

D. APPROVAL BY FRANCHISOR

Before their use by Franchisee, samples of all local advertising and promotional materials not prepared by, or previously approved by, Franchisor must be submitted to Franchisor for approval, which shall not be unreasonably withheld. Local advertising and promotional materials prepared by Franchisee shall be prepared in compliance with the Specifications. Franchisee must not use any advertising or promotional materials that Franchisor has not approved. All advertising, promotional and marketing materials used by Franchisee must be clear and factual and must conform to the highest standards of ethical advertising.

E. PRICING

Because enhancing the Title Boxing Club® brand's competitive position and consumer acceptance for the Title Boxing Club's® membership services and products is a primary goal of Franchisor and the Franchisee, and because this objective is consistent with the long term objectives of the System, Franchisor may exercise rights with respect to the pricing of services and products offered by Franchisee at its Fitness Studio to the fullest extent permitted by then-applicable law.

These rights granted Franchisor may include, without limitation: (i) prescribing the maximum and/or minimum retail prices which a Franchisee may charge customers for products and/or services offered and sold at its Fitness Studio; (ii) recommending retail prices for products and services; (iii) advertising specific retail prices for some or all products or services sold by the Franchisee at its Fitness Studio, which prices Franchisee must observe; (iv) engaging in marketing, promotional and related campaigns developed by Franchisor which Franchisee must participate in and which may directly or indirectly impact Franchisee's retail prices of products or services offered at the Fitness Studio; and (v) otherwise mandating, directly or indirectly, the maximum and/or minimum retail prices which Franchisee must charge for the products and services it offers at its Fitness Studio.

Franchisor may engage in any such activity outlined above, either periodically or throughout the term of this Agreement. In addition, Franchisor may engage in such activity only in selected certain geographic areas (cities, states, regions) as determined by Franchisor, and not others, or with regard to certain subsets of franchisees and not others. Franchisee specifically acknowledges and agrees that any maximum, minimum or other prices recommended or required by Franchisor may or may not optimize the revenues or profitability of the Fitness Studio and Franchisee irrevocably waives any and all claims arising from or related to Franchisor's requirement or recommendation of retail pricing of products and services offered by Franchisee at its Fitness Studio.

**15. RECORDS AND REPORTS**

A. Franchisee must maintain during the term of this Agreement, and must preserve for at least three (3) years from the dates of their preparation, full, complete and accurate books, records and accounts including payroll records, check stubs, bank statements, sales tax records and

returns, cash receipts and disbursements, in accordance with generally accepted accounting principles (“GAAP”), as applicable, and in the form and manner Franchisor prescribes in the Operations Manual or otherwise in writing. In addition, Franchisee shall retain all membership contracts for at least three (3) years from the date of their execution.

B. In addition to the reports required by Sections 11 and 15, Franchisee must comply with the following reporting obligations:

(1) At Franchisee’s expense and as requested by Franchisor, submit to Franchisor, in the form Franchisor reasonably prescribes, an unaudited profit and loss statement and a balance sheet for each month for Franchisee within twenty (20) days after the end of each month during the term of this Agreement;

(2) Franchisee must, at its expense, provide to Franchisor annual financial statements (which may be unaudited) for Franchisee reviewed by an independent certified public accountant in accordance with GAAP within ninety (90) days after the end of Franchisee’s fiscal year, showing the results of operations and the condition of the business. Franchisor reserves the right to require the financial statements described above to be audited by an independent certified public accountant satisfactory to Franchisor at Franchisee’s cost and expense. The annual financial statements of Franchisee must reconcile Gross Revenue per GAAP, to Gross Revenue per this Agreement; and

(3) Franchisee must timely submit to Franchisor, any other forms, reports, records, information and data as Franchisor may reasonably request.

C. Franchisor or its designees shall have the right at all reasonable times to review, audit, examine and copy any and all of the books and records, cash control devices, sales and income tax records and membership contracts of Franchisee relating to the Fitness Studio. Franchisee shall make such books and records available to Franchisor or its designees at the time of request and cooperate with Franchisor, its representatives and independent accountants hired by Franchisor.

D. Franchisee authorizes Franchisor to disclose data from Franchisee’s reports if Franchisor determines in its sole discretion that disclosure is necessary or advisable, including, without limitation, disclosure to prospective franchisees or existing franchisees or to other third parties.

## **16. INSPECTION AND AUDITS**

### **A. THE FRANCHISOR’S RIGHT TO INSPECT THE FITNESS STUDIO**

(1) To determine whether Franchisee is complying with this Agreement, Franchisor has the right at any time during business hours, and without prior notice to Franchisee, to inspect the Fitness Studio. Franchisee must fully cooperate with representatives of Franchisor making any inspection. Franchisor and its employees must identify themselves as employees of the Franchisor immediately upon arrival at the Fitness Studio. Franchisee has the right to request and receive copies, within ten (10) days of departure, of all reports, transcripts, videotapes, tape

recordings, photographs, and films made by any and all persons visiting the Fitness Studio in that capacity; and

(2) Franchisor's authorized representatives may enter upon the Premises of the Fitness Studio at any time during the Fitness Studio's normal business hours and at any other reasonable time, for the purpose of determining whether the business of the Fitness Studio is being conducted in accordance with the Specifications, the requirements of the Operations Manual, and the terms of this Agreement. If any inspection indicates any deficiencies, Franchisee must initiate correction or repair of the deficiency within forty-eight (48) hours after Franchisee receives a written report of a deficiency from Franchisor. If the deficiency is one that Franchisee has a right to cure under the termination provisions of this Agreement, and the deficiency cannot be cured within forty-eight (48) hours, Franchisee will not be in default if Franchisee begins the necessary correction or repairs within the forty-eight (48) hour period, and diligently pursues the work to completion. If the deficiency is one that imminently threatens the health or safety of Franchisee's employees or the consumer public, Franchisor may, as an alternative to terminating this Agreement, require Franchisee to cease operating the effected Fitness Studio until the deficiency is corrected. If Franchisee does not cure the deficiency within the permitted time and, in the sole discretion of Franchisor, the deficiency can have a negative effect upon the goodwill associated with the Marks and the System or is one that imminently threatens the health or safety of Franchisee's employees or the consumer public, Franchisor may make, or hire someone to make the corrections or repairs and correct the deficiency or may terminate this Agreement in accordance with Section 19. Franchisee must reimburse Franchisor, upon demand, for all the expenses, including salaries and benefits, required of Franchisor to make such repair, corrections or modifications.

#### B. THE FRANCHISOR'S RIGHT TO EXAMINE BOOKS AND RECORDS

(1) Franchisor has the right at any time during business hours, and without prior notice to Franchisee, to examine or audit, or cause to be examined or audited, the business records, cash control devices, list of members in the Fitness Studio, bookkeeping and accounting records, member contracts, vendor contracts, bank statements, sales and income tax records and returns and other books and records of the Fitness Studio and the books and records of any corporation, partnership, or limited liability company, which is the Franchisee. Franchisee may maintain all books, records and supporting documents at all times at the Fitness Studio Premises or at another location. Franchisee must fully cooperate with representatives of Franchisor and independent accountants hired by Franchisor to conduct any examination or audit; and

(2) If any examination or audit discloses an understatement of Gross Revenue, Franchisee must pay to Franchisor, within fifteen (15) days after receipt of the examination or audit report, the Royalty Fees and Brand Creative Fund Contributions due on the amount of the understatement, plus interest (at the rate and on the terms provided in this Agreement) from the date originally due until the date of payment. Further, if the examination or audit is made necessary by the failure of Franchisee to furnish reports, supporting records, financial statements or other documents or information, as required, or failure to furnish reports, records, financial statements, documents or information on a timely basis, or if an understatement of Gross Revenue for any month is determined by any examination or audit to be greater than two percent (2%), Franchisee must reimburse Franchisor for all costs of the audit or examination, including, without limitation,

the charges of any independent accountants and the travel expenses, room and board and compensation of employees of Franchisor. The foregoing remedies are in addition to all other remedies and rights of Franchisor under applicable law.

**17. TRANSFER OF INTEREST**

**A. BY THE FRANCHISOR**

Franchisor has the absolute right to transfer or assign this Agreement and all or any part of its rights or obligations to any person or legal entity, without the consent or approval of Franchisee. This Agreement shall inure to the benefit of, and be binding on, the successors and assigns of Franchisor.

**B. FRANCHISEE MAY NOT ASSIGN WITHOUT APPROVAL OF THE FRANCHISOR**

Franchisee understands and acknowledges that the rights and duties created by this Agreement are personal to Franchisee and its owners and the Principals and that Franchisor entered into this Agreement in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of Franchisee, its owners and the Principals. Unless otherwise expressly permitted by the terms of this Agreement, any assignment, sale, conveyance, pledge, sublicense or sub-franchise arrangement or any other attempted transfer, either directly or indirectly, of (1) any interest in this Agreement, (2) any interest in the Fitness Studio, (3) any of the assets of Franchisee related to the operation of the Fitness Studio, (4) any or all of the ownership interests in Franchisee or (5) any or all of the ownership interests in Principal (including by merger or consolidation, by issuance of additional securities, by conversion, by creation of an additional interest, through a divorce proceeding, by will or transfer in trust or the laws of the intestate succession) without Franchisor's prior written approval (subject to paragraph 17.C. below) shall be void and have no effect and shall not transfer any rights to or interests in this Agreement or the Fitness Studio, and shall be deemed a material breach of this Agreement by Franchisee and the Principals.

**C. CONDITIONS FOR APPROVAL OF ASSIGNMENT**

If Franchisee and its owners are in substantial compliance with this Agreement Franchisor shall not unreasonably withhold its approval of an assignment. The proposed assignee must be of good moral character, have sufficient business experience, aptitude and financial resources to own and operate the Fitness Studio and otherwise meet Franchisor's then-applicable standards for franchisees. Franchisor may require that any one or more of the following conditions be met before, or concurrently with, the effective date of the assignment:

(1) All of the accrued monetary obligations of Franchisee or its parent and all other outstanding obligations to Franchisor or its affiliate arising under this Agreement must be satisfied in a timely manner and Franchisee must satisfy all trade accounts and other debts, of whatever nature or kind, in a timely manner;

(2) Franchisee and its parent must not be in default of any material provisions of this Agreement;

(3) The transferor and its Principals (if applicable) must execute a general release in a form satisfactory to Franchisor, of any and all claims against Franchisor, its affiliate and the past and present officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement and any other agreement between Franchisor and Franchisee and federal, state and local laws, rules and regulations;

(4) The transferee must enter into a written assignment agreement, in a form satisfactory to Franchisor, assuming all the duties, obligations, responsibilities and accountabilities of Franchisee under this Agreement;

(5) The transferee must execute, (and/or, upon Franchisee's request, shall cause all interested parties to execute) for a term ending on the expiration date of this Agreement, the standard form Franchise Agreement then being offered to the new System franchisees and other ancillary agreements as Franchisor requires for the Fitness Studio which agreements supersede this Agreement and its ancillary documents in all respects and the terms of which agreements may differ from the terms in this Agreement, but providing for the same Protected Area, Royalty Fee and Brand Creative Fund Contribution established in this Agreement; provided, however, that the transferee is not required to pay any initial franchise fee;

(6) Unless Franchisee has met the requirements of paragraph 12.B.(2) within the two year period immediately preceding the transfer, Franchisee, at Franchisee's expense, must remodel, renovate, modernize and otherwise upgrade the Fitness Studio to conform to the then-current Specifications and must complete the upgrading and other requirements within the time period Franchisor reasonably specifies subject to the other terms and conditions of this Agreement;

(7) The transferor remains liable for all of the obligations to Franchisor in connection to the Fitness Studio incurred before the effective date of the transfer and must execute any and all instruments Franchisor reasonably requests to evidence that liability;

(8) At the transferee's expense, the transferee, the transferee's Representative, all managers and/or any other applicable Fitness Studio personnel must complete and pay for any training programs then in effect for franchisees of TITLE BOXING CLUB Fitness Studios upon terms and conditions Franchisor reasonably requires;

(9) Subject to Section 17.E., Franchisee must pay a transfer fee equal to \$10,000 on or before the date of closing of the transfer (the "Transfer Fee");

(10) Franchisor approves the material terms and conditions of the assignment and determines in its reasonable discretion that the price and terms of payment are not so burdensome as to materially affect the future operations of the Fitness Studio by the transferee;

(11) Franchisee must pay any referral fees or commissions that may be due to any franchise broker, sales agent or other third party upon the occurrence of such assignment; and

(12) Franchisee (and each of its owners, members, or partners, if Franchisee is a corporation, limited liability company or partnership) has executed a non-competition covenant in



favor of the Franchisor and the assignee, agreeing that for a minimum period of two (2) years, commencing on the effective date of the assignment, he will not have any direct or indirect interest as an owner, investor, partner, director, officer, employee, consultant, representative or agent, or in any other capacity, in any fitness or health or boxing gym or fitness facility that is similar to a TITLE BOXING CLUB Fitness Studio, except for other TITLE BOXING CLUB Fitness Studios operated under franchise agreements granted by Franchisor and the ownership of securities listed on a stock exchange or traded on the over-the-counter market that represent one percent (1%) or less of that class of stock. As used in this Agreement, the term “similar” means a boxing gym, health or fitness center or club featuring boxing, or kickboxing or mixed martial arts for weight training or body toning or cardiovascular health or which operates in a manner similar to a TITLE BOXING CLUB Fitness Studio, and which Fitness Studio is located, or is intended to be located, within the Protected Area, or within the protected area granted to any other franchisee of a TITLE BOXING CLUB Fitness Studio, or within a five (5) mile radius of the location of any TITLE BOXING CLUB Fitness Studio in existence or under construction, whether owned by Franchisor or its affiliate or by a franchisee, or where land has been purchased or a lease has been executed by Franchisor, its affiliate or any franchisee for such a facility.

**D. DEATH OR DISABILITY OF FRANCHISEE**

Upon the death or permanent disability of Franchisee

(1) (or the managing partner, shareholder, or managing member, if Franchisee is a partnership, corporation or limited liability company, respectively), the executor, administrator, conservator or other personal representative of that person, or the remaining shareholders, partners, or members, must appoint a competent manager within a reasonable time, not to exceed thirty (30) days from the date of death or permanent disability. The appointed manager must attend and successfully complete Franchisor’s training program within one hundred twenty (120) days of the appointment. If the Fitness Studio is not being managed by a Franchisor approved manager within thirty (30) days after death or permanent disability, Franchisor is authorized, but is not required, to immediately appoint a manager to maintain the operations of the Fitness Studio for and on behalf of Franchisee until an approved assignee is able to assume the management and operation of the Fitness Studio. Franchisor’s appointment of a manager of the Fitness Studio does not relieve Franchisee of his obligations, and Franchisor is not liable for any debts, losses, costs or expenses incurred in the operations of the Fitness Studio or to any creditor of Franchisee for any products, materials, supplies or services purchased by the Fitness Studio during any period in which it is managed by Franchisor’s appointed manager. Franchisor has the right to charge a reasonable fee for management services and to cease to provide management services at any time; and

(2) (or any shareholder, partner, or member of Franchisee, if Franchisee is a corporation, partnership or limited liability company, respectively), the executor, administrator, conservator or other personal representative of that person must transfer his interest to a person Franchisor approves within a reasonable time, not to exceed twelve (12) months from the date of death or appoint a manager approved by Franchisor in the case of permanent disability. Approval of a transfer will not be unreasonably withheld. Transfers, including transfers by devise or inheritance, are subject to all the terms and conditions for assignments and transfers contained in

Paragraphs B and C of this Section 17. Failure to so dispose of this interest within that period of time constitutes grounds for termination.

E. RELATED PARTY TRANSFERS

(1) Upon thirty (30) days' prior written notice to Franchisor, this Agreement and the assets and liabilities of the Fitness Studio may be assigned, by an agreement in form and substance Franchisor approves, to either (i) an entity that conducts no business other than the Fitness Studio (or other TITLE BOXING CLUB Fitness Studios under franchise agreements granted by Franchisor) which is actively managed by Franchisee and in which Franchisee owns and controls not less than fifty-one percent (51%) of the voting power of such entity or (2) to Immediate Family Members. The first such assignment shall be free and Franchisee shall pay \$500 to the Franchisor for each subsequent assignment. An assignment does not relieve Franchisee of his obligations, and Franchisee remains jointly and severally liable for all obligations. The articles of incorporation, by-laws and other organizational documents of any corporation or limited liability company which is Franchisee must recite that the issuance and assignment of any interest is restricted by the terms of this Agreement and all issued and outstanding stock certificates of the corporation must bear a legend reflecting or referring to the restrictions of Paragraph F of Section 17 of this Agreement.

F. PUBLIC OR PRIVATE OFFERINGS

(1) Franchisee acknowledges that the written information used to raise or secure funds can reflect upon Franchisor. Franchisee agrees to submit any written information intended to be used for that purpose to Franchisor before its inclusion in any registration statement, prospectus or similar offering circular or memorandum. This requirement applies under the following conditions: if Franchisee attempts to raise or secure funds by the sale of securities in Franchisee or any affiliate of Franchisee (including common or preferred stock, bonds, debentures or general or limited partnership interest) and if any of its owners attempt to raise or secure funds by the sale of securities in Franchisee or any affiliate of Franchisee (including common or preferred stock, bonds, debentures or general or limited partnership interests) Franchisee (or any of its owners) agrees not to use the written materials submitted to Franchisor or any other written materials to raise or secure funds unless and until Franchisor approves of the language. No information respecting Franchisor or its affiliate shall be included in any securities disclosure document, unless that information has been furnished to Franchisor, in writing, pursuant to the written request of the Franchisee. The written request shall state the specific purpose for which the information is to be used. Should Franchisor, in its sole discretion, object to any reference to Franchisor or its affiliate or any of their businesses in the offering literature or prospectus, the literature or prospectus shall not be used unless and until the objections of Franchisor are withdrawn. Franchisor assumes no responsibility for the offering whatsoever. The written consent of Franchisor pursuant to this Paragraph F does not imply or constitute the approval of Franchisor with respect to the method of financing, the offering literature submitted to Franchisor or any other aspect of the offering;

(2) The prospectus or other literature utilized in any offering must contain the following language in bold-face type on the first textual page:

**“NEITHER TBC INTERNATIONAL LLC, NOR ITS PARENT(S), AFFILIATES, OR AFFILIATE’S SUBSIDIARIES ARE DIRECTLY OR INDIRECTLY THE ISSUER OF THE SECURITIES OFFERED, NOR DO THEY ASSUME ANY RESPONSIBILITY WITH RESPECT TO THIS OFFERING AND/OR THE ADEQUACY OR ACCURACY OF THE INFORMATION SET FORTH, INCLUDING ANY STATEMENTS MADE WITH RESPECT TO ANY OF THEM. THEY DO NOT ENDORSE OR MAKE ANY RECOMMENDATION WITH RESPECT TO THE INVESTMENT CONTEMPLATED BY THIS OFFERING.”; and**

(3) Franchisee and each of its owners agrees to indemnify, defend and hold harmless Franchisor and its affiliate, and their respective officers, directors, employees and agents, from any and all claims, demands, liabilities, and all costs and expenses (including reasonable attorneys’ fees) incurred by Franchisor as the result of the offer or sale of securities. This Agreement applies to any and all claims, demands, liabilities, and all costs and expenses (including reasonable attorney’s fees) asserted by a purchaser of any security or by a governmental agency. Franchisor has the right (but not the obligation) to defend any claims, demands or liabilities and/or to participate in the defense of any action to which Franchisor or its affiliate or any of their respective officers, directors, employees or agents is named as a party.

G. THE FRANCHISOR’S RIGHT OF FIRST REFUSAL

If Franchisee or a Principal owning ten percent (10%) or more interest in the Franchisee at any time during the term of the Franchise Agreement determines to sell or to transfer for consideration this Agreement, the assets of the Fitness Studio (or an interest) or an ownership interest in Franchisee, Franchisee or its owners must obtain a bona fide, executed written offer from a responsible and fully disclosed purchaser and must submit an exact copy of the offer to Franchisor. Franchisor has the right, exercisable by written notice delivered to Franchisee or its owners within thirty (30) days from the date of delivery of an exact copy of an offer to Franchisor to purchase interest in the Fitness Studio or ownership interest in Franchisee for the price and on the terms and conditions contained in the offer, provided that Franchisor may substitute cash for any form of payment proposed in the offer and has a minimum of sixty (60) days to prepare for closing. If Franchisor does not exercise its right of first refusal, Franchisee or its owners may complete the sale to purchaser pursuant to and on the exact terms of the offer and in accordance with Paragraphs B and C of this Section, provided that if the sale to purchaser is not completed within one hundred twenty (120) days after delivery of the offer to Franchisor, or if there is a material change in the terms of the sale, Franchisor shall again have the right of first refusal. A transfer of this Agreement, the Fitness Studio or an ownership interest in Franchisee to an Immediate Family Member is not subject to Franchisor’s right of first refusal.

H. UNDERTAKING BY OWNERS OF FRANCHISEE

Any person who has or acquires a direct or beneficial ownership or equity interest equal to or greater than ten percent (10%) in Franchisee must execute an agreement in a form Franchisor furnishes or approves undertaking to be bound jointly and severally by all provisions of this Agreement. Franchisee must furnish to Franchisor at any time upon request a list, in a form

Franchisor requires, of all owners of record and all persons having beneficial ownership of any ownership or equity interest in Franchisee, reflecting their respective interests in Franchisee;

## **18. RENEWAL OF FRANCHISE**

### **A. FRANCHISEE'S RIGHT TO RENEW**

If, upon expiration of the initial term of this Agreement:

(1) Franchisee has during the term of this Agreement substantially complied with all of its provisions, including without limitation, the notice of renewal provisions set forth below in paragraph 18.B. and the conditions set forth below in paragraphs 18.C. and 18.D.; and

(2) a) Franchisee maintains possession of and agrees to refurbish and decorate the Premises of the Fitness Studio, replace fixtures, equipment, signs, and otherwise modify the Fitness Studio, in compliance with the Specifications then applicable to new franchises of TITLE BOXING CLUB Fitness Studios unless Franchisee has complied with a request of Franchisor to upgrade the Premises pursuant to the provisions of paragraph 12.B.(2) during the previous five (5) years; or

(a) Franchisee is unable to maintain possession of the Premises, or in the judgment of Franchisor the Fitness Studio should be relocated, and Franchisee secures a substitute location within the Protected Area that does not impede the development and operation of any other TITLE BOXING CLUB Fitness Studio approved by Franchisor and agrees to develop substitute Premises in compliance with the Specifications then-applicable to new franchises of TITLE BOXING CLUB Fitness Studios;

then Franchisee has the right to renew for an additional term equal to ten (10) years (the "Renewal Term"), by execution of the then-current Franchise Agreement Franchisor is then using for the grant of franchises at the time of renewal. Franchisee must pay Franchisor a renewal fee equal to Ten Thousand Dollars (\$10,000) which must be paid at the time Franchisee gives Franchisor notice of its desire to renew as provided below in paragraph 18.B.

### **B. NOTICE OF RENEWAL AND NONRENEWAL**

Franchisee must give Franchisor written notice of Franchisee's election to renew not less than seven (7) months nor more than twelve (12) months before the end of the initial term of this Agreement and Franchisee must comply with all of the following conditions which must, in Franchisor's discretion, be met before or at the time of renewal.

In order for Franchisee to have the right to renew for one additional term as provided in Section 18.A., Franchisor must receive written notice from Franchisee of Franchisee's desire to exercise its right to renew not less than seven (7) months nor more than twelve (12) months before the expiration of the initial term. If Franchisor does not receive such written notice at least seven (7) months before the expiration of the initial term, this Agreement shall expire at the end of the initial term.

If Franchisor does receive such written notice at least seven (7) months before the

expiration of the initial term, then Franchisor must determine whether Franchisee has the right to renew under the standards set forth above in Section 18.A and as set forth in this paragraph 18.B. If Franchisor determines that Franchisee does not have the right to renew based on the standards set forth above in Section 18.A. and in this paragraph 18.B., Franchisor agrees to give Franchisee written notice (the “Notice of Nonrenewal”) of its determination at least four (4) months before the expiration of the initial term. The Notice of Nonrenewal from Franchisor shall state the reasons for Franchisor’s refusal to renew the Franchise, and may include, without limitation, the failure of Franchisee to comply with the terms and conditions of this Agreement.

If the reasons cited by Franchisor in the Notice of Nonrenewal are curable and are in fact cured by Franchisee, as reasonably determined by Franchisor, within sixty (60) days of the date of the Notice of Nonrenewal, then the Notice of Nonrenewal will be of no further effect and Franchisee’s renewal will be effective for the Renewal Term, subject to compliance by Franchisee with the conditions precedent to renewal.

A Notice of Nonrenewal from Franchisor, which states that the reasons for nonrenewal include Franchisee’s substantial defaults under the terms of this Agreement on three (3) or more occasions (or any of the other termination events set forth in paragraph 19.B.) during the initial term of this Agreement, may not be cured by Franchisee and will result in the expiration of this Agreement at the end of the initial term. Similarly, if the reasons for nonrenewal stated in the Notice of Nonrenewal include (i) Franchisee’s insolvency, (ii) the occurrence of an assignment for the benefit of creditors by Franchisee or (iii) Franchisee’s filing of a petition in bankruptcy (or any of the other automatic termination events set forth in paragraph 19.A.), then this Agreement will terminate immediately upon notice to Franchisee as provided in paragraph 19.A. of this Agreement.

#### C. RENEWAL FRANCHISE AGREEMENT

As a condition precedent to the renewal of the Franchise, Franchisor, Franchisee and the Principals must execute the form of and be bound by the then-current Franchise Agreement and ancillary agreements Franchisor then customarily uses in the grant of franchises for the ownership and operation of TITLE BOXING CLUB Fitness Studios at the time of renewal (with appropriate modifications to reflect the fact that the Agreement relates to the grant of a renewal Franchise), which renewal Franchise shall supersede this Agreement and which may contain terms and conditions materially different from the terms of this Agreement, including, but without limitation, requiring a higher Brand Creative Fund Contribution, increases in the renewal fee, increases in the Minimum Performance Standard, increases in other fees and implementing new fees. Franchisor agrees that the renewal Franchise Agreement will not reduce the Protected Area established in Exhibit A. Failure by Franchisee and the Principals to sign the then-current form of Franchise Agreement or the Guaranty and Assumption of Obligations as it applies to Principals within thirty (30) days after delivery to Franchisee shall be deemed an election by Franchisee not to renew the Franchise.

#### D. CONDITIONS FOR RENEWAL

In addition to the conditions and requirements stated above in this Section 18, any or all of the following conditions must be met by Franchisee, in Franchisor’s discretion, before or at the

time of renewal:

(1) Franchisee must not be in default of any material provision of this Agreement, any amendment or successor agreement; and Franchisee must have substantially and timely complied with all the material terms and conditions of all agreements;

(2) Franchisee must have satisfied all monetary obligations owed by Franchisee to Franchisor and its affiliate under this Agreement and any other agreement between Franchisee and any of its affiliate and Franchisor or its affiliate and must have timely met those obligations throughout the terms of those agreements;

(3) Franchisee must present satisfactory evidence that Franchisee has the right to remain in possession of the Fitness Studio Premises for the operation of the Fitness Studio for the duration of the renewal term of this Agreement;

(4) Based upon an assessment of Franchisee's needs conducted by Franchisor prior to renewal, Franchisee must undertake such additional training, if any, as necessary to comply with Franchisor's then-current qualification and training requirements;

(5) Franchisee must repair or replace, at Franchisee's cost and expense, fitness equipment, other equipment (including electronic cash register or computer hardware or software systems, inclusive of any software license to Franchisee by Franchisor), signs, interior and exterior decor items, fixtures or furnishings, if applicable, supplies and other products and materials required for the operation of the Fitness Studio as Franchisor may reasonably require and must obtain, at Franchisee's cost and expense, any new or additional fitness equipment, other equipment, fixtures, supplies and other products and materials which Franchisor may reasonably require for Franchisee to offer and sell items from the Fitness Studio or to provide the Fitness Studio services in the manner Franchisor specifies and may otherwise modernize the Fitness Studio Premises, equipment, decor items, fixtures, furnishings, vehicles, supplies and other products and materials required for the operation of the Fitness Studio, as Franchisor reasonably requires to reflect the then-current standards and image of the System, as contained in the Operations Manual or otherwise provided in writing by Franchisor unless Franchisee has complied with a request of Franchisor to upgrade the Premises pursuant to the provisions of Section 12.B.(2) during the previous five (5) years; and

(6) Franchisee and the Principals must execute a general release, releasing Franchisor from any and all claims, and releasing their respective partners, and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement under federal, state or local laws, rules, regulations, or orders. If precluded by law from giving a general release, Franchisee shall execute an estoppel statement.

## **19. TERMINATION**

A. Franchisee shall be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if: (1) Franchisee shall become insolvent or make a general assignment for the benefit of creditors; (2) a petition in bankruptcy is

filed under any Chapter of Title 11 of the United States Code by Franchisee or such a petition is filed against Franchisee and not opposed by Franchisee; (3) a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; (4) a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; (5) proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; (6) final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed or Franchisor grants a written extension of such time period); (7) the Franchisee is dissolved; or if execution is levied against Franchisee's business or property; (8) suit to foreclose any lien or mortgage against the Premises or equipment of any Fitness Studio operated hereunder is instituted against Franchisee and not dismissed within thirty (30) days unless Franchisor grants a written extension of such time period; or (9) the real or personal property of any Fitness Studio operated hereunder shall be sold after levy thereupon by any sheriff, marshal or law enforcement officer.

B. Franchisee shall be in default under this Agreement and all rights granted by this Agreement may be terminated by Franchisor, in Franchisor's sole discretion, effective upon written notice to Franchisee of one or more of the following material breaches of this Agreement:

(1) Final conviction of Franchisee of a felony, or if Franchisee engages in conduct which, in the reasonable judgment of Franchisor, may affect the goodwill of the Licensed Marks;

(2) If Franchisee or any of its Principals fails to comply with Section 21 of this Agreement;

(3) If Franchisee or a Principal discloses the contents of the Operations Manual or other Confidential Information in breach of this Agreement;

(4) If there is an immediate threat or danger to public health or safety resulting from the operation of the Fitness Studio;

(5) If Franchisee or a Principal has made a material misrepresentation in its application for the Franchise;

(6) If Franchisee abandons, or surrenders, or transfers control of, or loses the right to occupy the Premises of the Fitness Studio, or fails to actively operate the Fitness Studio for five consecutive days;

(7) If Franchisee fails on three (3) separate occasions within any twelve (12) consecutive month period, whether or not such failure is corrected or cured by Franchisee, to:

(i) Meet the Minimum Performance Standard for three (3) consecutive months for calendar months that the Minimum Performance Standard applies;

(ii) submit when due financial statements, reports or other data, information or supporting records;

(iii) pay when due the Royalty Fees, Brand Creative Fund Contributions, or other amounts due to Franchisor, Franchisor's affiliates, or vendors; or

(iv) otherwise fails to comply with this Agreement;

(8) Suffers cancellation of or fails to renew or extend a lease or otherwise fails to maintain possession of the Premises of the Fitness Studio; or

(9) If a member of Franchisee's Fitness Studio engages in sparring, or boxing, or martial arts or any other contact activity within the Premises of the Fitness Studio with another member or guest of the Fitness Studio or with an employee of the Franchisee or with the Franchisee or with a Principal.

C. Franchisee shall be in material default of this Agreement and Franchisor shall have the right to terminate this Agreement upon thirty (30) days written notice to Franchisee, or a less time as specified below, specifying the material default of this Agreement which shall constitute good cause for termination and providing Franchisee with thirty (30) days or a less period as specified below, in which to cure the material default giving rise to the good cause for termination. Termination shall be effective upon the expiration of the thirty (30) days or less notice period, and Franchisee's failure to cure the material default. Any one of the following shall be a material breach of this Agreement and constitute good cause for termination of this Agreement, if Franchisee and/or of its Principals and/or the Fitness Studio:

(1) Fails to develop, open and operate the Fitness Studio in compliance with this Agreement;

(2) Misappropriates, misuses or makes any unauthorized use of the Licensed Marks or materially impairs the goodwill associated with the Licensed Marks;

(3) Purports to transfer any right or obligation under this Agreement without Franchisor's prior written consent and in compliance with the provisions of this Agreement;

(4) Fails, refuses or is unable to promptly pay when due any monetary obligation to Franchisor under the Area Development Agreement, this Agreement or any other agreement between the parties and does not cure the monetary default within fourteen (14) days following written notice from Franchisor;

(5) Fails to correct a deficiency of a health or safety issue after notice of such deficiency is issued by a local, state, or federal agency, or regulatory authority;

(6) Fails to achieve the Minimum Performance Standard for three (3) consecutive months for calendar months that the Minimum Performance Standard applies;

(7) Violates any law, ordinance, rule or regulation of a governmental agency in the connection with the operation of the Fitness Studio, and permits the same to go uncorrected after notification of violation;



(8) Fails to maintain or suffers cancellation of any insurance policy required under this Agreement;

(9) Violates any of the covenants contained in this Agreement;

(10) Fails to promptly pay any vendor or supplier of products and/or services to Franchisee; or

(11) Fails to comply with any other provision of this Agreement or any mandatory Specification, including, without limitation, any requirements set forth in the Operations Manual, or any other directive of Franchisor; or

(12) Fails to comply with any other material term or material condition imposed by any other Franchise Agreement between Franchisor (or Franchisor's affiliate) and Franchisee;

Failure of Franchisee to cure the material default of this Agreement within the specified time, or a longer period of time as applicable law may require, will result in the termination of Franchisee's rights under this Agreement, effective on the expiration of the notice period, and without further notice to Franchisee.

D. Franchisee shall be in material default of this Agreement and Franchisor shall have the right to terminate this Agreement upon thirty (30) days written notice to Franchisee, or a less time as specified below, specifying the material default of this Agreement which shall constitute good cause for termination and providing Franchisee with thirty (30) days or a less period as specified below, in which to cure the material default giving rise to the good cause for termination. Termination shall be effective upon the expiration of the thirty (30) days or less notice period, and Franchisee's failure to cure the material default. Any one of the following shall be a material breach of this Agreement and constitute good cause for termination of this Agreement, if Franchisee and/or of its Principals and/or the Fitness Studio:

(1) Fails to develop, open and operate the Fitness Studio in compliance with this Agreement;

(2) Misappropriates, misuses or makes any unauthorized use of the Licensed Marks or materially impairs the goodwill associated with the Licensed Marks;

(3) Purports to transfer any right or obligation under this Agreement without Franchisor's prior written consent and in compliance with the provisions of this Agreement;

(4) Fails, refuses or is unable to promptly pay when due any monetary obligation to Franchisor under the Area Development Agreement, this Agreement or any other agreement between the parties and does not cure the monetary default within fourteen (14) days following written notice from Franchisor;

(5) Fails to correct a deficiency of a health or safety issue after notice of such deficiency is issued by a local, state, or federal agency, or regulatory authority;

(6) Fails to comply with any other material provision of this Agreement;

(7) Violates any law, ordinance, rule or regulation of a governmental agency in the connection with the operation of the Fitness Studio, and permits the same to go uncorrected after notification of violation;

(8) Fails to maintain or suffers cancellation of any insurance policy required under this Agreement;

(9) Violates any of the covenants contained in this Agreement;

(10) Fails to promptly pay any vendor or supplier of products and/or services to Franchisee; or

(11) Fails to comply with any other provisions of this Agreement or any mandatory Specification, including, without limitation, any requirements set forth in the Operations Manual, or any other directive of Franchisor;

(12) Fails to comply with any other material term or material condition imposed by any other Franchise Agreement between Franchisor and Franchisee; or

(13) Failure of Franchisee to cure the material default of this Agreement within the specified time, or a longer period of time as applicable law may require, will result in the termination of Franchisee's rights under this Agreement, effective on the expiration of the notice period, and without further notice to Franchisee.

E. No default of the Area Development Agreement shall constitute a default of this Agreement unless the default is also a default of this Agreement.

## **20. POST-TERMINATION, POST-EXPIRATION AND LIQUIDATED DAMAGES**

A. Upon termination or expiration of this Agreement, all rights granted to Franchisee immediately terminate and Franchisee must immediately:

(1) cease to operate the Fitness Studio under this Agreement and must not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor;

(2) cease to use, in any manner whatsoever, any confidential methods, computer software, procedures and techniques associated with the System, and must immediately and permanently cease to communicate or order products from approved suppliers, must immediately and permanently cease to use the Licensed Marks and distinctive forms, slogans, signs, symbols and devices associated with the System, in any manner or for any purpose. Franchisee must cease to use, without limitation, all signs, advertising materials, displays, stationery, forms and any other articles which display the Licensed Marks or any distinctive features or designs associated with the Fitness Studio;

(3) pay to Franchisor, within fifteen (15) days after the effective date of termination or expiration (without renewal) of this Agreement, Royalty Fees and Brand Creative Fund Contributions then due and amounts owed for products purchased by Franchisee from

Franchisor or from its affiliate, and any interest due Franchisor or its affiliate on any of the foregoing. Franchisee must contemporaneously with payment furnish a complete accounting of all amounts owed to Franchisor and its affiliate;

(4) at Franchisee's expense, make modifications or alterations, to the closed Fitness Studio, as are necessary to distinguish the Fitness Studio so clearly from its former appearance and other TITLE BOXING CLUB Fitness Studios to prevent any possibility of confusion by the public (including removal of all distinctive physical and structural features identifying TITLE BOXING CLUB Fitness Studios and removal of all distinctive signs and emblems). Franchisee must, at his expense, make specific additional changes as Franchisor reasonably requests for this purpose. If Franchisee fails to initiate immediately or complete alterations within the period of time Franchisor deems appropriate, Franchisee agrees that Franchisor or its designated agents may enter the Premises of the former Fitness Studio and adjacent areas at any time to make alterations, at Franchisee's sole risk and expense. Franchisee expressly acknowledges that its failure to make alterations will cause irreparable injury to Franchisor and consents to entry, at Franchisee's expense, of any ex-parte order by any court of competent jurisdiction authorizing Franchisor or its agents to take action, if Franchisor seeks an order;

(5) take any action required to cancel all fictitious or assumed names or equivalent registrations relating to any of the Licensed Marks;

(6) notify the telephone company, all listing agencies, or any other companies identify in the Manuals of the termination or expiration of Franchisee's right to use any telephone number and any regular, classified or other telephone directory listings associated with the Licensed Marks and to authorize transfer of same to or at the direction of Franchisor;

(7) deliver to Franchisor the Operations Manual, software licensed by Franchisor, and all Confidential Information related to operating the Fitness Studio;

(8) furnish to Franchisor, no later than thirty (30) days after the effective date of termination or expiration, evidence satisfactory to Franchisor of Franchisee's compliance with the foregoing obligations; and

(9) delist or deactivate, as appropriate, any online listing, or web-application as required by the Manuals deactivation procedures, including but not limited to Facebook, Instagram, Twitter, Yahoo, Google, Bing, Yelp, Angies List, and the Better Business Bureau.

B. Franchisee must pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees incurred by Franchisor subsequent to the termination or expiration of this Agreement or in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement.

C. Franchisee must comply with the restrictions on Confidential Information contained in this Agreement and must also comply with the non-competition covenants contained in this Agreement.

D. In the event this Agreement terminates, Franchisee acknowledges and agrees that (i) Franchisee is liable to Franchisor for lost future royalty fees and other fees required to be paid to the Franchisor under this Agreement and (ii) the actual or anticipated damages suffered by Franchisor, including, but not limited to the lost Royalty Fees, Brand Creative Fund Contributions and other related fees, would be difficult if not impossible to calculate. Therefore, if this Agreement terminates, Franchisee must pay Franchisor an amount equal to three times (3x) the greater of (x) Royalty Fees and other fees which became due to Franchisor (or Franchisor's affiliates) from Franchisee during the twelve (12) months immediately preceding such termination of the Franchise Agreement or (y) the Minimum Royalties and other fees that would be due to Franchisor (or Franchisor's affiliates) under the applicable Minimum Performance Standard (and other provisions of the Agreement) for the twelve (12) months immediately after such termination (the "Liquidated Damages Payment").

Franchisee will promptly pay to Franchisor any Liquidated Damages Payment due to Franchisor, but in no event later than fifteen (15) days after the effective date of the termination of the Franchise Agreement. The Franchisor and Franchisee agree that this provision providing for Liquidated Damages Payment is an integral part of this Agreement and that the Franchisor and Franchisee have taken into account both Franchisee's liability for lost future royalties and fees and the difficulty of calculating Franchisor's damages in determining the amount of the Liquidated Damages Payment. The parties further agree that the Liquidated Damages Payment is (i) compensation for the anticipated damages incurred by Franchisor upon such termination of this Agreement and not a penalty against Franchisee and (ii) is a reasonable estimate of the damages suffered by Franchisor upon termination of this Agreement. Franchisor's right to receive a Liquidated Damages Payment from Franchisee shall be in addition to Franchisor's other rights under this Agreement.

E. If this Agreement expires (without renewal) or is terminated by Franchisor in accordance with its provisions, then Franchisor has the option exercisable by giving written notice within thirty (30) days from the date of expiration or termination of this Agreement, to purchase from Franchisee such tangible assets (including inventory of saleable products, materials, supplies, any and all signs, equipment, and fixtures owned or leased by Franchisee, but excluding any unamortized portion of the initial franchise fee, cash, short-term investments and accounts receivable of the Fitness Studio (collectively, the "Purchased Assets") and to an assignment of Franchisee's Lease for the Premises of the Fitness Studio or a sublease for the full remaining term and on the same terms and conditions as Franchisee's Lease, and to an assignment of all membership contracts then in effect with Franchisee for the Fitness Studio, and any other tangible assets used in connection with the Fitness Studio, as determined by Franchisor in its sole discretion. Franchisor shall be entitled to all customary warranties and representations given by the seller of a business including, without limitation, representations and warranties as to (i) ownership, condition and title to the assets; (ii) absence of liens and encumbrances relating to the assets; and (iii) validity of contracts and liabilities inuring to Franchisor or affecting the assets, contingent or otherwise. Franchisor has the unrestrictive right to assign this option to purchase and assignment of lease as separate and apart from this Agreement.

The purchase price for the Purchased Assets shall be at fair market value. Fair market value shall not contain any amount or factor for any trademark, service mark or other commercial symbol used in connection with the operation of the Fitness Studio, or for any goodwill for the

Fitness Studio or for any value of the membership contracts between members of the Fitness Studio and the Franchisee. Any assets purchased hereunder which do not meet quality standards of Franchisor may also be excluded from the purchase price or ascribed no value. Franchisor will be purchasing assets only and will not be assuming any liabilities whatsoever unless otherwise agreed to in writing by the parties. If the parties cannot agree on the fair market value within thirty (30) days of Franchisor's exercise of its option, fair market value shall be determined by appraisers, with each party selecting one (1) appraiser and the average of their determination to be binding. Each party must bear its own legal and other costs and divide equally the appraisers' fees. If Franchisor elects to exercise its option to purchase as provided, Franchisor has the right to set off all fees and amounts due from Franchisee to Franchisor, against any payment therefore and shall pay the remaining amount in cash.

The purchase price, as determined above, shall be paid in cash at the closing of the purchase, which shall take place no later than sixty (60) days after the delivery of Franchisor's notice of its election to purchase the Fitness Studio (unless fair market value is determined by appraisal, in which case, the closing shall take place within a reasonable time, not to exceed sixty (60) days, after the results of the appraisal are made available), at which time Franchisee must: (i) deliver instruments transferring good and merchantable title to the assets purchased, free and clear of all liens, encumbrances and liabilities to Franchisor or its designee, with all sales and other transferred taxes paid by Franchisee; (ii) transfer or assign all licenses or permits which may be assigned or transferred; (iii) assign to Franchisor or its designee Franchisee's leasehold interest to the Premises of the Fitness Studio or, if an assignment is prohibited, sublease same to Franchisor for the full remaining term as Franchisee's lease, including renewal and/or purchase options; and (iv) assign to Franchisor or its designee any leases for other tangible assets used in connection with the Fitness Studio.

F. If Franchisor exercises the foregoing option to purchase the Purchased Assets, Franchisor has the right pending the closing of purchase to appoint a manager to maintain the operation of the Fitness Studio in compliance with the terms of this Agreement. Alternatively, Franchisor may require Franchisee to close the Fitness Studio during the time period without removing any of the Purchased Assets from the Fitness Studio.

G. Franchisee acknowledges that as between Franchisor and Franchisee, Franchisor has the sole right to and interest in all telephone numbers and directory listings associated with the Licensed Marks, and Franchisee authorizes Franchisor, and appoints Franchisor and any officer of Franchisor as his attorney-in-fact, to direct the telephone company and all listing agencies to transfer same to Franchisor or at its direction, should Franchisee fail or refuse to do so, and the telephone company and all listing agencies may accept this direction or this Agreement as conclusive of the exclusive right of Franchisor in telephone numbers and directory listings and its authority to direct their transfer.

H. All obligations, which expressly by their nature, survive the expiration or termination of this Agreement continue in full force and effect subsequent to its expiration or termination and until they are satisfied or expire.

## **21. COVENANTS**

A. During the term of this Agreement or any extension:

(1) Franchisee must, or develop a staff to, devote full time, energy and effort to the management and operation of the TITLE BOXING CLUB Fitness Studio. The manager(s) designated by Franchisee must devote full time, energy and effort to the management and operation of the Fitness Studio; and

(2) Franchisee must exert Franchisee's best efforts to develop and operate the TITLE BOXING CLUB Fitness Studio.

B. Franchisee and the Principals specifically acknowledge that, pursuant to this Agreement, they will receive valuable training, trade secrets and Confidential Information, including, without limitation, information regarding the operation, sales, promotional and marketing methods of Franchisor and the System, which are beyond their present skills and experience. Franchisee and the Principals acknowledge that the specialized training, trade secrets and Confidential Information provide a competitive advantage and are valuable to them in the development and operation of the Fitness Studio and that gaining access to it is a primary reason for entering into this Agreement. In consideration for such training, trade secrets and Confidential Information, Franchisee and the Principals covenant that during the term of this Agreement, and any extensions or renewals, that neither Franchisee nor any of its Principals shall either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person(s), partnership, corporation, limited liability company, limited liability partnership or any other entity:

(1) Divert, or attempt to divert, any business or customer of the business described to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Licensed Marks and the System;

(2) Except with respect to TITLE BOXING CLUB Fitness Studios operated under franchise agreements between Franchisee and its affiliates, and Franchisor or its affiliate, own, maintain, operate, engage in, or have any financial or beneficial interest, in (including any interest in corporations, limited liability companies, partnerships, trusts, limited liability partnerships, unincorporated associations or joint ventures), advise, assist or make loans to, any competitive business ("Competitive Business"). For the purposes of this Agreement, a Competitive Business is defined as one that is of a character and concept similar to a TITLE BOXING CLUB Fitness Studio. As used herein, the term "similar" means a boxing club, boxing gym, health or fitness center or club featuring boxing, or kickboxing, or martial arts for weight training or body toning, or cardiovascular health, or operates in any manner similar to a TITLE BOXING CLUB Fitness Studio, and which fitness facility is located, or is intended to be located, within the United States, its territories or commonwealth, or any other country, province, state, or geographic area in which Franchisor has used, sought registration of, or registered the same or similar Licensed Marks or operates or licenses others to operate businesses under the same or similar Licensed Marks;

(3) The above provisions relating to interest in other Fitness Studios does not apply to any interest in additional TITLE BOXING CLUB Fitness Studios; and

(4) The above provisions relating to interests in other Fitness Studios does not apply to Franchisee's ownership of outstanding securities of any corporation whose securities are publicly held and traded, if the securities are held by Franchisee for investment purposes only and that Franchisee's total holdings do not constitute more than one percent (1%) of the outstanding securities of the corporation.

C. Franchisee and the Principals specifically acknowledge that pursuant to this Agreement, Franchisee and the Principals will receive valuable specialized training, trade secrets and Confidential Information, including, without limitation, information regarding the operation, sales, promotional and marketing methods and techniques of Franchisor and the System. Franchisee and the Principals further acknowledge that this information is beyond their present skills and experience and that it will provide a competitive advantage and will be valuable to them in the development and operation of the Fitness Studio. Gaining access to this specialized training, trade secrets and Confidential Information is, therefore, a primary reason why they are entering into this Agreement. In consideration for such training, trade secrets, Confidential Information and rights, Franchisee and the Principals covenant that with respect to Franchisee, commencing upon the earlier of:

- (1) The expiration, termination of, or transfer of all of Franchisee's interest in, this Agreement; or
- (2) The time that any individual or entity ceases to satisfy the definition of "Principals"; and

Continuing for two (2) years thereafter, neither Franchisee, nor any of the Principals, shall directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any person, persons, partnership, limited liability company or corporation:

(a) Divert, or attempt to convert any business or customer of any TITLE BOXING CLUB Fitness Studio to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Licensed Marks and the System;

(b) Own, maintain, operate, engage in, or have any financial or beneficial interest (including the interest in corporations, partnerships, limited liability companies, trusts, unincorporated associations or joint ventures) advise, assist or make loans to any Competitive Business that is located within or that is intended to be located within the Development Area pursuant to the Area Development Agreement or within the development area granted by Franchisor under any other area development agreement within the System or within a five (5) mile radius of the Premises of the Fitness Studio granted by this Agreement or within a five (5) mile radius of the location of any existing TITLE BOXING CLUB Fitness Studio, any TITLE BOXING CLUB Fitness Studio under construction or any planned TITLE BOXING CLUB where land has been purchased or a lease has been executed by Franchisor, its affiliate or any franchisee. For the purposes of this Agreement, a Competitive Business is defined as one that is of a character and concept similar to a TITLE BOXING CLUB Fitness Studio. As used herein, the term "similar" means a boxing club or gym, or health or fitness center or club featuring boxing,

or kick-boxing, or mixed martial arts, for weight training, or body toning or cardiovascular health, or operates in any manner like a TITLE BOXING CLUB Fitness Studio;

D. The parties acknowledge and agree that each of the covenants contained herein is a reasonable limitation as to time, geographic area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interest of Franchisor. The parties agree that each of the covenants herein shall be construed as independent of any other covenant provision of this Agreement. If all or any portion of a covenant in this Section 21 is held unreasonable or unenforceable by a court having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee and the Principals expressly agree to be bound by any covenant subsumed within the terms of that covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 21;

E. Franchisee and the Principals expressly agree that the existence of any claims that they may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 21;

F. Franchisee must require and obtain execution of covenants similar to those set forth in this Section 21 (including covenants applicable upon the termination of a person's employment with Franchisee) from its general manager. These covenants must be substantially in the form set forth in Exhibit B. Principals owning ten percent (10%) or greater interest in Franchisee also must execute these covenants. Notwithstanding the foregoing, Franchisor reserves the right, in its sole discretion, to decrease the period of time or geographic scope of the non-competition covenants set forth in Exhibit B or eliminate the non-competition covenant altogether for any party that is required to execute an agreement under this Section 21;

G. Franchisee and the Principals acknowledge that any failure to comply with the requirements of this Section 21 constitutes a material event of default under this Agreement. Franchisee and the Principals acknowledge that a violation of the terms of this Section 21 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available. Therefore, Franchisor shall be entitled to obtain specific performance of or any injunction against the violation of the terms of this Section 21. Provided that the conduct is later determined to be in violation of the terms of this Section 21, Franchisee and the Principals agree to pay all court costs and reasonable attorneys' fees Franchisor incurs in connection with the enforcement of this Section 21, including payment of all costs and expenses for obtaining specific performance of, or an injunction against violation of, the requirements of this Section 21; and

H. Franchisee acknowledges that a violation of any covenant in this paragraph would cause irreparable damage to Franchisor, the exact amount of which may not be subject to reasonable or accurate ascertainment. Provided that it is reasonable for Franchisor to believe that there is a violation of a covenant, Franchisee consents to Franchisor seeking injunctive relief to restrain Franchisee, or anyone acting for or on Franchisee's behalf from violating covenants. Franchisee also acknowledges that Franchisor is also entitled to pursue any other remedies to which Franchisor may then be entitled. If Franchisor prevails in any suit to enforce any provision, Franchisor is entitled to receive, in addition to any relief or remedy granted, the cost of bringing the suit, including reasonable attorneys' fees.



The covenants set forth in this Section 21 survive the termination or expiration of this Agreement.

I. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. A court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a party may determine all or any portion of a covenant in this Section 21 is held unreasonable or unenforceable. In that event, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of the covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this paragraph.

## **22. MEDIATION**

THE PARTIES AGREE TO SUBMIT ANY CLAIM, CONTROVERSY OR DISPUTE ARISING OUT OF OR RELATING TO THIS AGREEMENT (AND EXHIBITS) OR THE RELATIONSHIP CREATED BY THIS AGREEMENT TO NON-BINDING MEDIATION BEFORE BRINGING A CLAIM, CONTROVERSY OR DISPUTE IN A COURT OR BEFORE ANY OTHER TRIBUNAL. THE MEDIATION IS TO BE CONDUCTED THROUGH EITHER AN INDIVIDUAL MEDIATOR OR A MEDIATOR APPOINTED BY A MEDIATION SERVICES ORGANIZATION OR BODY, EXPERIENCED IN THE MEDIATION OF DISPUTES BETWEEN FRANCHISORS AND FRANCHISEES, AGREED UPON BY THE PARTIES AND, FAILING AN AGREEMENT WITHIN A REASONABLE PERIOD OF TIME AFTER EITHER PARTY HAS NOTIFIED THE OTHER OF ITS DESIRE TO SEEK MEDIATION OF ANY CLAIM, CONTROVERSY OR DISPUTE (NOT TO EXCEED FIFTEEN (15) DAYS), BY THE AMERICAN ARBITRATION ASSOCIATION (OR ANY SUCCESSOR ORGANIZATION) IN ACCORDANCE WITH ITS RULES GOVERNING MEDIATION, IN LOS ANGELES, CALIFORNIA. THE COSTS AND EXPENSES OF MEDIATION, INCLUDING COMPENSATION AND EXPENSES OF THE MEDIATOR (AND EXCEPT FOR THE ATTORNEYS' FEES INCURRED BY EITHER PARTY), IS TO BE SHARED BY THE PARTIES EQUALLY. IF THE PARTIES ARE UNABLE TO RESOLVE THE CLAIM, CONTROVERSY OR DISPUTE WITHIN NINETY (90) DAYS AFTER THE MEDIATOR HAS BEEN CHOSEN, THEN EITHER PARTY MAY BRING AN ARBITRATION PROCEEDING UNDER SECTION 23.G. TO RESOLVE THE CLAIM, CONTROVERSY OR DISPUTE UNLESS THE TIME PERIOD IS EXTENDED BY WRITTEN AGREEMENT OF THE PARTIES. NOTWITHSTANDING THE FOREGOING, FRANCHISOR MAY BRING AN ACTION (1) FOR MONEY OWED, (2) FOR INJUNCTIVE OR OTHER EXTRAORDINARY RELIEF, OR (3) TO OBTAIN POSSESSION OF OR TO SECURE OTHER RELIEF RELATING TO THE FITNESS STUDIO PREMISES IN A COURT HAVING JURISDICTION AND IN ACCORDANCE WITH SECTION 23.J., WITHOUT FIRST SUBMITTING THAT ACTION TO MEDIATION.

## **23. ENFORCEMENT**

### **A. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS**

Except as expressly provided to the contrary in this Agreement, each section, paragraph, term and provision of this Agreement, is considered severable. If for any reason, any portion of

this Agreement is held in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which Franchisor is a party to be invalid, contrary to, or in conflict with any applicable present or future law or regulation, that ruling shall not impair the operation of, or have any other effect upon, other portions of this Agreement as may remain otherwise intelligible. The surviving portions of this Agreement shall continue to be given full force and effect and bind the parties to this Agreement. Any portion of this Agreement held to be invalid shall be deemed not to be a part of this Agreement from the date the time for appeal expires, if Franchisee is a party, otherwise upon Franchisee's receipt of a notice of non-enforcement from Franchisor.

If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required in this Agreement, or the taking of some other action not required, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure Franchisor prescribes is invalid or unenforceable, the prior notice and/or other action required by law or rule shall be substituted for the comparable provisions, and Franchisor has the right, in its sole discretion, to modify the invalid or unenforceable provision, specification, standard or operating procedure to the extent required to be valid and enforceable. Franchisee agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is prescribed within the terms of any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions, or any specification, standard or operating procedure Franchisor prescribes, any portion or portions which a court may hold to be unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with a court order. Modifications to this Agreement shall be effective only in that jurisdiction, unless Franchisor elects to give them greater applicability, and this Agreement shall be enforced as originally made and entered into in all other jurisdictions.

#### B. WAIVER OF OBLIGATIONS

No delay, waiver, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising out of any breach or default by Franchisee under this Agreement constitutes a waiver by Franchisor to enforce any right, option, duty or power against Franchisee or as to any subsequent breach or default by Franchisee. Acceptance by Franchisor of any payments due to it after the time at which the payment is due, is not deemed to be a waiver of Franchisor of any preceding breach by Franchisee of any terms, provisions, covenants or conditions of this Agreement. Franchisor specifically is not deemed to have waived or impaired any right, power or option reserved by this Agreement (including the right to demand exact compliance with every term, condition and covenant, or to declare any breach to be a default and to terminate this Agreement before the expiration of its term) by virtue of any custom or practice of the parties at variance with the terms of this Agreement; or by any failure, refusal or neglect of Franchisor to exercise any right under this Agreement or to insist upon exact compliance by the Franchisee with its obligations, including any mandatory specification, standard or operating procedure.

Neither Franchisor nor Franchisee are liable for loss or damage or deemed to be in breach of this Agreement if its failure to perform its obligations results from: (1) transportation shortages,

inadequate supply of labor, material or energy, or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency; (2) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state, or municipal government or any department or agency; (3) acts of God; (4) acts or omissions of the other party; (5) fires, strikes, embargoes, war or riot; or (6) any other similar event or cause. Any delay resulting from any of these causes shall extend performance accordingly or excuse performance, in whole or in part, as may be reasonable.

C. SPECIFIC PERFORMANCE/INJUNCTIVE RELIEF

Nothing in this Agreement bars Franchisor's right to obtain specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause it or the System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions.

D. RIGHTS OF PARTIES ARE CUMULATIVE

The rights of Franchisor and Franchisee under this Agreement are cumulative and no exercise or enforcement by Franchisor or Franchisee of any right or remedy precludes the exercise or enforcement by Franchisor or Franchisee of any other right or remedy which Franchisor or Franchisee is entitled by law to enforce.

E. COSTS AND ATTORNEYS' FEES

If a claim for amounts owed by Franchisee to Franchisor or its affiliate is asserted in any legal proceeding before a court of competent jurisdiction or in arbitration, or if Franchisor is required to enforce this Agreement in a judicial or arbitration proceeding, Franchisor is entitled to reimbursement of its costs and expenses incurred, including reasonable accounting and attorneys' fees. If Franchisor became a party to any action or proceeding commenced by a third party arising out of or related to this Agreement, or to the operation of the Fitness Studio, or as a result of any claimed or actual act, error or omission of Franchisee, or any of its officers, directors, shareholders, members, employees, and/or representatives, or by virtue of statutory, "vicarious", "principal/agent", or other liabilities asserted against Franchisor, then Franchisee will be liable to and must promptly reimburse Franchisor for the reasonable attorneys' fees, experts' fees, court costs, travel and lodging costs and all other expenses incurred by Franchisor in such action or proceeding regardless of whether such action or proceeding proceeds to judgment.

F. GOVERNING LAW

This Agreement; all relations between the parties; and, any and all disputes between the parties, whether sounding in contract, tort, or otherwise, are to be exclusively construed in accordance with and/or governed by the law of the State of Kansas without recourse to Kansas's (or any other) choice of law or conflicts of law principles. If, however, any provision of this Agreement would not be enforceable under the laws of Kansas, and if the Fitness Studio is located outside of Kansas and the provision would be enforceable under the laws of the state in which the Fitness Studio is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state.

G. ARBITRATION

Except for controversies, disputes or claims related to or based on Franchisee's use of the Licensed Marks after the expiration or termination of this Agreement, all controversies, disputes or claims between Franchisor, Franchisor's affiliate and Franchisor's respective shareholders, officers, directors, agents, employees, successors and assigns and Franchisee and Franchisee's owners, guarantors, affiliates, employees and independent contractors arising out of or related to: this Agreement or any other agreement between Franchisee and Franchisor or any provision of any agreement; or the sale of the Franchise, or the alleged violation of any state or federal law, rule or regulation; or Franchisor's relationship with Franchisee; or the validity of this Agreement or any other agreement between Franchisee and Franchisor or any provision of any such agreement; or any System standard relating to the operation of the TITLE BOXING CLUB Fitness Studio, will be submitted for arbitration in Los Angeles, California, as determined by Franchisor, in its sole discretion, conducted by the American Arbitration Association on demand of either party. Arbitration proceedings will be conducted in Los Angeles, California, and, except as otherwise provided in this Agreement, will be heard by one arbitrator in accordance with the then-current commercial arbitration rules of the American Arbitration Association. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.) and not by any state arbitration law.

The arbitrator will have the right to award or include in the award any relief which the arbitrator deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief and attorneys' fees and costs, provided that the arbitrator will not have the right to declare any Licensed Mark generic or otherwise invalid or to award exemplary or punitive damages or incidental or special damages. The award and decision of the arbitrator will be conclusive and binding upon all parties hereto, and judgment upon the award may be entered in any court of competent jurisdiction.

Franchisor and Franchisee agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. Franchisor and Franchisee further agree that, in connection with any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as described above will be forever barred.

Franchisor and Franchisee agree that arbitration will be conducted on an individual, not a class-wide, basis, and that an arbitration proceeding between Franchisor, Franchisor's affiliate and Franchisor's respective shareholders, officers, directors, agents and employees and Franchisee and Franchisee's owners, guarantors, affiliates, employees and independent contractors may not be consolidated with any other arbitration proceeding between Franchisor and any other person.

Notwithstanding the foregoing, Franchisor may bring an action (1) for money owed, (2) for injunctive or other extraordinary relief from a court of competent jurisdiction, or (3) to obtain possession of the TITLE BOXING CLUB in a court having jurisdiction, without first submitting that action to mediation or to arbitration.

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

#### H. WAIVER OF DAMAGES

Franchisee hereby waives, to the fullest extent permitted by law, any right to, or claim for any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against Franchisor, its affiliates, and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities arising out of any cause whatsoever (whether such cause is based in contract, negligence, strict liability, fraud, other tort or otherwise) and agrees that in the event of a dispute, Franchisee shall be limited to the recovery of any actual damages sustained by Franchisee. If any other term of the Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provision of waiver by agreement of punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) shall continue in full force and effect.

#### I. JURY TRIAL WAIVER

Franchisor and Franchisee irrevocably each waive trial by jury in any action brought by either of them. Franchisee and Franchisor agree that any litigation, suit, action, counterclaim, cross claim or proceeding, whether at law or in equity, which arises out of, concerns, or as related to this Agreement or any of the relationships or transaction contemplated hereunder, the performance of this Agreement, the relationship between the parties or otherwise, trial shall be to a court of competent jurisdiction and not to a jury. Franchisor and Franchisee irrevocably waive any right either party may have to trial by jury.

#### J. EXCLUSIVE JURISDICTION

With respect to any claims, controversies or disputes which are not finally resolved through mediation or as otherwise provided in this Agreement, Franchisee and the Principals hereby irrevocably submit themselves to the state courts of the state and county where Franchisor is then headquartered and the Federal District Court having jurisdiction over the same geographical area. Franchisee and the Principals hereby agree that service of process may be made upon any of them in any proceeding relating to or arising out of this Agreement or the relationship created by this Agreement by any means allowed by the law of the state where Franchisor is then headquartered

or Federal Law. Franchisee and the Principals further agree that venue for any proceeding relating to or arising out of this Agreement shall be in the county and state where Franchisor is then headquartered; provided, however, with respect to any action (i) for money owed, (ii) for injunctive or other extraordinary relief, or (iii) involving possession or disposition of, or other relief relating to, real property, Franchisor may bring such action in any state or Federal District Court which has jurisdiction.

Franchisee, the Principals and Franchisor acknowledge that the execution of this Agreement and the acceptance of the terms of the parties occurred in Culver City, California, and further acknowledge that the performance of certain obligations of Franchisee arising under this Agreement, including, but not limited to, the payment of money due under this Agreement shall occur in Culver City, California.

K. VARIANCES

Franchisee acknowledges that Franchisor has and may at different times approve exceptions or changes from the uniform standards of the System in Franchisor's absolute sole discretion, which Franchisor deems desirable or necessary under particular circumstances. Franchisee understands that he has no right to object to or automatically obtain such variances, and any exception or change must be approved in advance from Franchisor in writing. Franchisee understands existing franchisees may operate under different forms of agreements and that the rights and obligations of existing franchisees may differ materially from this Agreement.

L. BINDING EFFECT

This Agreement is binding upon the parties of this Agreement and their respective executors, administrators, heirs, assigns and successors in interest, and shall not be modified except by written agreement signed by both Franchisee and Franchisor.

M. CONSTRUCTION/INTEGRATION CLAUSE

This Agreement, all exhibits to this Agreement and all ancillary agreements executed contemporaneously with this Agreement constitute the entire agreement between the parties with reference to the subject matter of this Agreement and supersede any and all prior negotiations, undertakings, representations, and agreements; provided, however, that nothing in this or any related agreement is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document that Franchisor furnished to Franchisee. Franchisee acknowledges that Franchisee is entering into this Agreement, and all ancillary agreements executed contemporaneously with this Agreement, as a result of Franchisee's own independent investigation of the franchised business and not as a result of any representations about Franchisor made by Franchisor's shareholders, officers, directors, employees, agents, representatives, independent contractors, attorneys, or franchisees, which are contrary to the terms set forth in this Agreement or of any franchise disclosure document, offering circular, prospectus, or other similar document required or permitted to be given to Franchisee pursuant to applicable law.

Franchisee hereby acknowledges and further represents and warrants to Franchisor that:

- (1) Franchisee has placed no reliance on any oral or written statements, whether

referred to as representations, warranties, inducements or otherwise, which are not contained in this Agreement or in the Franchise Disclosure Document provided Franchisee;

(2) Franchisee has entered into this Agreement after making an independent investigation of Franchisor's operations and the System;

(3) Franchisor has not made any guarantee or provided any assurance that the business location will be successful or profitable;

(4) Franchisee has (a) read this Agreement in its entirety and understands its contents; (b) been given the opportunity to clarify any provisions that Franchisee did not understand and (c) had the opportunity to consult with professional advisors regarding the operation and effect of the Agreement and the operation of the System;

(5) Franchisee has, together with its advisors, sufficient knowledge and experience in financial and business matters to make an informed decision with respect to the franchise offered by Franchisor;

(6) Franchisee has received a copy of Franchisor's Franchise Disclosure Document not later than the earlier of the first personal meeting held to discuss the sale of a franchise, or fourteen (14) calendar days before execution of this Agreement or fourteen (14) calendar days before any payment of any consideration;

(7) The covenants not to compete set forth in this Agreement are fair and reasonable, and will not impose any undue hardship on Franchisee, since Franchisee acknowledges it and its Principals have considerable skills, experience and education which provide opportunities to derive income from other endeavors.

Except as may have been disclosed at Item 19 of Franchisor's Franchise Disclosure Document, Franchisee represents and warrants to Franchisor that no claims, representations or warranties regarding the earnings, sales, profits, success or failure of the franchised business have been made to Franchisee and no such claims, representations or warranties have induced Franchisee to enter into this Agreement.

Except for those changes permitted to be made unilaterally by Franchisor, no amendment, change or variance from this Agreement is binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

For purposes of this Agreement, a publicly held corporation is a corporation registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, or a corporation subject to the requirements of Section 15(d) of that Act.

## **24. NOTICES AND PAYMENTS**

A. All written notices and reports permitted or required to be delivered by the provisions of this Agreement or of the Operations Manual shall be deemed so delivered at the time delivered by hand or by e-mail with receipt confirmed by the receiving party or one (1) business day after being sent by overnight courier with delivery confirmed to the party to be notified at its

most current address of which the notifying party has been notified. The following physical addresses for the parties shall be used unless and until a different physical address has been designated by written notice to the other party:

Notices to Franchisor:

TBC International LLC  
8647 Hayden Place,  
Culver City, CA 90232  
ATTN: Franchise Legal Administrator  
legal@teamtitleboxingclub.com

with a copy to:

John D. Moore, Esq.  
Husch Blackwell LLP  
4801 Main Street, Suite 1000  
Kansas City, Missouri 64112  
JOHN.MOORE@HUSCHBLACKWELL.COM

Notice to Franchisee:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
ATTN: \_\_\_\_\_

B. All payments and reports required by this Agreement not actually received by Franchisor during regular business hours on the date due are deemed delinquent.

C. In all cases where Franchisor's prior approval is required and no other method or timing for obtaining such approval is prescribed, Franchisee shall request such approval in writing. Except as otherwise expressly provided in this Agreement, whenever the consent or approval of Franchisor is required hereunder, such consent or approval must be in writing and will not be unreasonably withheld. Franchisor's consent to or approval of any act or request by Franchisee shall be effective only to the extent specifically stated, and shall not be deemed to waive or render unnecessary consent or approval of any other subsequent similar act or request.

**25. COMPLIANCE WITH ANTI-TERRORISM LAWS**

Franchisee and its Principals agree to comply with Anti-Terrorism Laws. Franchisee and its Principals certify, represent and agree that none of its property or interests is blocked under any of the Anti-Terrorism Laws which shall mean Executive Order 13224 issued by the President of the United States, the USA Patriot Act, and all other present and future federal, state and local laws, regulation, and other requirements of any governmental authority relating to terrorist acts or acts of war. Any violation of any Anti-Terrorism Act shall be good cause for immediate termination of this Agreement.



**26. CAVEAT**

A. The success of the business venture contemplated to be undertaken by this Agreement is speculative and depends, to a large extent, upon the ability of the Franchisee as an independent business person, and the active participation of Franchisee in the daily affairs of the business as well as other factors. Franchisor does not make any representation or warranty, express or implied, as to the potential success of the business venture contemplated hereby.

**27. MISCELLANEOUS**

A. Except as otherwise expressly provided, nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity who is not a party to this Agreement.

B. The headings of the several sections and paragraphs are for convenience only and do not define, limit or construe the contents of sections or paragraphs.

C. The “Franchisee” as used in this Agreement is applicable to one or more persons, a corporation, partnership, limited partnership, or limited liability company as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If two (2) or more persons are at any time Franchisee under this Agreement, their obligations and liabilities to Franchisor shall be joint and several. References to “Franchisee” and “Assignee” which are applicable to an individual or individuals shall mean the owner or owners of the equity or operating control of Franchisee or the Assignee, if Franchisee or the Assignee is a corporation, partnership, limited partnership or limited liability company.

This Agreement shall be executed in multiple copies, each of which shall be deemed an original.

IN WITNESS WHEREOF the parties have executed, sealed and delivered this Agreement in duplicate on the date recited in the first paragraph.

**FRANCHISOR:**

**FRANCHISEE:**

TBC INTERNATIONAL LLC

By: \_\_\_\_\_  
Todd Wadler, CEO

By: \_\_\_\_\_  
NAME

By: \_\_\_\_\_  
NAME

## GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS IS GIVEN THIS date of \_\_\_\_\_, by \_\_\_\_\_ (each a “Guarantor”).

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date (the “Agreement”) by TBC INTERNATIONAL LLC (the “Franchisor”), and with \_\_\_\_\_ (“Franchisee”), each Guarantor hereby personally and unconditionally (a) guarantees to Franchisor, and its successor and assigns, for the term of the Agreement and as provided in the Agreement, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities.

Each Guarantor hereby waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed; (4) any right such Guarantor may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (5) the defense of the statute of limitations in any action hereunder or the collection of any indebtedness or the performance of any obligation hereby guaranteed.

Each Guarantor hereby consents and agrees that:

(a) Guarantor’s liability under this undertaking shall be direct, immediate, and independent of the liability of, and shall be joint and several with, Franchisee and other Guarantors;

(b) Guarantor shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so;

(c) Guarantor’s liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person;

(d) Guarantor’s liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Agreement;

(e) This undertaking will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by any abandonment of the Agreement by a trustee of Franchisee.

(f) Neither the Guarantor’s obligations to make payment or render performance in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency;

(g) Franchisor may proceed against Guarantor and Franchisee jointly and severally, or Franchisor may, at its option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against Franchisee; and

(h) Guarantor shall pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against Guarantor.

IN WITNESS WHEREOF, the undersigned have executed and delivered this Guaranty and Assumption of Obligations as of the date set forth above.

GUARANTOR(S):

---

Guarantor

---

Guarantor

---

Guarantor

**EXHIBIT A - LOCATION**  
**TITLE BOXING CLUB FRANCHISE AGREEMENT**  
**BY AND BETWEEN TBC INTERNATIONAL LLC**  
**AND \_\_\_\_\_**  
**DATED \_\_\_\_\_**  
**(the "Franchise Agreement")**

1. Fitness Studio Location. The parties to this Agreement agree that the Fitness Studio to be operated by Franchisee pursuant to the Franchise Agreement shall be located at the following address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. Protected Area. The parties agree that the Protected Area means a \_\_\_\_\_ mile radius around the Premises.

3. Defined Terms. All capitalized or initial capitalized terms contained in this Exhibit and not defined in this Exhibit have the same meaning as ascribed to them in the Franchise Agreement.

**FRANCHISOR:**

**FRANCHISEE:**

TBC INTERNATIONAL LLC

By: \_\_\_\_\_  
Todd Wadler, CEO

By: \_\_\_\_\_  
NAME

By: \_\_\_\_\_  
NAME

**ALTERNATIVE EXHIBIT A**

**TO THAT CERTAIN  
TITLE BOXING CLUB FRANCHISE AGREEMENT  
BY AND BETWEEN TBC INTERNATIONAL LLC  
AND \_\_\_\_\_  
DATED \_\_\_\_\_  
(the "Franchise Agreement")**

1. Area for Fitness Studio Location. Within ninety (90) days after the date of the Franchise Agreement, Franchisee shall select and obtain Franchisor's approval of a location in accordance with the provisions of this Exhibit within the following described geographical area:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

2. Approval of Location and Fitness Studio Opening. In order to obtain Franchisor's approval of proposed premises for the Fitness Studio, Franchisee must submit to Franchisor a complete site report (containing information Franchisor reasonably requires) for the location at which Franchisee proposes to establish and operate the Fitness Studio and which Franchisee reasonably believes to conform to the standardized site selection criteria established by Franchisor. The proposed location is subject to Franchisor's prior written approval, which will not be unreasonably withheld. In approving or disapproving the proposed location, Franchisor will consider matters it deems material, including demographic characteristics of the proposed location, traffic patterns, parking, the predominant character of the neighborhood, the proximity to other businesses, including other Title Boxing Club Fitness Studios, and other commercial characteristics, the purchase price or rental obligations and other lease terms for the proposed location, and the size of premises, appearance, other physical characteristics, and other matters. Franchisor will, by delivery of written notice to Franchisee, approve or disapprove a location proposed by Franchisee for the Fitness Studio within sixty (60) days of receipt by Franchisor of the complete site report and other materials requested by Franchisor, containing all information reasonably required by Franchisor.

Franchisor and Franchisee agree that Franchisor's written approval of a proposed location is deemed an agreement by Franchisor and Franchisee that the location shall be the location of the Fitness Studio to be operated by Franchisee pursuant to the Franchise Agreement. As soon as reasonably practical after approval of the location, Franchisor and Franchisee shall complete and execute Exhibit A.

At Franchisee's request, Franchisor will provide Franchisee with reasonable assistance in the selection and evaluation of a proposed location for the Fitness Studio.

FRANCHISEE ACKNOWLEDGES AND AGREES THAT FRANCHISOR'S SELECTION OR APPROVAL OF A PROPOSED LOCATION AND ANY INFORMATION IMPARTED TO FRANCHISEE REGARDING THE PROPOSED LOCATION SHALL NOT CONSTITUTE A WARRANTY OR REPRESENTATION OF ANY KIND, EXPRESSED OR IMPLIED, AS TO THE SUITABILITY OF THE PROPOSED LOCATION FOR A TITLE

BOXING CLUB FITNESS STUDIO OR FOR ANY OTHER PURPOSE OR THAT THE FITNESS STUDIO WILL BE SUCCESSFUL OR PROFITABLE.

3. Termination of Franchise Agreement. Franchisor has the right to terminate the Franchise Agreement, effective upon delivery of notice of termination to Franchisee, if Franchisee fails to obtain approval of a location for the Fitness Studio within ninety (90) days after the date of the Franchise Agreement.

4. Defined Terms. All capitalized and initial capitalized terms contained in this Exhibit and not defined in this Exhibit shall have the same meaning as ascribed to them in the Franchise Agreement.

**FRANCHISOR:**

**FRANCHISEE:**

TBC INTERNATIONAL LLC

By: \_\_\_\_\_  
Todd Wadler, CEO

By: \_\_\_\_\_  
NAME

By: \_\_\_\_\_  
NAME

**EXHIBIT B – CONFIDENTIALITY AGREEMENT AND  
ANCILLARY COVENANTS NOT TO COMPETE**

This Agreement is made and entered into on \_\_\_\_\_, between TBC INTERNATIONAL LLC, a Kansas limited liability company (“Franchisor”), \_\_\_\_\_ (“Franchisee”), and \_\_\_\_\_ (“Covenantor”).

RECITALS

WHEREAS, Franchisor has obtained the right to develop a unique system (the “System”) for the development and operation of a TITLE BOXING CLUB Fitness Studio under the name and marks TITLE BOXING CLUB® (“TITLE BOXING CLUB(S)” or Fitness Studio(s)); and

WHEREAS, the System includes, but is not limited to, certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the marks TITLE BOXING CLUB® and other trade names, service marks, trademarks, logos, insignia, slogans, emblems, designs and commercial symbols as Franchisor may develop in the future to identify for the public the source of services and products marketed under the marks and under the System and representing the System’s high standards of quality, appearance and service and distinctive merchandising, interior design, furnishings, uniform standards, specifications and procedures for inventory, merchandising, management and financial control; operations; quality and uniformity of products offered; procedures for management and financial control; training and assistance; and advertising and promotional programs; all of which Franchisor may change, improve and further develop and which Franchisor uses in connection with the operation of the System (“Trade Secrets”); and

WHEREAS, the Licensed Marks and Trade Secrets provide economic advantages to Franchisor and are not generally known to, and are not readily ascertainable by proper means, by Franchisor’s competitors who could obtain economic value from knowledge and use of the Trade Secrets; and

WHEREAS, Franchisor has taken and intends to take all reasonable steps to maintain the confidentiality and secrecy of the Trade Secrets; and

WHEREAS, Franchisor has granted Franchisee the limited right to develop a TITLE BOXING CLUB Fitness Studio using the System, the Licensed Marks and the Trade Secrets, pursuant to a Franchise Agreement entered into on \_\_\_\_\_ (“Franchise Agreement”), by and between Franchisor and Franchisee; and

WHEREAS, Franchisor and Franchisee have agreed in the Franchise Agreement on the importance to Franchisor and to Franchisee and other licensed users of the System of restricting the use, access and dissemination of the Trade Secrets; and

WHEREAS, it is necessary for certain employees, agents, independent contractors, officers, directors and equity interest holders of Franchisee, or any entity having an interest in Franchisee (“Covenantor”) to have access to and to use some or all of the Trade Secrets in the management and operation of Franchisee’s TITLE BOXING CLUB using the System; and

WHEREAS, Franchisee has agreed to obtain from those covenantors written agreements protecting the Trade Secrets and the System against unfair competition; and



WHEREAS, Covenantor wishes to remain, or wishes to become associated with or employed by Franchisee; and

WHEREAS, Covenantor wishes and needs to receive and use the Trade Secrets in the course of his employment or association in order to effectively perform the services for Franchisee; and

WHEREAS, Covenantor acknowledges that receipt of and the right to use the Trade Secrets constitutes independent valuable consideration for the representations, promises and covenants made by Covenantor.

NOW, THEREFORE, in consideration of the mutual covenant and obligations contained in this Agreement, the parties agree as follows:

### Confidentiality Agreement

1. Franchisor and/or Franchisee shall disclose to Covenantor some or all of the Trade Secrets relating to the System. All information and materials, including, without limitation, manuals, drawings, specifications, techniques and compilations of data which Franchisor provides to Franchisee and/or Covenantor are deemed confidential Trade Secrets for the purposes of this Agreement.

2. Covenantor shall receive the Trade Secrets in confidence and must, at all times, maintain them in confidence, and use them only in the course of his employment or association with a Franchisee and then only in connection with the development and/or operation by Franchisee of a TITLE BOXING CLUB Fitness Studio for so long as Franchisee is licensed by Franchisor to use the System.

3. Covenantor shall not at any time make copies of any documents or compilations containing some or all of the Trade Secrets without Franchisor's express written permission.

4. Covenantor shall not at any time disclose or permit the disclosure of the Trade Secrets except to other employees of Franchisee and only to the limited extent necessary to train or assist other employees of Franchisee in the development or operation of a TITLE BOXING CLUB Fitness Studio.

5. Covenantor must surrender any material containing some or all of the Trade Secrets to Franchisee or Franchisor, upon request, or upon termination of employment by Franchisee, or upon conclusion of the use for which the information or material may have been furnished to Covenantor.

6. Covenantor shall not at any time, directly or indirectly, do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Trade Secrets and the System.

7. Franchisor loans all manuals to Franchisee for limited purposes only and they remain the property of Franchisor and may not be reproduced, in whole or in part, without Franchisor's written consent.

## Covenants Not to Compete

1. In order to protect the goodwill and unique qualities of the System and the confidentiality and value of the Trade Secrets during the term of this Agreement, and in consideration for the disclosure to Covenantor of the Trade Secrets, Covenantor further agrees and covenants as follows:

a. Not to divert, or attempt to divert, directly or indirectly, any business, business opportunity, or customer of the Fitness Studios to any competitor; and

c. Except with respect to TITLE BOXING CLUB Fitness Studios not to directly or indirectly, for himself or through, on behalf of, or in conjunction with any person, partnership, corporation, or limited liability company without the prior written consent of Franchisor, own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures) become employed, advise, assist or make loans to, any business that is of a character and concept similar to the TITLE BOXING CLUB Fitness Studio. As used herein, the term “similar” means a boxing club or gym, or health or fitness center or club featuring boxing, or kick-boxing, or mixed martial arts, for weight training, or body toning or cardiovascular health, or operates in any manner like a TITLE BOXING CLUB Fitness Studio;

2. In further consideration for the disclosure to Covenantor of the Trade Secrets and to protect the uniqueness of the System, Covenantor agrees and covenants that for two (2) years following the earlier of the expiration, termination or transfer of all Franchisee’s interest in the Franchise Agreement or the termination of his association with or employment by Franchisee, Covenantor will not without the prior written consent of Franchisor:

a. Divert or attempt to divert, directly or indirectly, any business, business opportunity or customer of the Fitness Studios to any competitor; or

c. Except with respect to TITLE BOXING CLUBS not to directly or indirectly, for himself or through, on behalf of, or in conjunction with any person, partnership, corporation, or limited liability company without the prior written consent of Franchisor, own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures) become employed, advise, assist or make loans to, any business that is of a character and concept similar to the TITLE BOXING CLUB. As used herein, the term “similar” means a boxing club or gym, or health or fitness center or club featuring boxing, or kick-boxing, or mixed martial arts, for weight training, or body toning or cardiovascular health, or operates in any manner like a TITLE BOXING CLUB Fitness Studio;

## Miscellaneous

1. Franchisee shall make all commercially reasonable efforts to ensure that Covenantor acts as required by this Agreement.

2. Covenantor agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of a breach, or threatened or attempted breach of any of the provisions, Franchisor is entitled to enforce the provisions of this Agreement and is entitled, in addition to any other remedies available to it at law or in equity, including the right to terminate the Franchise Agreement, to a temporary

and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

3. Covenantor agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Franchisee in enforcing this Agreement.

4. Any failure by Franchisor to object to or take action with respect to any breach of this Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Covenantor.

5. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF KANSAS. COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF TO THE JURISDICTION OF THE SUPERIOR COURT OF CALIFORNIA FOR THE COUNTY OF LOS ANGELES AND THE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA IN LOS ANGELES. COVENANTOR HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. COVENANTOR HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON HIM IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY CALIFORNIA, KANSAS, OR FEDERAL LAW. COVENANTOR FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE LOS ANGELES, CALIFORNIA; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION.

6. The parties acknowledge and agree that each of the covenants contained in this Agreement are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a part, Covenantor expressly agrees to be bound by any lesser covenant subsumed within the terms of the covenant that imposes the maximum duty permitted by law as if the resulting covenant were separately stated in and made a part of this Agreement.

7. This Agreement contains the entire agreement of the parties regarding the subject matter of this Agreement. This Agreement may be modified only by a duly authorized writing executed by all parties.

8. All notices and demands required to be given must be in writing and sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid, or electronic mail (provided that the sender confirms the electronic mail by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission), to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other

parties.

If directed to Franchisor, the notice shall be addressed to:

TBC International LLC  
8647 Hayden Place  
Culver City, CA 90232  
ATTN: Franchise Legal Administrator  
[legal@teamttitleboxingclub.com](mailto:legal@teamttitleboxingclub.com)

with a copy to:

John D. Moore, Esq.  
Husch Blackwell LLP  
4801 Main Street, Suite 1000  
Kansas City, Missouri 6411  
JOHN.MOORE@HUSCHBLACKWELL.COM

If directed to Franchisee, the notice shall be addressed to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_

If directed to Covenantor, the notice shall be addressed to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by electronic mail shall be deemed given upon transmission, provided confirmation is made as provided above. Any notice sent by expedited delivery service or registered or certified mail shall be deemed given three (3) business days after the time of mailing. Any change in the foregoing addresses shall be effected by giving fifteen (15) days written notice of such change to the other parties. Business day for the purpose of this Agreement excludes Saturday, Sunday and the following national holidays: New Year’s Day, Martin Luther King Day, Presidents’ Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving and Christmas.

9. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and inure to the benefit of its respective affiliate, successor and assigns. The respective obligations of Franchisee and Covenantor hereunder may not be assigned by Franchisee or Covenantor without the prior written consent of Franchisor.

**FRANCHISOR:**

**FRANCHISEE:**

TBC INTERNATIONAL LLC

By: \_\_\_\_\_  
Todd Wadler, CEO

By: \_\_\_\_\_  
NAME

By: \_\_\_\_\_  
NAME

**COVENANTOR(S):**

\_\_\_\_\_  
NAME, Individually

## EXHIBIT C – LEASE RIDER

This Lease Rider is made and entered into on \_\_\_\_\_, by and among TBC INTERNATIONAL LLC, a Kansas limited liability company (“TITLE BOXING CLUB” or “Franchisor”) \_\_\_\_\_ (“Franchisee”), and \_\_\_\_\_ (“Landlord”).

WHEREAS, Franchisor and Franchisee are parties to that certain Franchise Agreement dated \_\_\_\_\_ (“Franchise Agreement”); and

WHEREAS, Franchisee and Landlord are entering into a lease of even date herewith (the “Lease”) pursuant to which Franchisee will occupy the Premises located at \_\_\_\_\_ (the “Premises”) for a TITLE BOXING CLUB Fitness Studio (“Permitted Use Fitness Studio”) licensed under the Franchise Agreement; and

WHEREAS, as a condition to entering into the Lease, the Franchisee is required under the Franchise Agreement to execute this Lease Rider along with the Landlord and Franchisor.

NOW, THEREFORE, in consideration of the mutual undertakings and commitments set forth herein and in the Franchise Agreement, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. During the term of the Franchise Agreement, (a) the Premises shall be used only for the Permitted Use Fitness Studio, and (b) Landlord and Franchisee agree that no amendment of the Lease shall be deemed valid unless and until Franchisor has approved the same.

2. Landlord consents to Franchisee’s use of Licensed Marks and signs, and interior and exterior decor items, color schemes and related components of the TITLE BOXING CLUB System, plans, specifications, location of the building and its entrance, as Franchisor may prescribe from time to time. Landlord agrees to reasonably cooperate with obtaining approval for the same, to the extent necessary, from the applicable governmental authorities.

3. Landlord agrees to furnish Franchisor with copies of all notices of default and all correspondence between Landlord and Franchisee related to any such default.

4. Franchisor has the right to enter the Premises to make any operational modifications or non-structural alteration necessary to protect the TITLE BOXING CLUB System and Licensed Marks or to cure any default under the Franchise Agreement entered into between Franchisor and Franchisee or under the Lease, without being guilty of trespass or any other crime or tort, and Landlord shall not be responsible for any expenses or damages arising from Franchisor’s action in connection therewith.

5. Landlord grants Franchisor the right, but not the obligation, to cure any deficiency or default under the Lease if Franchisee fails to do so for an additional: (a) fifteen (15) days for in the event of a monetary default and (b) thirty (30) days in the event of a non-monetary default (or such longer period as may be reasonably necessary provided Franchisor commences a cure within such 30-day period and diligently pursues the cure thereafter), after the expiration of the time in which Franchisee may cure a default pursuant to the terms of the Lease.

6. Upon the expiration or termination of the Franchise Agreement for any reason whatsoever, Landlord shall grant Franchisor the option to assume the Lease as follows:

(A) Franchisor may, but is not obligated to, directly assume the Lease, and shall have the right to either assign such Lease or sublease the Premises for all or any part of the remaining Lease term to a franchisee who has been approved by Landlord, such approval not to be unreasonably withheld, delayed or conditioned, and upon any such assignment, Franchisor shall be relieved of any liability for obligations accruing after the effective date of any such assignment; or

(B) Franchisor may, but is not obligated to, assign its option to assume the Lease to a franchisee who has been approved by Landlord, such approval not to be unreasonably withheld, delayed or conditioned, and Landlord agrees to permit the direct assumption of the Lease by such franchisee.

Franchisor agrees to provide Landlord with notice of its election to exercise one of the foregoing options within thirty (30) days after the expiration or earlier termination of the Franchise Agreement. If Franchisor fails to notify Landlord within such time period, the options shall be deemed waived.

7. Landlord shall acknowledge that, in all cases, Franchisee is solely responsible for all obligations, payments and liabilities accruing under the Lease, unless and until Franchisor or Franchisor's designated franchisee exercises the option to become substitute lessee and takes physical possession of the Premises.

8. If Franchisee fails to cure a default under the Lease, and Franchisor has escrowed funds or has committed in writing to provide the necessary undertaking to cure the default, Landlord shall take any action necessary to remove Franchisee from the Premises and retake possession of the Premises.

9. Landlord and Franchisee acknowledge and agree that Franchisee shall be required to assign the Lease to Franchisor or its designee upon the expiration or earlier termination of the Franchise Agreement. In the event the Lease is terminated prior to its expiration, Landlord agrees to reinstate the Lease or enter into a new lease under the same terms and conditions with Franchisor or Franchisor's designee in accordance with the terms of this Lease Rider, which shall survive any termination of the Lease prior to the expiration thereof in accordance with its terms.

10. In the event of assignment, Franchisor or its designee will assume from and after the date of assignment all obligations of Franchisee remaining under the Lease, and in such event, Franchisor or its designee will assume Franchisee's occupancy rights, and the right to sublease the Premises, for the remainder of the term of the Lease.

11. Franchisee shall not amend or assign the Lease or renew or extend the terms thereof without the prior written consent of Franchisor.

12. The terms of this Lease Rider will supersede any conflicting terms of the Lease.

13. Franchisor is not a party to the Lease and shall have no liability under the Lease unless and until said Lease is assigned to, and assumed by, Franchisor as herein provided.

IN WITNESS WHEREOF, the parties have executed this Lease Rider as of the date first above written.

**FRANCHISOR:**

TBC INTERNATIONAL LLC

**FRANCHISEE:**

By: \_\_\_\_\_  
Todd Wadler, CEO

By: \_\_\_\_\_  
NAME

By: \_\_\_\_\_  
NAME

**LANDLORD:**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



**EXHIBIT D**

**STATEMENT OF OWNERSHIP INTERESTS  
AND FRANCHISEE'S PRINCIPALS**

- A. The following is a list of shareholders, partners, members, or other investors in Franchisee, including all investors who own or hold a direct or indirect interest in Franchisee, and a description of the nature of their interest:

| <u>Name</u> | <u>Percentage of Ownership/Nature of Interest</u> |
|-------------|---|
|-------------|---|

- B. The following is a list of all Principals described in and designated pursuant to this Agreement.

\_\_\_\_\_ Initial and Date

\_\_\_\_\_ Initial and Date

- C. Pursuant to Section 3.G of the Agreement, the Representative of Franchisee who is fully authorized to act on behalf of Franchisee in all transactions with Franchisor (the "Representative") shall be \_\_\_\_\_.

\_\_\_\_\_ Initial and Date

\_\_\_\_\_ Initial and Date

**EXHIBIT E**  
**STANDARD INITIAL PACKAGE**  
**(Unit quantities are based on the 3500sf club model)**

| ITEM  | Units |
|---|-------|
| <b>TITLE EQUIPMENT</b>  |       |
| TITLE Boxing 72" Synthetic Heavy Bags with Chains - TBCTHB5T 100 BK | 36    |
| TITLE Boxing 72" Synthetic Red Heavy Bag                            | 1     |
| TITLE Boxing Body Protector for Trainers - PBP                      | 1     |
| TITLE Boxing Aerovent Excel Incredi-mitts 2.0 for Trainers - TAEPM2 | 1     |
| TITLE Boxing Professional Thai Pads for Trainers - TPCX3            | 1     |
| TITLE Boxing Platinum Gym Timer - PFGT                              | 1     |
| TITLE Boxing Hand Wrap Roller - HWROLL2                             | 2     |
| TITLE Boxing Fundamental Bag Gloves (Loaner Gloves) - CVVTG3 RD     | 15    |
| TITLE Boxing Jumbo Gloves (pair) - JBG 1 RD                         | 1     |
| TITLE Boxing Ring Gong & Hammer Set - TRG                           | 1     |
| TITLE Boxing Glove Dry Devils (for Loaner Gloves) - TGDV            | 15    |
| TITLE Boxing Core Mats 2.0 for Core Work - TBCPCM2                  | 15    |
|   |       |

### 3rd Party Vendor Items

ITEM

|   |   |
|---|---|
| <b>Bag Stand Manufacturer</b>                               |   |
| Heavy Bag Stand (Based on Club Size and Layout by Angelini) | 1 |

|   |   |
|---|---|
| <b>INSTORE DESIGN DISPLAY</b>                           |   |
| DROPSHIP: FRONT DESK, BACK CABINET, ADA DESK -RH RETURN | 1 |
| WHAT'S HAPPENING BOARD                                  | 1 |
| <b>RETAIL WALL MODULE 96 X 50 X 16</b>                  | 1 |
| 4' RECTANGULAR TUBING, SATIN CHROME                     |   |
| SATIN CHROME END CAP FOR RECTANGULAR TUBING             |   |
| RECTANGULAR TUBING                                      |   |
| 12" RECT. HANGRAIL BRACKET SATIN CHROME                 |   |
| 12" FACEOUT SATIN CHROME                                |   |
| 12" X 50" X 1-1/8" BLACK SHELF                          |   |
| 10" SHELF BRACKET, ZINC                                 |   |
| 12" FACEOUT SATIN CHROME                                |   |
| HAND WRAP BIN KIT, SET OF (6)                           | 1 |
| GLOVE DISPLAY   | 1 |

|   |       |
|---|-------|
| <b>INDUSTRIAL BUILDING PRODUCTS</b>   |       |
| Lockers - Each "frame" has 3 locker openings so 10 "frames" = 30 individual lockers   | 30    |
|   |       |
| <b>BLUE DOT</b>   |       |
| Benches (Franchisee Partner Purchases through website.)   | 2     |
|   |       |
| <b>ABC Images</b>   |       |
| Site Survey   | 1     |
| ADA Compliant Restroom Signs (Based on amount per club)   |       |
| Welcome Wall  | 1     |
| What's Happening Board  | 1     |
| Clear Plastic Frame for whats happening board   | 1     |
| Local Wall Mural  | 1     |
| Bag Graphic   | 1     |
| Haley's Graphic (Refresh Only)  |       |
| Titleisms (Same price no matter which phrase is selected) - Red Background, White text  | 0 - 3 |
| Combo of Day Backlit SEG Fabric + Sintra Numbers and Words + J-Channel  | 1     |
| Locker Room Logo Graphic  | 1     |
| White Vinyl Bag Numbers (Per Number of Bags)  |       |
| Vinyl "T" for Lobby Glass Doors and refrigerator (Based on number of doors and 1 refrigerator)  |       |
| Click Frames (Refresh Only)   |       |
| Window Graphics (Per Request by Franchise Partner, additional cost)   |       |
|   |       |
| <b>AED (through Zogics)</b>   |       |
| ZOLL Fully Automatic AED Plus Bundle  | 1     |
| ZOLL Fully Automatic AED Plus with AED Cover<br>Standard Metal AED Wall Cabinet<br>PlusRX Medical Prescription<br>CPR-D-padz Electrode<br>Pack of 10 CR123A batteries<br>Carry Case<br>ZOLL CPR-D Accessory Kit (single use) which includes a CPR Barrier Mask, scissors, gloves, a prep razor, a towel and a moist towelette<br>CPR coaching and feedback<br>Single-piece electrode pads with five year shelf-life<br>Uses inexpensive consumer batteries<br>Full resuscitation process guidance<br>Perfect for novice rescuers in businesses, churches, and public locations of all kinds<br>ECG display upgrade available for medical professionals<br>Qualifies for free ground shipping to commercial addresses in the contiguous 48 United States |       |
| AED Surface Mount Cabinet   |       |
|   |       |
| <b>AV NOW</b>   |       |

|  |   |
|--|---|
| 6" Pendant Speaker                       | 6 |
| Dual 10" Surface Mount Sub               | 1 |
| Dual 10" Surface Mount Sub Bracket       | 1 |
| 70V Transformer Tap                      | 1 |
| Bluetooth Receiver                       | 1 |
| Aux Input                                | 1 |
| Shure Wireless Mic System                | 1 |
| Fitness Rated Microphone                 | 2 |
| Back-Up Transmitter                      | 1 |
| Antenna Extension Kit                    | 1 |
| 7" Touch Panel                           | 1 |
| Network AV Switch                        | 1 |
| DSP and Matrix Mixer - Control Processor | 1 |
| 2 Channel Amp                            | 1 |
| 14RU Free Standing AV Rack               | 1 |
| 43" Commercial Display                   | 3 |
| Display Wall Mount                       | 3 |
| Video Distribution System                | 1 |
| Digital Timer                            | 1 |
|  |   |
| <b>Yellow POP</b>                        |   |
| Neon Sign "Box More Stress Less"         | 1 |

**EXHIBIT F - ELECTRONIC FUND TRANSFER AUTHORIZATION**

**Authorization Agreement for Direct Payments to TBC International LLC**

- (1) Franchisee Name: \_\_\_\_\_ (“Franchisee”) (2) Fitness Studio Number: \_\_\_\_\_
- (3) Employer Identification Number (EIN) or Social Security Number: \_\_\_\_\_
- (4) Fitness Studio Address: \_\_\_\_\_  
Business Mailing Address: \_\_\_\_\_  
(if different from Fitness Studio Address)
- (5) Work Phone: (\_\_\_\_) \_\_\_\_\_

Franchisee hereby authorizes TBC International LLC, hereinafter called TITLE BOXING CLUB, to initiate debit entries to Franchisee’s \_\_\_\_\_ Account indicated below at the depository financial institution named below, hereinafter called BANK, to allow payment to TITLE BOXING CLUB for continuing weekly royalty fees and for weekly contributions to the Brand Creative Fund due under the parties’ Franchise Agreement. Franchisee hereby authorizes BANK to honor, execute and charge Franchisee’s account for any such debit entries. Franchisee acknowledges that the origination of the transactions from Franchisee’s account must comply with the provisions of U.S. Law.

- (6) BANK’s Name: \_\_\_\_\_  
Branch: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

- (7) Routing Number: \_\_\_\_\_ (8) Account Number: \_\_\_\_\_

**(Please attach a voided check to assure accuracy)**

- (9) Day of Debit: Tuesday of each week for royalty fees, unless a Tuesday is preceded by a bank holiday, in which case the withdrawal will be Wednesday.

This authorization is to remain in full force and effect until TITLE BOXING CLUB has received written notification from Franchisee of its termination in such time and in such manner as to afford TITLE BOXING CLUB and BANK a reasonable opportunity to act on it.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Authorized Representative of Franchisee

Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Authorized Representative of TITLE BOXING CLUB

**EXHIBIT D TO FDD  
STATE ADMINISTRATORS**

**EXHIBIT D**  
**STATE ADMINISTRATORS**

| <b>STATE</b> | <b>STATE ADMINISTRATOR</b>  | <b>ADDRESS</b>  |
|--------------|---|---|
| California   | Department of Financial Protection and Innovation   | 320 West 4 <sup>th</sup> Street, Suite 750<br>Los Angeles, CA 90013-1105<br>Toll Free Telephone #: 1-866-275-2677 |
| Hawaii       | Department of Commerce and Consumer Affairs   | 335 Merchant Street<br>Honolulu, HI 96813   |
| Illinois     | Office of the Attorney General  | 500 South Second Street<br>Springfield, IL 62706  |
| Indiana      | Indiana Securities Commissioner<br>Securities Division                                    | 302 West Washington Street,<br>Room E111<br>Indianapolis, IN 46204  |
| Maryland     | Office of the Attorney General<br>Securities Division                                     | 200 St. Paul Place<br>Baltimore, MD 21202-2020  |
| Michigan     | Consumer Protection Division<br>Franchise Section   | 525 West Ottawa<br>670 Law Building<br>Lansing, MI 48913  |
| Minnesota    | Department of Commerce  | 85 7 <sup>th</sup> Place East, Suite 280<br>St. Paul, MN 55101-2198   |
| New York     | NYS Department of Law<br>Investor Protection Bureau                                       | 28 Liberty Street, 21 <sup>st</sup> Floor<br>New York, NY 10005<br>(212) 416-8222                                 |
| North Dakota | North Dakota Securities Department  | 600 East Boulevard<br>Fifth Floor<br>Bismarck, ND 58505   |
| Rhode Island | Department of Business Regulation<br>Securities Division                                  | 1511 Pontiac Avenue<br>Cranston, RI 02920   |
| South Dakota | Department of Labor and Regulation<br>Division of Insurance                               | 124 S. Euclid, Suite 104<br>Pierre, SD 57501  |
| Virginia     | Virginia State Corporation Commission<br>Division of Securities and Retail<br>Franchising | 1300 East Main Street, 9th Floor<br>Richmond, VA 23219  |
| Washington   | Department of Financial Institutions<br>Securities Division                               | 150 Israel Rd. S.W.<br>Tumwater, WA 98501   |
| Wisconsin    | Department of Financial Institutions<br>Securities Division                               | 345 W. Washington, 4th Floor<br>Madison, WI 55103   |

**EXHIBIT E TO FDD**  
**AGENTS FOR SERVICE OF PROCESS**



## EXHIBIT E

### AGENTS FOR SERVICE OF PROCESS

TBC authorizes the following, to accept service of process on behalf of TBC in the respective states:

| <b>STATE</b> | <b>AGENT</b>   | <b>ADDRESS</b>   |
|--------------|--|--|
| California   | Department of Financial Protection and Innovation                  | 320 West 4 <sup>th</sup> Street, Suite 750<br>Los Angeles, CA 90013-2344   |
| Hawaii       | Director of Department of Commerce and Consumer Affairs            | 1010 Richards Street<br>Honolulu, HI 96813   |
| Illinois     | Illinois Attorney General  | 500 South Second Street<br>Springfield, IL 62706   |
| Indiana      | Indiana Secretary of State   | 201 State House<br>Indianapolis, IN 46204  |
| Maryland     | Maryland Securities Commissioner                                   | 200 St. Paul Place<br>Baltimore, MD 21202-2020   |
| Michigan     | Michigan Department of Commerce Corporations and Securities Bureau | 525 West Ottawa<br>670 Law Building<br>Lansing, MI 48913   |
| Minnesota    | Commissioner of Commerce   | 85 7 <sup>th</sup> Place East, Suite 280<br>St. Paul, MN 55101-2198  |
| New York     | New York Secretary of State<br>New York Department of State        | One Commercial Plaza<br>99 Washington Avenue, 6 <sup>th</sup> Floor<br>Albany, NY 12231-0001<br>(518) 473-2492                         |
| North Dakota | Securities Commissioner  | 600 East Boulevard, 5 <sup>th</sup> Floor<br>Bismarck, ND 58505  |
| Rhode Island | Director of the Department of Business Regulation                  | 1511 Pontiac Avenue<br>Cranston, RI 02920  |
| South Dakota | Department of Labor and Regulation<br>Division of Insurance        | 124 S. Euclid, Suite 104<br>Pierre, SD 57501   |
| Virginia     | Clerk of the State Corporation Commission                          | 1300 East Main Street<br>1 <sup>st</sup> Floor<br>Richmond, VA 23209   |
| Washington   | Department of Financial Institutions<br>Securities Division        | 150 Israel Rd. S.W.<br>Tumwater, WA 98501  |
| Wisconsin    | Commissioner of Securities   | Department of Financial Institutions<br>Division of Securities<br>345 W. Washington Ave.<br>4 <sup>th</sup> Floor<br>Madison, WI 53703 |

**EXHIBIT F TO FDD  
OPERATIONS MANUAL  
TABLE OF CONTENTS**

## Table of Contents

|  |    |
|--|----|
| Preface .....  | 1  |
| <b>1. How to Use This Manual</b> .....                             | 1  |
| <b>2. Contact Information</b> .....                                | 3  |
| <b>3. Purpose</b> .....  | 4  |
| <b>4. Code of Ethics</b> .....                                     | 5  |
| <b>Chapter 1: Signature Product – The Workout Experience</b> ..... | 6  |
| <b>1. Signature Product: Workout Experience</b> .....              | 7  |
| <b>2. Pre-Workout</b> .....  | 9  |
| 2.1. Wrapping Hands .....  | 9  |
| 2.2. Center-Post Announcements Before & After Class .....          | 9  |
| 2.2.1. Volume Levels .....   | 9  |
| <b>3. Signature Product – The Workout</b> .....                    | 10 |
| 3.1. Warm-Up .....   | 10 |
| 3.2. Rounds .....  | 10 |
| 3.3. Active Rest .....   | 11 |
| 3.4. C4 Movement .....   | 11 |
| 3.5. Core.....   | 12 |
| 3.6. When to Ring the Bell .....                                   | 12 |
| <b>4. Post Workout</b> .....                                       | 13 |
| <b>5. Variations</b> .....   | 14 |
| 5.1. Boxing .....  | 14 |
| 5.2. Kickboxing .....  | 14 |
| 5.3. MMA (Approved Clubs Only) .....                               | 14 |
| <b>6. Duration, Frequency &amp; Naming Convention</b> .....        | 15 |
| 6.1. 30 Minutes .....  | 15 |
| 6.2. 45 Minutes .....  | 15 |
| 6.3. 60 Minutes .....  | 15 |
| 6.4. 75 Minutes .....  | 16 |
| 6.5. Naming Conventions.....                                       | 16 |
| <b>7. No Other Variations or Durations</b> .....                   | 17 |
| <b>Chapter 2: Operating the Franchise</b> .....                    | 18 |
| <b>1. The Franchisee/Franchisor Relationship</b> .....             | 19 |
| 1.1. Independent Contractor .....                                  | 19 |
| 1.2. Independently Owned and Operated.....                         | 19 |
| 1.3. You Are CEO of This Business .....                            | 19 |
| <b>2. Pricing</b> .....  | 21 |

|  |           |
|--|-----------|
| 2.1. Memberships.....                                    | 23        |
| 2.1.1. TITLE Card.....                                   | 23        |
| 2.1.2. Club Card.....                                    | 24        |
| 2.1.3. Warm Up Card.....                                 | 26        |
| 2.1.4. Single Class Rate.....                            | 26        |
| 2.1.5. Three Class Package Rate.....                     | 26        |
| 2.1.6. Six Class Package Rate.....                       | 27        |
| 2.2. Visiting Members.....                               | 27        |
| 2.2.1. Club Share.....                                   | 27        |
| 2.2.2. Membership Reciprocity.....                       | 28        |
| 2.2.3. How Does Reciprocity Work?.....                   | 28        |
| 2.2.4. Are All Members Eligible to Use Reciprocity?..... | 28        |
| 2.2.5. TITLE Card All-Access.....                        | 29        |
| 2.2.6. How Does TITLE Card All-Access Work?.....         | 29        |
| 2.3. Minimum Pricing.....                                | 30        |
| 2.3.1. Minimum Pricing.....                              | 31        |
| 2.4. Standard Promotions.....                            | 32        |
| 2.5. Price Fixing.....                                   | 32        |
| 2.6. Definition of Family for Family Memberships.....    | 33        |
| 2.7. Re-instating Cancelled Memberships.....             | 34        |
| 2.8. Freeze/Holds.....                                   | 34        |
| <b>3. Franchise Operational Requirements.....</b>        | <b>35</b> |
| 3.1. Launch Camp Training Program.....                   | 35        |
| 3.2. Initial Training Program.....                       | 36        |
| 3.2.1. Pre-Training.....                                 | 36        |
| 3.2.2. Training Camp.....                                | 36        |
| 3.2.3. Onsite Training.....                              | 36        |
| 3.2.4. Re-training.....                                  | 37        |
| 3.2.5. Requesting Franchisor Training Assistance.....    | 37        |
| 3.2.6. Annual Convention or Regional Meetings.....       | 37        |
| 3.3. Reporting Requirements.....                         | 37        |
| 3.3.1. Financial Reports.....                            | 38        |
| 3.3.2. Standard Chart of Accounts.....                   | 38        |
| 3.3.3. Club Records.....                                 | 39        |
| 3.3.4. Financial Audits and Inspections.....             | 39        |
| 3.3.5. Facility Inspections.....                         | 39        |
| 3.4. Variances.....                                      | 40        |
| 3.4.1. How to Request a Variance.....                    | 41        |
| 3.4.2. Requesting New Products.....                      | 41        |
| <b>4. Recurring Fees.....</b>                            | <b>42</b> |
| 4.1. Royalties.....                                      | 42        |
| 4.2. Marketing Fund Contributions.....                   | 42        |

## Table of Contents

|  |           |
|--|-----------|
| <b>Preface</b> .....   | <b>1</b>  |
| <b>1. How to Use This Manual</b> .....                             | <b>1</b>  |
| <b>2. Contact Information</b> .....                                | <b>3</b>  |
| <b>3. Purpose</b> .....  | <b>4</b>  |
| <b>4. Code of Ethics</b> .....                                     | <b>5</b>  |
| <b>Chapter 1: Signature Product – The Workout Experience</b> ..... | <b>6</b>  |
| <b>1. Signature Product: Workout Experience</b> .....              | <b>7</b>  |
| <b>2. Pre-Workout</b> .....  | <b>9</b>  |
| 2.1. Wrapping Hands .....  | 9         |
| 2.2. Center-Post Announcements Before & After Class .....          | 9         |
| 2.2.1. Volume Levels .....   | 9         |
| <b>3. Signature Product – The Workout</b> .....                    | <b>10</b> |
| 3.1. Warm-Up .....   | 10        |
| 3.2. Rounds .....  | 10        |
| 3.3. Active Rest .....   | 11        |
| 3.4. C4 Movement .....   | 11        |
| 3.5. Core.....   | 12        |
| 3.6. When to Ring the Bell .....                                   | 12        |
| <b>4. Post Workout</b> .....                                       | <b>13</b> |
| <b>5. Variations</b> .....   | <b>14</b> |
| 5.1. Boxing .....  | 14        |
| 5.2. Kickboxing .....  | 14        |
| 5.3. MMA (Approved Clubs Only) .....                               | 14        |
| <b>6. Duration, Frequency &amp; Naming Convention</b> .....        | <b>15</b> |
| 6.1. 30 Minutes .....  | 15        |
| 6.2. 45 Minutes .....  | 15        |
| 6.3. 60 Minutes .....  | 15        |
| 6.4. 75 Minutes .....  | 16        |
| 6.5. Naming Conventions.....                                       | 16        |
| <b>7. No Other Variations or Durations</b> .....                   | <b>17</b> |
| <b>Chapter 2: Operating the Franchise</b> .....                    | <b>18</b> |
| <b>1. The Franchisee/Franchisor Relationship</b> .....             | <b>19</b> |
| 1.1. Independent Contractor .....                                  | 19        |
| 1.2. Independently Owned and Operated.....                         | 19        |
| 1.3. You Are CEO of This Business .....                            | 19        |
| <b>2. Pricing</b> .....  | <b>21</b> |

|   |           |
|---|-----------|
| 4.3. Technology Fee .....   | 42        |
| 4.3.1. Remittance .....   | 42        |
| <b>5. Franchise Standards .....</b>                               | <b>44</b> |
| 5.1. Hours of Operations .....                                    | 44        |
| 5.1.1. Holiday Hours .....  | 44        |
| 5.2. Signs and Marketing .....                                    | 45        |
| 5.2.1. Advertising and Fundraising Standards .....                | 45        |
| 5.3. Holiday Décor .....  | 45        |
| 5.4. Music .....  | 46        |
| 5.5. Cleanliness Standards .....                                  | 46        |
| 5.6. Interior Entry .....   | 47        |
| 5.7. Reception Desk .....   | 47        |
| 5.8. Retail Area .....  | 47        |
| 5.9. Restrooms .....  | 47        |
| 5.10. Showers .....   | 48        |
| 5.11. Lockers .....   | 48        |
| 5.12. Office/Supply Room .....                                    | 48        |
| 5.13. Flooring .....  | 48        |
| 5.14. Exterior Entry .....  | 48        |
| 5.15. Windows and Doors .....                                     | 49        |
| 5.16. Lighting .....  | 49        |
| 5.17. Landscaping and Plants .....                                | 49        |
| 5.18. Workout Area .....  | 49        |
| 5.19. First-time Guest Gloves .....                               | 50        |
| 5.20. Sound and TV Timer System .....                             | 50        |
| 5.21. Floor Mats Cleaning Supplies and Maintenance Services ..... | 50        |
| 5.22. General .....   | 50        |
| 5.23. Uniform Appearance and Standards .....                      | 51        |
| 5.24. Hygiene .....   | 51        |
| 5.24.1. Tattoos .....   | 52        |
| 5.24.2. Piercings .....   | 52        |
| 5.24.3. Make-up .....   | 52        |
| 5.24.4. Jewelry .....   | 52        |
| 5.25. Behavior .....  | 52        |
| 5.25.1. Substance Abuse Standards .....                           | 53        |
| 5.25.2. Loitering .....   | 53        |
| 5.25.3. Visitors .....  | 53        |
| 5.25.4. Conversation .....  | 54        |
| 5.25.5. Physical Contact .....                                    | 54        |
| 5.25.6. Eating .....  | 54        |
| 5.25.7. Smoking/ Smokeless Tobacco .....                          | 54        |

|   |           |
|---|-----------|
| 5.25.8. Telephones .....                        | 54        |
| 5.25.9. Children of Staff .....                 | 55        |
| 5.26. Approved Products and Services .....      | 55        |
| 5.27. Communication and Information .....       | 55        |
| 5.27.1. Club Connect .....                      | 55        |
| 5.27.2. FranShare .....                         | 55        |
| 5.27.3. CleaR.....                              | 56        |
| 5.27.4. ClubReady .....                         | 56        |
| <b>Chapter 3: Personnel.....</b>                | <b>57</b> |
| <b>1. Overview and Disclaimer.....</b>          | <b>58</b> |
| <b>2. Laws and Requirements .....</b>           | <b>60</b> |
| 2.1. Working with Independent Contractors.....  | 60        |
| <b>3. Job Descriptions.....</b>                 | <b>61</b> |
| 3.1. Elements of a Job Description .....        | 61        |
| 3.2. TITLE Boxing Club Job Positions.....       | 63        |
| 3.2.1. General Manager.....                     | 63        |
| 3.2.2. Assistant General Manager .....          | 63        |
| 3.2.3. Sales Associate .....                    | 63        |
| 3.2.4. Cleaner/Cleaning Service.....            | 63        |
| 3.2.5. Trainers/Instructors.....                | 63        |
| <b>4. Setting a Pay Scale .....</b>             | <b>65</b> |
| 4.1. Elements of a Fair Wage .....              | 65        |
| <b>5. Recruiting .....</b>                      | <b>67</b> |
| 5.1. Previous Employees.....                    | 67        |
| 5.2. Selecting Motivated Employees .....        | 67        |
| <b>6. Lead Sources.....</b>                     | <b>69</b> |
| <b>7. The Hiring Process.....</b>               | <b>70</b> |
| 7.1. Pre-screening.....                         | 70        |
| 7.2. State Certification Requirements .....     | 71        |
| 7.3. Interviewing .....                         | 71        |
| 7.3.1. Legally Permitted Questions .....        | 72        |
| 7.3.2. Open-ended Questions .....               | 73        |
| 7.3.3. General Questions.....                   | 73        |
| 7.3.4. Sales-related Questions.....             | 74        |
| 7.3.5. Management-related Questions .....       | 74        |
| 7.3.6. Customer Support-related Questions ..... | 74        |
| 7.3.7. Describing the Job .....                 | 75        |
| 7.3.8. Ask About References .....               | 75        |
| 7.3.9. Ending the Interview .....               | 75        |
| 7.4. Follow-up .....                            | 76        |
| 7.4.1. Document Your Impressions .....          | 76        |

|   |            |
|---|------------|
| 7.4.2. Select the Right Candidates.....           | 76         |
| 7.4.3. Job Offer .....                            | 76         |
| <b>7.5. Starting the New Employee .....</b>       | <b>77</b>  |
| 7.5.1. Non-compete/Non-Disclosure Agreements..... | 77         |
| 7.5.2. Training the New Employee .....            | 77         |
| <b>8. Paperwork.....</b>                          | <b>79</b>  |
| 8.1. Creating an Employee Handbook .....          | 79         |
| 8.2. Making and Managing Personnel Files.....     | 79         |
| 8.3. Personnel Forms .....                        | 81         |
| <b>9. Managing Staff.....</b>                     | <b>84</b>  |
| 9.1. Motivating Your Employees.....               | 84         |
| 9.1.1. Focus on Behavior .....                    | 84         |
| 9.2. Training and Coaching .....                  | 85         |
| 9.3. Goal Setting.....                            | 86         |
| 9.4. Coaching and Documentation .....             | 87         |
| 9.5. Performance Appraisals.....                  | 88         |
| 9.6. Problem Resolution .....                     | 89         |
| 9.7. Termination .....                            | 89         |
| 9.7.1. How to Terminate .....                     | 89         |
| 9.7.2. Your Responsibilities at Termination.....  | 90         |
| <b>Chapter 4: Club Operations .....</b>           | <b>91</b>  |
| <b>1. Overview .....</b>                          | <b>92</b>  |
| <b>2. The TITLE Boxing Club Product.....</b>      | <b>93</b>  |
| 2.1. The TITLE Boxing Club Experience .....       | 93         |
| <b>3. What We Don't Offer .....</b>               | <b>94</b>  |
| 3.1. Physical Contact.....                        | 94         |
| 3.2. Competitor's Products.....                   | 94         |
| 3.3. Alternative Classes.....                     | 94         |
| 3.4. Community Events.....                        | 95         |
| <b>4. Delivering the Workout Experience .....</b> | <b>96</b>  |
| <b>5. Private Training.....</b>                   | <b>97</b>  |
| 5.1. State Required Certifications.....           | 97         |
| 5.2. Training Variations & Equipment.....         | 97         |
| 5.3. Fitness Consultation.....                    | 98         |
| 5.4. Introductory Private Training Package .....  | 98         |
| 5.5. Private Training Session Packages .....      | 99         |
| <b>6. Group Training.....</b>                     | <b>100</b> |
| 6.1. Group Training Parameters .....              | 100        |
| 6.2. TITLE Techniques .....                       | 100        |
| 6.2.1. TITLE Techniques – Format.....             | 101        |



|   |            |
|---|------------|
| <b>7. Retail</b>                                    | <b>102</b> |
| <b>8. Club Procedures</b>                           | <b>103</b> |
| 8.1. Class Schedules                                | 103        |
| 8.2. Opening Procedures                             | 103        |
| 8.3. Closing Procedures                             | 103        |
| 8.3.1. Closing Financial Procedures                 | 104        |
| 8.4. Daily Activities                               | 104        |
| 8.5. Weekly Activities                              | 105        |
| 8.6. Monthly Activities                             | 106        |
| <b>9. Marketing</b>                                 | <b>107</b> |
| 9.1. Brand  | 107        |
| 9.2. Digital  | 107        |
| 9.3. Print  | 107        |
| 9.4. Additional Information                         | 107        |
| <b>10. Sales</b>                                    | <b>108</b> |
| 10.1. 3 Day Pass Attendees                          | 108        |
| 10.2. First-time Guest Gloves                       | 108        |
| <b>11. Member Service</b>                           | <b>109</b> |
| 11.1. Handling Complaints                           | 109        |
| 11.2. Listen and Understand the Problem             | 109        |
| 11.3. Ask For the Solution                          | 109        |
| 11.4. Offer a Solution                              | 110        |
| 11.5. Get Agreement                                 | 110        |
| 11.6. Deliver on Promise                            | 110        |
| 11.7. Follow-Up                                     | 110        |
| <b>12. Dealing with Difficult Members</b>           | <b>112</b> |
| 12.1. Sensitive Subjects                            | 112        |
| <b>13. Processing the Order</b>                     | <b>113</b> |
| 13.1. Payment & Discounts                           | 113        |
| 13.1.1. Cash  | 113        |
| 13.1.2. Cash Handling                               | 113        |
| 13.1.3. Credit Cards                                | 113        |
| 13.1.4. Checks and Debit Cards                      | 115        |
| 13.1.5. Coupons and Discounts                       | 115        |
| 13.2. Cancellations                                 | 115        |
| <b>Chapter 5: Facility Maintenance &amp; Safety</b> | <b>117</b> |
| <b>1. Overview</b>                                  | <b>118</b> |
| <b>2. How To Clean</b>                              | <b>119</b> |
| 2.1. Windows and Mirrors                            | 119        |
| 2.2. Trash Bins                                     | 119        |

|   |            |
|---|------------|
| 2.3. Restrooms.....                     | 119        |
| 2.4. Floor Mats.....                    | 120        |
| 2.4.1. Replaceable Puzzle Mats .....    | 120        |
| 2.4.2. Mat Flooring.....                | 120        |
| 2.5. Heavy Bags.....                    | 120        |
| <b>3. Maintenance &amp; Safety.....</b> | <b>121</b> |
| <b>Chapter 6: Retail .....</b>          | <b>122</b> |
| <b>1. Products .....</b>                | <b>123</b> |
| 1.1. Apparel.....                       | 123        |
| 1.1.1. City Collection.....             | 124        |
| 1.2. Starter Kit Items.....             | 124        |
| 1.2.1. Gloves & Hand Wraps.....         | 124        |
| 1.2.1.1. Gloves.....                    | 124        |
| 1.2.1.2. Hand Wraps.....                | 125        |
| 1.3. Approved Beverages.....            | 125        |
| 1.4. Special Order Items.....           | 125        |
| <b>2. Ordering .....</b>                | <b>127</b> |
| 2.1. Shipping .....                     | 127        |
| <b>3. Returns.....</b>                  | <b>128</b> |
| 3.1. Merchandise Returns.....           | 128        |
| 3.2. Defective Returns .....            | 129        |
| <b>4. Refunds .....</b>                 | <b>130</b> |
| <b>5. Payment .....</b>                 | <b>131</b> |
| <b>6. Receiving Inventory .....</b>     | <b>132</b> |
| <b>Chapter 7: Administration.....</b>   | <b>133</b> |
| <b>7. Managing the Numbers.....</b>     | <b>134</b> |
| Daily / Weekly .....                    | 134        |
| 7.1.1.....                              | 134        |
| 7.1.2. Monthly.....                     | 134        |
| <b>8. Effective Scheduling .....</b>    | <b>135</b> |
| 8.1. How to Schedule.....               | 135        |
| 8.1.1. Posting the Schedule .....       | 135        |
| <b>9. Risk Management .....</b>         | <b>136</b> |
| 9.1. Crime.....                         | 136        |
| 9.2. Cash On Hand .....                 | 137        |
| 9.3. Safe .....                         | 137        |
| 9.4. Locked Doors .....                 | 138        |
| 9.5. Safely Exiting The Club.....       | 138        |
| 9.6. General Safety .....               | 138        |
| 9.6.1. CPR and Defibrillator .....      | 138        |

---

|   |     |
|---|-----|
| 9.6.2. Spills and Water.....            | 139 |
| 9.6.3. Lifting.....                     | 139 |
| 9.6.4. Fire and Earthquake Safety ..... | 139 |
| 9.6.5. Emergency Care.....              | 140 |
| 9.7. Incident Reports.....              | 140 |
| 9.8. Security Systems .....             | 141 |
| 9.9. Internal Theft .....               | 141 |
| 9.9.1. Preventing Employee Theft.....   | 142 |
| 9.10. External Theft .....              | 142 |
| 9.10.1. External Theft Prevention ..... | 143 |
| 9.11. Insurance .....                   | 143 |

**EXHIBIT G TO FDD**  
**ELECTRONIC FUNDS TRANSFER AUTHORIZATION**

**EXHIBIT G**  
**ELECTRONIC FUNDS TRANSFER AUTHORIZATION**

(1) Franchisee Name: \_\_\_\_\_ (“Franchisee”) (2) Franchise Number: \_\_\_\_\_

(3) Employer Identification Number (EIN) or Social Security Number: \_\_\_\_\_

(4) Franchised Location Address: \_\_\_\_\_  
Business Mailing Address: \_\_\_\_\_  
(if different from Franchised Location Address)  
\_\_\_\_\_

(5) Work Phone: (\_\_\_\_) \_\_\_\_\_

Franchisee authorizes TBC INTERNATIONAL, LLC, (“TBC”) to initiate debit entries to Franchisee’s \_\_\_\_\_ Account indicated below at the depository financial institution named below (“BANK”), to allow payment to TBC for continuing weekly royalty fees and for the weekly contributions to the Brand Creative Fund due under the parties’ Franchise Agreement. Franchisee authorizes BANK to honor, execute and charge Franchisee’s account for any such debit entries. Franchisee acknowledges that the origination of the transactions from Franchisee’s account must comply with the provisions of U.S. Law.

(6) BANK’s Name: \_\_\_\_\_

Branch: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

(7) Routing Number: \_\_\_\_\_ (8) Account Number: \_\_\_\_\_

**(Please attach a voided check to assure accuracy)**

(9) Day of Debit: Tuesday of each week, unless a Tuesday is preceded by a bank holiday, in which case the withdrawal will be Wednesday. Debit on days other than Tuesday are permitted with 48 hours’ notice.

This authorization is to remain in full force and effect until TBC has received written notification from Franchisee of its termination in such time and in such manner as to afford TBC and BANK a reasonable opportunity to act on it.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Authorized Representative of Franchisee

Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Authorized Representative of TBC

**EXHIBIT H TO FDD**  
**LIST OF FRANCHISEES**

**EXHIBIT H****List of Franchisees Open for Business  
As of December 31, 2023**

| <b>Franchisee</b> | <b>Address</b>                     | <b>City</b>     | <b>ST</b> | <b>Zip</b> | <b>Phone</b>   |
|-------------------|------------------------------------|-----------------|-----------|------------|----------------|
| Ashley Mitchell   | 15367 W. McDowell Rd., Suite C-2   | Goodyear        | AZ        | 85395      | (623) 340-4579 |
| Ashley Mitchell   | 5037 E. Ray Rd.                    | Phoenix         | AZ        | 85044      | (480) 785-2000 |
| Zane Frazier      | 3031 E. Indian School Road #19     | Phoenix         | AZ        | 85016      | (480) 712-3490 |
| Ravi Rajagopalan  | 10725 Ellis Ave.                   | Fountain Valley | CA        | 92708      | (949) 447-5400 |
| Adrienne Rush     | 157 E. El Camino Real              | Mountain View   | CA        | 94040      | (650) 963-9111 |
| Ronald Ito        | 360 22nd St., Suite 360A           | Oakland         | CA        | 94612      | (510) 250-9149 |
| Blake Kidwell     | 1610 R wandeStwreet, Suite 135     | Sacramento      | CA        | 95811      | (916) 329-8803 |
| Corey Boda        | 2852 University Ave.               | San Diego       | CA        | 92104      | (619) 677-1341 |
| Matt Lopez        | 4360 S. College Ave.               | Ft. Collins     | CO        | 80525      | (970) 449-0170 |
| Brooke Draper     | 40 W. Littleton Blvd., Unit 212    | Littleton       | CO        | 80120      | (303) 795-3285 |
| Jen Fallot        | 169 Cherry St.                     | Milford         | CT        | 06460      | (203) 701-6100 |
| Henry Mendez      | 14286 Beach Blvd, Suite 40         | Jacksonville    | FL        | 32250      | (904) 223-3200 |
| Jonas Aristondo   | 13456 Boyette Road                 | Riverview       | FL        | 33569      | (813) 324-8867 |
| Homaira Mirzai    | 4212 Henderson Blvd.               | Tampa           | FL        | 33629      | (813) 289-5420 |
| Jonas Aristondo   | 14338 N. Dale Mabry Hwy            | Tampa           | FL        | 33618      | (813) 443-0865 |
| Joe Romeo         | 8440 Cooper Creek Blvd             | University Park | FL        | 34201      | (941) 358-8252 |
| Homaira Mirzai    | 2050 State Road 436, Unit 100      | Winter Park     | FL        | 32792      | (407) 790-4001 |
| Bradley Weigandt  | 9500 University Avenue, Suite 1105 | West Des Moines | IA        | 50266      | (515) 493-4486 |
| Graham Goy        | 1136 South Delano Court West       | Chicago         | IL        | 60605      | (312) 877-5222 |
| Michael Confalone | 1355 North Milwaukee               | Chicago         | IL        | 60622      | (773) 661-6746 |
| Michael Confalone | 2417 N. Clark Street               | Chicago         | IL        | 60614      | (773) 327-7500 |
| William Lulis     | 313 South Peoria                   | Chicago         | IL        | 60607      | (872) 999-3444 |
| Ritchie Patel     | 135 N. Addison Ave., Suite 1       | Elmhurst        | IL        | 60126      | (312) 608-3430 |
| William Lulis     | 1029 Davis Street                  | Evanston        | IL        | 60201      | (847)733-0850  |
| Ritchie Patel     | 4003 Naperville Plainfield Rd.     | Naperville      | IL        | 60490      | (630) 219-4445 |
| Ritchie Patel     | 165 W. Golf Rd                     | Schaumburg      | IL        | 60195      | (847) 310-3100 |
| Gregg Conner      | 7812 West 119th Street             | Overland Park   | KS        | 66213      | (913) 433-2582 |
| Jason Wallace     | 849 South Hurstbourne Pkwy.        | Louisville      | KY        | 40222      | (502) 630-0600 |

| Franchisee        | Address                                   | City             | ST | Zip   | Phone          |
|-------------------|---|------------------|----|-------|----------------|
| Holly Varela      | 5029 Veterans Memorial Blvd Suite B       | Metairie         | LA | 70006 | (504) 510-5000 |
| Brent Smith       | 1409 East 70 <sup>th</sup> Street Ste 127 | Shreveport       | LA | 71105 | (318) 545-1069 |
| Cameron Andrews   | 338 Newbury Street                        | Boston           | MA | 02115 | (617) 426-9464 |
| Michael Musto     | 226 Causeway                              | Boston           | MA | 02114 | (617) 426-9464 |
| Lauren Macaulay   | 101 Middlesex Turnpike                    | Burlington       | MA | 01803 | (844) 317-9464 |
| Nicholas Eisan    | 29 Andover Street                         | Danvers          | MA | 01923 | (978) 624-7380 |
| Sam Park          | 365 Constitution Ave.                     | Littleton        | MA | 01460 | (978) 486-0100 |
| Susan Fowler      | 43 A Apex Drive                           | Marlborough      | MA | 01752 | (508) 251-1261 |
| Lauren Macaulay   | 137 Turnpike St.                          | North Andover    | MA | 01845 | (844) 926-9464 |
| Kimberly Chase    | 1210 Austin Providence Highway Rt 1       | Norwood          | MA | 02087 | (774) 225-6800 |
| Susan Fowler      | 329 Broadway                              | Saugus           | MA | 01906 | (781) 813-3125 |
| Michael Musto     | 381 Revolution Drive                      | Somerville       | MA | 02142 | (617) 426-9464 |
| Jason Voci        | 150 Arsenal St., Suite 3                  | Watertown        | MA | 02472 | (617) 744-1828 |
| Lauren Macaulay   | 425 Washington St.                        | Woburn           | MA | 01801 | (844) 526-9464 |
| Bradley Plotkin   | 10200 Grand Central Ave., Suite 104       | Baltimore        | MD | 21117 | (443) 898-6129 |
| Harry King        | 10101 Twin Rivers Rd., Suite 110          | Columbia         | MD | 21044 | (443) 410-0803 |
| John Sahakian     | 5268--R Nicholson Lane                    | N. Bethesda      | MD | 20895 | (240) 880-2180 |
| John Sahakian     | 9725 Traville Gateway Dr.                 | Rockville        | MD | 20850 | (301) 637-9360 |
| Dave Lewan        | 2115 W. Stadium Blvd.                     | Ann Arbor        | MI | 48103 | (734) 213-1300 |
| Ashok Kumar       | 2010 Cole St., Suite 170                  | Birmingham       | MI | 48009 | (248) 206-3889 |
| John Park         | 5848 North Sheldon Rd.                    | Canton           | MI | 48187 | (734) 207-0337 |
| Ashok Kumar       | 31196 Haggerty Rd.                        | Farmington Hills | MI | 48331 | (248) 579-5138 |
| Aaron Amato       | 5150 Northland Drive, Suite H2            | Grand Rapids     | MI | 49525 | (616) 272-4992 |
| Aaron Amato       | 4499 Ivanrest Ave. SW, Suite E            | Grandville       | MI | 49418 | (616) 930-3426 |
| John Park         | 43249 Seven Mile Road                     | Northville       | MI | 48167 | (248) 924-2895 |
| Alpana Paranjape  | 298 W. Tienken Rd.                        | Rochester Hills  | MI | 48306 | (248) 726-7166 |
| Doug Button       | 55221 Shelby Road                         | Shelby Township  | MI | 48316 | (248) 608-4944 |
| Ashok Kumar       | 5075 Rochester Rd.                        | Troy             | MI | 48085 | (248) 562-2031 |
| Dale Ogren        | 7630 160th St.                            | Lakeville        | MN | 55044 | (952) 300-6800 |
| Terri Coopersmith | 11615 Fountains Drive, Unit 503           | Maple Grove      | MN | 55369 | (763) 400-3418 |
| Jessica Wilson    | 3529 Lexington Ave. N                     | Shoreview        | MN | 55126 | (651) 204-0560 |
| Kathryn Styhl     | 8029 State Line Rd.                       | Kansas City      | MO | 64114 | (816) 997-9777 |



| <b>Franchisee</b> | <b>Address</b>                   | <b>City</b>    | <b>ST</b> | <b>Zip</b> | <b>Phone</b>   |
|-------------------|----------------------------------|----------------|-----------|------------|----------------|
| Max McGee         | 2046 Renaissance Park Place      | Cary           | NC        | 27513      | (919) 677-8222 |
| Robert Brame      | 2140 Environ Way                 | Chapel Hill    | NC        | 27517      | (919) 903-8238 |
| Steve Stafford    | 4156 Clemmons Road               | Clemmons       | NC        | 27012      | (336) 930-1528 |
| Max McGee         | 13200 Strickland Rd. #106        | Raleigh        | NC        | 27613      | (919) 848-7989 |
| Kenny Greer       | 460 Elm Street                   | Manchester     | NH        | 03101      | (603) 206-5608 |
| Lauren Macaulay   | 8 Spit Brook Rd                  | Nashua         | NH        | 03060      | (603) 484-4187 |
| Yekaterina Lazen  | 319 Route 130                    | East Windsor   | NJ        | 08520      | (609) 212-0846 |
| Jeanine Palumbo   | 915 Saw Mill River Rd.           | Ardsley        | NY        | 10502      | (845) 623-4071 |
| Danny Azzo        | 6940 Austin St                   | Forest Hills   | NY        | 11375      | (347) 960-9595 |
| Danny Cordova     | 335 Main St                      | Huntington     | NY        | 11743      | (631) 425-4141 |
| Meaghan Paisley   | 253 W Route 59                   | Nanuet         | NY        | 10954      | (845) 367-9777 |
| Alex Ness         | 3240 Monroe Ave., Ste. 300       | Pittsford      | NY        | 14618      | (585) 203-7270 |
| Jared Katz        | 170 Michael Drive                | Syosset        | NY        | 11791      | (516) 833-7979 |
| Keith Noel        | 710 Sycamore Street              | Cincinnati     | OH        | 41048      | (513) 579-9300 |
| Casey Wandell     | 779 Alpha Dr                     | Cleveland      | OH        | 44143      | (855) 269-4649 |
| Cheryl Foley      | 955 W 5th Ave.                   | Columbus       | OH        | 43212      | (614) 291-2787 |
| Robert Scott      | 2120 E. Dorothy Lane             | Kettering      | OH        | 45420      | (937) 938-5222 |
| Maria Manzo       | 864 Refugee Rd.                  | Pickerington   | OH        | 43147      | (614) 755-6520 |
| Robert Scott      | 9975 Sawmill Parkway             | Powell         | OH        | 43065      | (614) 718-2200 |
| Casey Wandell     | 14783 Pearl Rd                   | Strongsville   | OH        | 44136      | (855) 269-4649 |
| Dane Ohly         | 131 Huber Village Blvd.          | Westerville    | OH        | 43081      | (614) 981-6175 |
| Dane Ohly         | 30691 Detroit Road               | Westlake       | OH        | 44145      | (440) 385-7151 |
| Michael Pai       | 7417 SW Beaverton Hillsdale Hwy. | Portland       | OR        | 97225      | (503) 567-6791 |
| Emery Kutney      | 4434 Carlisle Pike, Ste. C       | Camp Hill      | PA        | 17011      | (717) 818-0834 |
| Ronald Alicea     | 7150 Hamilton Blvd., Unit #20    | Trexlerstown   | PA        | 18087      | (610) 351-1938 |
| Alisa Stoughton   | 492-2 Town Center Place          | Columbia       | SC        | 29229      | (803) 764-6085 |
| Chris Bowen       | 1000 Nexton Square Drive         | Summerville    | SC        | 29486      | (843) 900-3522 |
| Tyler Thompson    | 605 Gallatin Pike Ave.           | East Nashville | TN        | 37206      | (629) 202-4947 |
| Edward Finley     | 1550 W. McEwen Dr, Ste 70        | Franklin       | TN        | 37067      | (615) 807-1341 |
| Tyler Thompson    | 4108 Hillsboro Pike, Ste. 201    | Green Hills    | TN        | 37215      | (615) 988-4080 |
| Tyler Thompson    | 1906 Church Street               | Nashville      | TN        | 37203      | (615) 942-5919 |
| Jeannie Nadolski  | 2100 Rocky Fork Rd., Ste 401     | Nolensville    | TN        | 37135      | (615) 686-2044 |
| Jeff Stemmons     | 13945 Research Blvd, Suite C-3   | Austin         | TX        | 78717      | (512) 428-6278 |

| Franchisee        | Address                                | City               | ST | Zip   | Phone          |
|-------------------|--|--------------------|----|-------|----------------|
| Brian Casad       | 4140 Lemmon Ave, Suite 275             | Dallas             | TX | 75208 | (214) 520-2964 |
| Ken Morris        | 3184 Preston Road, Suite 250           | Frisco             | TX | 75034 | (214) 295-4808 |
| Donald Mcconnell  | 3100 Fannin St., Suite 110             | Houston            | TX | 77004 | (281) 888-4403 |
| Reggie Orchid     | 25031 Westheimer Parkway, Suite 100    | Katy               | TX | 77494 | (281) 222-2458 |
| Ra'Shawn Simpson  | 2904 East Stan Schlueter Loop,Bldg B   | Killeen            | TX | 76542 | (254) 680-2999 |
| Justine Poffel    | 5080 Virginia Pkwy, Ste 800            | McKinney           | TX | 75071 | (214) 856-7007 |
| Reggie Orchid     | 4823 Highway 6 South                   | Missouri City      | TX | 77459 | (855) 235-2235 |
| Dash Cox          | 7817 S. Highland Drive                 | Cottonwood Heights | UT | 84121 | (801) 676-1011 |
| Sam Heaps         | 43810 Central Station Drive, Suite 120 | Ashburn            | VA | 20147 | (703) 745-5857 |
| Sam Heaps         | 10318 Willard Way                      | Fairfax            | VA | 22030 | (703) 591-1900 |
| Chijioko Asomugha | 450 N. Washington St., Unit A          | Falls Church       | VA | 22046 | (703) 992-6888 |
| Susan Fowler      | 2525 W. Cary St.                       | Richmond           | VA | 23220 | (804) 918-5856 |
| Andrew Brown      | 7325 166th Ave. NE, Suite F255         | Redmond            | WA | 98052 | (425) 869-0755 |
| Levi Romero II    | 112 N. 85th Street                     | Seattle            | WA | 98103 | (206) 297-5945 |

### EXHIBIT H-1

#### LIST OF FRANCHISEES WHO HAVE SIGNED FRANCHISE AGREEMENT BUT FITNESS FACILITY NOT OPEN

Franchisees who have signed Franchise Agreements, but Fitness Studio has not Opened as of  
12/31/2023

| Name            | Address                  | City                 | ST | Zip   | Phone          |
|-----------------|--------------------------|----------------------|----|-------|----------------|
| Blake Kidwell   | 2339 Fair Oaks Blvd      | Sacramento           | CA | 95825 | (619) 885-2002 |
| Brooke Draper   | 10805 Skydance Drive     | Highlands Ranch      | CO | 80126 | (312) 235-9350 |
| Jen Fallot      | 135 Palamar Drive        | Fairfield            | CT | 06825 | (203) 856-9947 |
| Bill Lulis      | 1746 W. Le Moyne, Unit 1 | Chicago              | IL | 60622 | (708) 805-0060 |
| Sue Fowler      | 22 Hunters Rd.           | Boxford              | MA | 01921 | (978) 490-0609 |
| Lauren Macaulay | 58 Grove St.             | Winchester           | MA | 01890 | (214) 282-8530 |
| Jessica Ogren   | 11311 Apennine Way       | Inner Groves Heights | MN | 55077 | (612) 308-5260 |
| Casey Wandell   | 34600 Willow Creek Place | Willoughby           | OH | 44094 | (567) 712-9303 |
| Ronald Alicea   | 31 Old Company Road      | Barto                | PA | 19504 | (717) 421-6890 |
| Dash Cox        | 1605 East 6400 S         | Murray               | UT | 84121 | (801) 673-3274 |
| Levi Romero II  | 13920 N. Creek Dr.       | Mill Creek           | WA | 98012 | (206) 383-6647 |

**EXHIBIT I TO FDD  
GENERAL RELEASE**

**EXHIBIT I**  
**GENERAL RELEASE**

This Agreement (the “Agreement”) is made and entered into on \_\_\_\_\_ (the “Effective Date”) by and between TBC International, LLC, a Kansas limited liability company (“Franchisor”), \_\_\_\_\_, a \_\_\_\_\_ limited liability company with a business address of \_\_\_\_\_ (“Franchisee”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“Guarantors”).

**WITNESSETH:**

**WHEREAS**, Franchisor and Franchisees are parties to a franchise agreement dated \_\_\_\_\_ (the “Franchise Agreement”) for the operation of TITLE BOXING CLUB® Fitness Facility \_\_\_\_\_ located at \_\_\_\_\_ (the “Franchised Business”);

**WHEREAS**, Guarantors executed a Guaranty and Assumption of Obligations on \_\_\_\_\_ (the “Guaranty”) pursuant to which Guarantors guaranteed Franchisee’s obligations under the Franchise Agreement and agreed to be personally bound by the obligations in the Franchise Agreement;

[INSERT FACTS SPECIFIC TO SITUATION]

**NOW THEREFORE**, in consideration of the mutual covenants and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by and between the parties, it is agreed and understood as follows:

1. **RELEASE BY FRANCHISEE.** Except for the obligations of Franchisor contained in this Agreement, Franchisee and Guarantors (for themselves, and their officers, directors, shareholders, managers, members, employees, agents, heirs, predecessors, successors and assigns) hereby release, acquit, and forever discharge Franchisor, its affiliates, and each of their current and former directors, officers, managers, affiliates, members, shareholders, employees, agents, legal representatives, heirs, successors and assigns (the “TBCI Releasees”) from any and all claims, actions, and causes of action, of every conceivable kind, character and nature, whether absolute or contingent and whether known or unknown, which Franchisee or Guarantors has, had, or may ever have had against any of the TBCI Releasees, by reason of, or arising out of, or in any way related to (i) the Franchised Business or any other franchised business, (ii) the offer or sale of any franchise, (iii) the Franchise Agreement or any other agreement Franchisee or any Guarantor has or had with any TBCI Releasee, (iv) the termination of any franchise, (v) the relationship between Franchisor (or Guarantor) and any TBCI Releasee; or (vi) any facts, events, circumstances, omissions, acts, representations, misrepresentations, or occurrences existing or happening prior to the Effective Date.

2. **DISPUTE RESOLUTION.** Any claim to enforce this Agreement is subject to the provisions in Sections 22 (Mediation) and 23 (Enforcement) of the Old FA, which are hereby incorporated by reference. In this connection, Sections 22 and 23’s reference to the “Agreement” shall be interpreted to include this Agreement, in addition to the Old FA. Section 23 contains an arbitration clause.

3. **NO MODIFICATIONS.** Neither this Agreement nor any provision of this Agreement can be modified or waived in any way, except by an agreement in writing signed by each of the parties hereto, consenting to such modification or waiver.

4. **LEGAL COUNSEL.** Each party recognizes that this is a legally binding contract and agrees that each has had the opportunity to consult with legal counsel of each's choice. Each party acknowledges that each has read and understands this Agreement, is entering into it freely and voluntarily, and has been advised to seek counsel prior to entering into this Agreement.

5. **COUNTERPARTS.** This Agreement shall not be effective until it has been signed by all the parties. This Agreement may be signed in two or more counterparts.

6. **ENTIRE AGREEMENT.** This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all other prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof. In executing this Agreement, the parties have not relied upon any representation or statement not set forth herein made by or on behalf of any other party.

7. **GOVERNING LAW.** This Agreement is governed by the laws of the State of Kansas.

8. **SEVERABILITY.** If any one or more of the provisions contained in this Agreement 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 Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the court, arbitrator, or other tribunal making such determination is authorized and instructed to modify this Agreement so as to effect the original intent of the parties as closely as possible so that the agreement contemplated herein is consummated as originally contemplated to the fullest extent possible.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective the Effective Date.

FRANCHISOR:

FRANCHISEE:

TBC INTERNATIONAL, LLC

(Corporate or LLC name)

By: \_\_\_\_\_  
Todd Wadler, CEO

\_\_\_\_\_  
, President

\_\_\_\_\_  
, Individually

**EXHIBIT J TO FDD**  
**CLR Solutions LLC Contract**

## EXHIBIT J

### CLR Solutions LLC Contract

**INTRODUCTION.** This Agreement is entered into between CLR Solutions LLC (“CLR,” “Company,” “we,” “us,” or “our”), as the service provider, and you, as the client (“Client,” “you” or “your”), with certain payment-related services as further defined below.

**NOW, THEREFORE,** for good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **SERVICES.** We will provide certain services to you in accordance with this Agreement (“Services”) as a franchise of TBC International, LLC (“Franchisor”). Such services shall include those listed on Attachment A.

2. **REMITTS.** Club member payments processed by CLR between Sunday through Saturday are remitted via ACH next day direct deposit on the following Thursday, or on the next business day if a holiday) pursuant to this Agreement and our Terms and Conditions which may change from time to time. Payments to your designated bank account shall be the amount received less fees (see Attachment A), credit cards charge backs, reserves, pass through payments (as communicated to us by Franchisor) and returned checks.

3. **REPRESENTATIONS.** You warrant that the payments you claim are due or debts you claim are owed are legal and valid under applicable state and federal laws and regulations. You agree to notify us of any material changes regarding your business, or the services you provide, that could affect our ability to provide payment processing.

4. **MERCHANT FEES.** Merchant Fees may be adjusted quarterly and all other fees will be reviewed and may be adjusted annually.

5. **CHARGEBACKS; RETURNS; FINES.** We shall have no liability whatsoever for your chargebacks, ACH returns, fines, losses and costs we may incur because of your use of the Services. You agree to indemnify us for any and all losses or damages that we suffer, inclusive of attorneys’ fees and court costs, as a result of any chargebacks, ACH returns, fines, losses and costs associated with your studio, club or business, or the Services. The indemnity rights described herein shall be in addition to, and not in lieu of, any other indemnity rights we have under the Agreement.

6. **MEMBER BILLING AUTHORIZATION.** We will provide payment processing Services relating to your clients (each a “Member”) for which you shall obtain a membership agreement (each a “Membership Agreement”). We are not liable for the contents of your Membership Agreements. You will be required to include a payment authorization provision acceptable to us in your Membership Agreements with your members. Failure to include an acceptable payment authorization provision in your Membership Agreements could result in Services being delayed. You agree to hold us harmless for any liability arising under or in connection with your Membership Agreements.

7. **RECURRING TRANSACTIONS.** You agree to obtain the member’s prior written consent for recurring transactions, including a description of the product and the frequency and duration of the recurring charge, and notify the Member that he or she may cancel recurring billing charges at any time.

8. **VERIFICATION.** You expressly authorize us to make any business and/or personal credit inquiries (including, but not limited to, credit reports for your directors, officers, and principals), identity-verification inquiries, transaction-verification inquiries (including, but not limited to, inquiries with Member), and any other inquiries considered necessary relating to our provision of the Services, and to provide any information and documentation to our payment processor, our sponsor bank and/or the card brands as required by them. Furthermore, you

expressly authorize any person or credit reporting agency to compile information to answer those inquiries and to furnish that information to us.

9. **TAXES.** It is your responsibility to determine what, if any, taxes apply to the sale of your products and services, or the payments you receive in connection with your use of our Services (collectively, "Taxes"). It is solely your responsibility to assess, collect, report, or remit the correct tax to the proper tax authority. We are not obligated to, nor will we determine whether Taxes apply, or calculate, collect, report, or remit any Taxes to any tax authority arising from any transaction. You acknowledge that we will satisfy all IRS reporting requirements as required by law, including providing the IRS with an information return on your Card transactions and third-party network transactions.

10. **PASSTHROUGH PAYMENTS.** You hereby authorize us to deduct from your remits any amounts, communicated to us by Franchisor, designated as a payment to be paid to a third party (each a "Pass Through Payment"). You acknowledge that Pass Through Payments may include payments relating to current or future system standards at the sole discretion of Franchisor.

11. **RESERVE ACCOUNT.** We may, in our sole and absolute discretion, establish a reserve if we believe there is a risk of potential chargebacks, returns, or any other risk or liability associated with your use of the Services, or to ensure current or future payment owed to us or our affiliates. We will provide you with notice of the reserve and the terms of the reserve. We may require that a certain portion of your transaction proceeds be held by us in reserve for a certain period of time, or that you make a lump sum payment for the reserve. You authorize us to fund a reserve directly from the EFT/ACH draft associated with any business owned or operated by you also receiving Services from us. We may hold the reserve for as long as we deem necessary to mitigate risks associated with your transactions. You understand and agree that if you are required to establish a reserve, you will have an obligation to maintain the balance in the reserve set by us. We may, without notice, apply funds designated as reserves against any outstanding amounts owed to us or our affiliates under this Agreement or the Franchise Agreement between you and Franchisor. We may also debit the reserve to exercise our rights or those of our affiliates under this Agreement to collect any amounts due to us including, without limitation, rights of set-off and recoupment. You agree that you are liable for all obligations associated with your use of the Services even after the release of any reserve.

12. **RIGHT OF SET OFF.** In addition to our rights pursuant to Section 12 above, upon notice to us from Franchisor of amounts owed to them by you or your affiliate (collectively a "Payment Obligation"), we may in our sole discretion, deduct such Payment Obligation from your remits and pay Franchisor directly to satisfy said Payment Obligation.

13. **CONSENT TO CONTACT MEMBERS.** You authorize us, or our service providers and affiliates, to contact your Members using the information listed in their Membership Agreement regarding any matter, including but not limited to: billing, payments on their account, and past due balances owed. It shall be your responsibility to obtain Member consent for such communications in writing, making clear that these communications could take place on the phone, email, text or through voicemail message using pre-recorded voice messages or an auto-dialing system. You agree to hold us harmless and will defend and indemnify us and our affiliates and subsidiaries from any liability arising under or in connection with our communications with Members under this Agreement, including, without limitation, your failure to obtain the necessary consents.

14. **INDEMNIFICATION.** If any claim is brought against CLR in connection with the legality or validity of the payments you claim are due or debts you claim are owed, you agree to indemnify and hold CLR harmless from any and all losses, damages, claims, or liability incurred by us, including reasonable attorney fees, in connection with defending any such claim. We agree to notify you of any claim filed against us for which we may seek indemnification.



15. **CHOICE OF LAW.** This Agreement shall be governed by the laws of the State of Kansas, and any legal actions arising out of this Agreement must be brought only in state or federal court located within the State of Kansas. The parties hereto waive any jurisdictional objections to these forums and submit to the jurisdiction of the Courts (both state and federal) within the State of Kansas as though they received personal service within the jurisdiction of the relevant Court. No modification or alternation to this Agreement shall be effective unless it is in writing, and signed by both parties.

16. **ASSIGNMENT.** CLR may assign this agreement upon notice to you. This Agreement may not be assigned by you without our prior written consent.

17. **TERM.** The term of this Agreement shall be for an initial Term of ten years beginning upon the Effective Date your franchise agreement with Franchisor.

18. **SEVERABILITY.** If a court or arbitrator of competent jurisdiction holds any provision of this Agreement to be invalid, then, nevertheless, all of the remaining provisions shall remain valid and continue in full force and effect.

**IN WITNESS WHEREOF,** this Agreement is effective upon the date last signed below:

Client:

By: \_\_\_\_\_

Date: \_\_\_\_\_

COMPANY:  
CLR Solutions, LLC

By: \_\_\_\_\_

Date: \_\_\_\_\_

**ATTACHMENT A**

**Billing Services\***

|   |   |
|---|---|
| Check – ACH Processing                  | 3.5% of amount collect + Processing Fee (1.11%) |
| Visa/MC/Discover Credit Card Processing | 3.5% of amount collect + Merchant’s Fee (2.53%) |
| American Express Credit Card Processing | 3.5% of amount collect + Merchant’s Fee (3.11%) |
| <br>                                    |   |
| Paid-In-Full Storage and Tracking       | 35 cents per month, per active contract         |
| Paid-In-Full Roll-Over to Monthly       | \$1.50 onetime fee to convert                   |

**Banking Services**

|                         |           |
|-------------------------|-----------|
| ACH File Preparation    | No Charge |
| Direct Deposit of Funds | No Charge |

**Software Services**

|                           |           |
|---------------------------|-----------|
| CLR Solutions Software    | No Charge |
| On-Line Club Management   | No Charge |
| Point of Sale Software    | No Charge |
| Software Training         | No Charge |
| Complete Database Back-up | No Charge |
| Tech Support              | No Charge |

**Optional Programs and custom design**      Quoted on a per project basis

Accepted and Agreed:

.

CLR SOLUTIONS, LLC

By: \_\_\_\_\_

By: \_\_\_\_\_  
Joanne Jacobs on behalf of CLR Solutions LLC

\*Merchant fees may be adjusted quarterly and all other fees will be reviewed and may be adjusted annually.

Club # \_\_\_\_\_

Date: \_\_\_\_\_

**EFT DEPOSIT/WITHDRAWAL AUTHORIZATION FOR CLR SOLUTIONS – CLUB # \_\_\_\_\_**

With the signing of this form, you authorize CLR Solutions LLC to deposit/withdraw funds from your account listed below. You authorize CLR Solutions to bring your account current, thus avoiding negative balances from carrying forward, causing confusion in your accounting and delaying cash flow. CLR Solutions will reasonably notify you of the amount and draft date prior to withdrawing funds.

I hereby authorize CLR Solutions to credit or debit charges for services rendered from the account information listed on the voided check below:

Routing#: \_\_\_\_\_  
Account #: \_\_\_\_\_  
Name on Account: \_\_\_\_\_  
Bank Name: \_\_\_\_\_

.

By: \_\_\_\_\_

**EXHIBIT K TO FDD  
STATE ADDENDA**

**EXHIBIT K**  
**STATE ADDENDA**

**ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT  
FOR TBC INTERNATIONAL, LLC  
REQUIRED BY THE STATE OF CALIFORNIA**

In recognition of the requirements of the California Franchise Investment Law (Sections 31000 through 31516), the California Administrative Code (Title 10, Chapter 3, subchapter 2.6, Sections 310.00 through 310.505) and the California Business and Professions Code (Sections 20000 through 20043), the Franchise Disclosure Document of **TBC INTERNATIONAL, LLC** for use in the State of California shall be amended as follows:

1. The Cover Page, Item 5 and Item 7 shall be amended by the addition of the following language:

“To guarantee franchisor’s fulfillment of its pre-opening obligations to each franchisee, a surety bond has been purchased and is on file with the California Department of Financial Protection and Innovation.”

2. The following language shall be added to the cover page immediately following the Federal Trade Commission disclosure:

**“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 FRANCHISE DISCLOSURE DOCUMENT.”**

3. The last paragraph of the cover page shall be amended to read as follows:

“Registration of this Franchise with any state does not mean that the state recommends it or has verified the information in this Franchise Disclosure Document. If you learn that anything in this Franchise Disclosure Document is untrue, contact the Federal Trade Commission and the Department of Financial Protection and Innovation., at any of its offices, including 320 West 4th Street, Suite 750, Los Angeles, California 90010-2344.”

4. Item 3, under the heading “Litigation,” shall be amended by adding the following language to the end of Item 3:

“Neither **TBC INTERNATIONAL, LLC**, nor any person identified in Item 2 of the Franchise 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.”

5. Item 6, under the heading “Liquidated Damages,” in the “Remarks”, shall be amended by adding the following language:

“Under California Civil Code, Section 1671, certain liquidated damages clauses are unenforceable.”

6. Item 17(b), under the heading “Renewal or extension of term,” shall be amended by the addition of the following language at the end of each Summary Section:

“The California Business and Professions Code (Sections 20000 through 20043) provide rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.”

7. Item 17(f) under the heading “Termination by franchisor with cause” shall be amended by the addition of the following language at the end of each Summary Section:

“The California Business and Professions Code (Sections 20000 through 20043) provide rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.”

8. Item 17(h) under the heading “Cause” defined – non-curable defaults” shall be amended by the addition of the following language at the end of each Summary Section:

“This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).”

9. Item 17(i) entitled “Franchisee’s obligations on termination/nonrenewal” shall be amended by the addition of the following language at the end of each Summary Section:

“Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.”

10. Item 17(r) entitled “Non-competition covenants after the Franchise is terminated or expires” shall be amended by the addition of the following language at the end of each Summary Section:

“Because the agreement contains a covenant not to compete which extends beyond the termination of the agreement, this provision may not be enforceable under California law.”

11. Item 17(u) entitled “Dispute resolution by arbitration or mediation” shall be amended by the addition of the following language at the end of each Summary Section:

“The mediation will occur in Los Angeles, California with the costs and expenses of mediation, including compensation of the mediator, borne by the parties equally. 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 an agreement restricting venue to a forum outside the state of California.”

12. Item 17(v) entitled “Choice of Forum” shall be amended by the addition of the following language at the end of each Summary Section:

“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 an agreement restricting venue to a forum outside the state of California.”

13. Item 17(w) entitled “Choice of Law” shall be amended by the addition of the following language at the end of each Summary Section:

“This provision may not be enforceable in under California law.”

14. Item 17 entitled “RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION” shall be amended by the addition of the following paragraphs at the end of each Summary Section:

“Section 31125 of the California Franchise Investment Law requires that **TBC INTERNATIONAL, LLC** give you a disclosure document, approved by the Department of Corporations, before a solicitation of a proposed material modification of an existing franchise.

The California Business and Professions Code (Sections 20000 through 20043) provides rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

Section 31512 of the California Franchise Investment Law voids any condition, stipulation or provision purporting to bind you to waive compliance with any provision of the California Franchise Investment Law or any rule or order under the California Franchise Investment Law. Section 20010 of the California Business and Professions Code provides that any condition, stipulation or provision purporting to bind you to waive compliance with any provision of the California Business and Professions Code is contrary to public policy and void.”

15. The following statement applies to our Internet website located at [www.titleboxingclub.com](http://www.titleboxingclub.com):

“OUR WEB SITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEB SITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.”

16. To the extent this Addendum shall be deemed inconsistent with any terms or conditions of the Franchise Disclosure Document, the terms of this Addendum shall govern.

**THIS ADDENDUM ADDRESSES CERTAIN PROVISIONS OF CALIFORNIA LAW THAT AMEND THE FRANCHISE DISCLOSURE DOCUMENT OF TBC INTERNATIONAL, LLC READ THIS ADDENDUM CAREFULLY.**

---

DATE

---

PROSPECTIVE FRANCHISEE

---

PRINTED NAME



**ADDENDUM TO AREA DEVELOPMENT AGREEMENT  
FOR TBC INTERNATIONAL, LLC  
REQUIRED BY THE STATE OF CALIFORNIA**

In recognition of the requirements of the California Franchise Investment Law (Sections 31000 through 31516), the California Administrative Code (Title 10, Chapter 3, subchapter 2.6, Sections 310.00 through 310.505) and the California Business and Professions Code (Sections 20000 through 20043), the parties below agree to enter into this Addendum (the “Addendum”) to amend the Area Development Agreement of **TBC INTERNATIONAL, LLC** for use in the State of California as follows:

1. Section 9, under the heading “DEVELOPMENT FEE” shall be amended by adding the following language to the end of Section 9:

“To guarantee franchisor’s fulfillment of its pre-opening obligations to each franchisee, a surety bond has been purchased and is on file with the California Department of Financial Protection and Innovation.”

2. Section 14 under the heading “TERMINATION” shall be amended by adding the following language to the end of Section 14:

“The California Business and Professions Code (Sections 20000 through 20043) provides rights to the franchisee concerning termination or non-renewal of a franchise. If this agreement contains a provision that is inconsistent with the law, the law will control.

Because this Agreement contains a covenant not to compete which extends beyond the termination of this Agreement, this provision may not be enforceable under California law.”

3. Section 16.B under the heading “DEVELOPER MAY NOT ASSIGN OR SELL THE ASSETS WITHOUT APPROVAL OF THE FRANCHISOR” shall be amended by adding the following language to the end of Section 16.B:

“Section 31512 of the California Franchise Investment Law voids any condition, stipulation or provision purporting to bind you to waive compliance with any provision of the California Franchise Investment Law or any rule or order under the California Franchise Investment Law. Section 20010 of the California Business and Professions Code provides that any condition, stipulation or provision purporting to bind you to waive compliance with any provision of the California Business and Professions Code is contrary to public policy and void.”

4. Section 21 under the heading “MEDIATION” shall be amended by adding the following language to the end of Section 21:

“The mediation will occur in Los Angeles, California, with the costs and expenses of mediation, including compensation of the mediator, borne by the parties equally. 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 an agreement restricting venue to a forum outside the state of California.”

5. Section 23.F under the heading "GOVERNING LAW" shall be amended by adding the following language to the end of Section 23.F:

"This provision may not be enforceable in under California law."

6. Section 23.G under the heading "EXCLUSIVE JURISDICTION" shall be amended by adding the following language to the end of Section 23.G:

"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 an agreement restricting venue to a forum outside the state of California."

7. To the extent this Addendum shall be deemed inconsistent with any terms or conditions of the Area Development Agreement, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum to the Area Development Agreement simultaneously with the execution of the Area Development Agreement.

ATTEST

FRANCHISOR:

TBC INTERNATIONAL, LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

DEVELOPER:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ADDENDUM TO FRANCHISE AGREEMENT  
FOR TBC INTERNATIONAL, LLC  
REQUIRED BY THE STATE OF CALIFORNIA**

In recognition of the requirements of the California Franchise Investment Law (Sections 31000 through 31516), the California Administrative Code (Title 10, Chapter 3, subchapter 2.6, Sections 310.00 through 310.505) and the California Business and Professions Code (Sections 20000 through 20043), the parties below agree to enter into this Addendum (the "Addendum") to amend the Franchise Agreement of **TBC INTERNATIONAL, LLC** for use in the State of California as follows:

1. Section 11, under the heading "FRANCHISE FEE", shall be amended by adding the following language to the end of Section 11:

"To guarantee franchisor's fulfillment of its pre-opening obligations to each franchisee, a surety bond has been purchased and is on file with the California Department of Financial Protection and Innovation."

Section 17.C under the heading "CONDITION FOR APPROVAL OF ASSIGNMENT" shall be amended by adding the following language to the end of Section 17.C:

"Section 31512 of the California Franchise Investment Law voids any condition, stipulation or provision purporting to bind you to waive compliance with any provision of the California Franchise Investment Law or any rule or order thereunder. Section 20010 of the California Business and Professions Code provides that any condition, stipulation or provision purporting to bind you to waive compliance with any provision of the California Business and Professions Code is contrary to public policy and void."

2. Section 18 under the heading "RENEWAL OF FRANCHISE" shall be amended by adding the following language to the end of Section 18:

"The California Business and Professions Code (Sections 20000 through 20043) provides rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

Section 31512 of the California Franchise Investment Law voids any condition, stipulation or provision purporting to bind you to waive compliance with any provision of the California Franchise Investment Law or any rule or order thereunder. Section 20010 of the California Business and Professions Code provides that any condition, stipulation or provision purporting to bind you to waive compliance with any provision of the California Business and Professions Code is contrary to public policy and void."

3. Section 19 under the heading "POST-TERMINATION, POST-EXPIRATION AND LIQUIDATED DAMAGES" shall be amended by adding the following language to the end of Section 19:

"The California Business and Professions Code (Sections 20000 through 20043) provides rights to the franchisee concerning termination or non-renewal of a franchise. If

the franchise agreement contains a provision that is inconsistent with the law, the law will control.

Because this Agreement automatically terminates in the event of a Franchisee bankruptcy, this provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).”

“Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.”

4. Section 21 under the heading “COVENANTS” shall be amended by adding the following language to the end of Section 21:

“Because this Section 21 contains a covenant not to compete which extends beyond the termination of this Agreement, this provision may not be enforceable under California law.”

5. Section 22 under the heading “MEDIATION” shall be amended by adding the following language to the end of Section 22:

“The mediation will occur in Los Angeles, California, with the costs and expenses of mediation, including compensation of the mediator, borne by the parties equally. 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 an agreement restricting venue to a forum outside the state of California.”

6. Section 23.F under the heading “GOVERNING LAW” shall be amended by adding the following language to the end of Section 23.F:

“This provision may not be enforceable in under California law.”

7. Section 23.J under the heading “EXCLUSIVE JURISDICTION” shall be amended by adding the following language to the end of Section 23.J:

“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 an agreement restricting venue to a forum outside the state of California.”

8. To the extent this Addendum shall be deemed inconsistent with any terms or conditions of the Franchise Agreement, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum to the Franchise Agreement simultaneously with the execution of the Franchise Agreement.

FRANCHISOR:

TBC INTERNATIONAL, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

FRANCHISEE:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**HAWAII STATE ADDENDUM  
FOR TBC INTERNATIONAL, LLC**

**HAWAII**

In recognition of the requirements of the Hawaii Franchise Investment Law, Sections 482E-1 through 482E-12 and the Hawaii Regulations, Sections 16-37-1 through 16-37-8, the Franchise Disclosure Document of TBC International, LLC for use in the State of Hawaii shall be amended as follows:

The following is added to the Cover Page:

1. THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IN THIS FRANCHISE DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.

**THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE. THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH US AND YOU.**

Registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of  
Hawaii Department of Commerce and  
Consumer Affairs Business Registration  
Division  
335 Merchant Street, Room 203  
Honolulu, Hawaii 96813

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT  
FOR TBC INTERNATIONAL, LLC  
REQUIRED BY THE STATE OF ILLINOIS**

In recognition of the requirements of the Franchise Disclosure Act of 1987 of Illinois, as amended from time to time (the “Illinois Act”), the Franchise Disclosure Document for **TBC INTERNATIONAL, LLC**, for use in the State of Illinois shall be amended to include the following:

1. The Cover Page of the Franchise Disclosure Document, Items 1 and 2 under “Risk Factors” are amended by the addition of the following language:

THIS PARAGRAPH SHALL NOT IN ANY WAY ABROGATE OR REDUCE ANY RIGHTS OF THE FRANCHISEE AS PROVIDED FOR IN THE ILLINOIS FRANCHISE DISCLOSURE LAW, INCLUDING THE RIGHT TO SUBMIT MATTERS TO THE JURISDICTION OF THE COURTS OF ILLINOIS AND TO MAINTAIN VENUE IN THE STATE OF ILLINOIS.

2. Item 17.v. and Item 17.w. respectively “CHOICE OF FORUM” and “CHOICE OF LAW” shall be supplemented with the following:

The Illinois Franchise Disclosure Act provides that any provision in the Franchise Agreement or the Development Agreement which designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois.

The Illinois Franchise Disclosure Act requires that Illinois law apply to any claim arising under the Illinois Franchise Disclosure Act.

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. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Disclosure Document.
5. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdiction requirements of the Illinois Franchise Disclosure Act of 1987, §§ 705/1 through 705/44, and any rules and regulations promulgated thereunder are met independently without references to this Addendum.
6. Section 41 of the Illinois Franchise Disclosure Act provides that 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.

7. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of the Franchise Disclosure Document, the terms of this Addendum shall govern.

8. Except as expressly modified by this Addendum, the Franchise Disclosure Document remains unmodified and in full force and effect.

**THIS ADDENDUM ADDRESSES CERTAIN PROVISIONS OF ILLINOIS LAW THAT AMEND THE FRANCHISE DISCLOSURE DOCUMENT OF TBC INTERNATIONAL, LLC READ THIS ADDENDUM CAREFULLY.**

\_\_\_\_\_  
DATE

\_\_\_\_\_  
PROSPECTIVE FRANCHISEE SIGNATURE

\_\_\_\_\_  
PRINTED NAME



**ADDENDUM TO TBC INTERNATIONAL, LLC  
AREA DEVELOPMENT AGREEMENT  
FOR THE STATE OF ILLINOIS**

In recognition of the requirements of the Franchise Disclosure Act of 1987 of Illinois, as amended from time to time (the "Illinois Act"), the parties below agree to enter into this Addendum (the "Addendum") to amend the Area Development Agreement of **TBC INTERNATIONAL, LLC** for use in the State of Illinois shall be amended to include the following:

1. 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.

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act

2. Section 23, paragraph F, of the Area Development Agreement, under the heading, "GOVERNING LAW", shall be revised to read as follows:

Illinois law governs this Agreement.

2. Section 23, paragraph G, of the Area Development agreement, under the heading "EXCLUSIVE JURISDICTION" shall be deleted in its entirety.

3. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Area Development Agreement.

4. Section 41 of the Illinois Franchise Disclosure Act provides that 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. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdiction requirements of the Illinois Franchise Disclosure Act of 1987, §§ 705/1 through 705/44 and any rules and regulations promulgated thereunder are met independently without references to this Addendum.

6. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of the Area Development Agreement, the terms of this Addendum shall govern.

7. Except as expressly modified by this Addendum, the Area Development Agreement remains unmodified and in full force and effect.

IN WITNESS WHEREOF, the parties to this Addendum have duly executed, sealed and delivered this Addendum to the Area Development Agreement simultaneously with the signing of the Area Development Agreement.

FRANCHISOR:

TBC INTERNATIONAL, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

DEVELOPER:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ADDENDUM TO THE FRANCHISE AGREEMENT  
FOR TBC INTERNATIONAL, LLC  
REQUIRED BY THE STATE OF ILLINOIS**

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, §§ 705/1 through 705/44, the parties below agree to enter into this Addendum (the “Addendum”) to amend the Franchise Agreement of **TBC INTERNATIONAL, LLC** for use in the State of Illinois as follows:

Notwithstanding anything to the contrary stated in the Franchise Agreement, the following provisions shall supersede and apply to all franchises offered and sold in the State of Illinois:

1. 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.

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

2. Section 23, paragraph F, of the Franchise Agreement, under the heading, “Governing Law”, shall be revised to read as follows:

Illinois law governs this Agreement.

3. Section 23, paragraph J, of the Franchise Agreement, under the heading “Exclusive Jurisdiction” is deleted in its entirety.

4. Section 41 of the Illinois Franchise Disclosure Act provides that 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. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

6. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdiction requirements of the Illinois Franchise Disclosure Act of 1987, §§ 705/1 through 705/44 and any rules and regulations promulgated thereunder are met independently without references to this Addendum.

7. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of the Franchise Agreement, the terms of this Addendum shall govern.

8. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

IN WITNESS WHEREOF, the parties to this Addendum have duly executed, sealed and delivered this Addendum to the Franchise Agreement simultaneously with the signing of the Franchise Agreement.

ATTEST:

FRANCHISOR

TBC INTERNATIONAL, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

FRANCHISEE

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT  
FOR TBC INTERNATIONAL, LLC  
REQUIRED BY THE STATE OF INDIANA**

In recognition of the requirements of the Indiana Franchise Act, Title 23 Article 2 Indiana Code (Sections 23-2-2.5-1 through 23-2-2.5-51), and the Indiana Deceptive Franchise Practices Act, Indiana Code (Sections 23-2-2.7-1 through 23-2-2.7-7), the Franchise Disclosure Document of **TBC INTERNATIONAL, LLC** for use in the State of Indiana shall be amended as follows:

1. The following language shall be inserted on the second page immediately following “Federal Trade Commission, Washington D.C. 20580”:

**Indiana Registered Agent:  
Indiana Secretary of State  
201 State House  
Indianapolis, Indiana 46204**

2. On the third page, the paragraph immediately following the language that begins “Registration of this franchise....” shall be deleted in its entirety and replaced with the following:

**Registration of this Franchise with a state does not mean that the state recommends or it has verified the information in this Franchise Disclosure Document. If you learn that anything in this Franchise Disclosure Document is untrue, contact the Federal Trade Commission and the Indiana Secretary of State, 201 State House, Indianapolis, Indiana 46204, which administers and enforces the Indiana Franchise Disclosure Act.**

**REGISTRATION WITH THE INDIANA SECURITIES COMMISSIONER DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER.**

3. Item 3, under the heading entitled “LITIGATION,” shall be amended by deleting the paragraph in its entirety and substituting the following in lieu thereof:

Neither **TBC INTERNATIONAL, LLC**, nor any person identified in Item 2 above, has been convicted of a felony, pleaded nolo contendere to a felony charge or been held liable in a civil action by final judgment.

Neither **TBC INTERNATIONAL, LLC**, nor any person identified in Item 2 above, has during the past five years reorganized due to insolvency or been adjudicated as bankrupt.

Neither **TBC INTERNATIONAL, LLC**, nor any person identified in Item 2 above, has any administrative, criminal or material civil action pending against them alleging a violation of a franchise antitrust or securities law, unfair or deceptive practices, or comparable allegations.

Neither **TBC INTERNATIONAL, LLC**, nor any person identified in Item 2 above, is subject to any currently effective injunctive or restrictive order or decree relating to the Franchise or under a federal or state franchise, securities, antitrust,

trade regulation or trade practice law resulting from a concluded or pending action or proceeding brought by any individual, a public agency or a department thereof.

4. Item 12, under the heading entitled “TERRITORY” shall be supplemented by the addition of the following language:

**TBC INTERNATIONAL, LLC** may not compete unfairly with you within the Development Area granted to you by the Area Development Agreement or Franchise Agreement.

5. Item 17(q) and Item 17(r) shall be amended by the addition of the following language at the end of the subheadings entitled “Non-Competition covenants during the term of the franchise,” and “Non-Competition covenants after the Franchise is terminated or expires:”

Your rights will not in any way be abrogated or reduced under Indiana Code 23-2-2.7-1(9), which limits the scope of noncompetition covenants to the Development Area granted to you.

6. Item 17, Subsection (v) entitled “Choice of Forum,” shall be supplemented by the following language:

The Choice of Forum should not be considered a waiver of any right conferred upon any party by the Indiana Franchise Act or the Indiana Deceptive Franchise Practices Act.

7. Item 17, Subsection (w) entitled “Choice of Law,” shall be supplemented with the following language:

The Choice of Law should not be considered a waiver of any right conferred upon any party by the Indiana Franchise Act or the Indiana Deceptive Franchise Practices Act.

8. The State Franchise Administrator in Indiana is:

Indiana Securities Commissioner  
Securities Division  
302 West Washington Street, Room E111  
Indianapolis, IN 46204

9. The Agent for Service of Process in Indiana is:

Indiana Secretary of State  
201 State House  
Indianapolis, IN 46204

10. Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provisions, that the jurisdictional requirements of the Indiana Franchise Act, Indiana Code Sections 23-2-2.5-1 through 23-2-2.5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code Sections 23-2-2.7-1 through 23-2-2.7-7, are met independently without reference to this Addendum to the Franchise Disclosure Document.

11. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Disclosure Document.

12. To the extent this Addendum shall be deemed to be inconsistent with the Franchise Disclosure Document, the terms of this Addendum shall govern.

**THIS ADDENDUM ADDRESSES CERTAIN PROVISIONS OF INDIANA LAW THAT AMEND THE FRANCHISE DISCLOSURE DOCUMENT OF TBC INTERNATIONAL, LLC. READ THIS ADDENDUM CAREFULLY.**

\_\_\_\_\_  
DATE

\_\_\_\_\_  
PROSPECTIVE FRANCHISEE

\_\_\_\_\_  
PRINTED NAME

**ADDENDUM TO AREA DEVELOPMENT AGREEMENT  
FOR TBC INTERNATIONAL, LLC  
REQUIRED BY THE STATE OF INDIANA**

In recognition of the requirements of the Indiana Franchise Act, Title 23 Article 2 Indiana Code Sections 23-2-2.5-1 through 23-2-2.5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code Sections 23-2-2.7-1 through 23-2-2.7-7, the parties below agree to enter into this Addendum (the “Addendum”) to amend the Area Development Agreement of **TBC INTERNATIONAL, LLC** for use in the State of Indiana shall be amended as follows:

1. In the Area Development Agreement, the following provisions shall supersede and apply to all franchises offered and sold in the State of Indiana:

2. Section 11 of the Area Development Agreement, under the heading entitled “COVENANTS” shall be supplemented with the addition of the following:

The rights of Developer shall not in any way be abrogated or reduced under Indiana Code 23-2-2.7-1(9), which limits the scope of noncompetition covenants to the Development Area granted in the Area Development Agreement.

3. No release language stated in the Area Development Agreement shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.

4. Section 23.F, under the heading “GOVERNING LAW” and Section 23.G under the heading “EXCLUSIVE JURISDICTION” shall be supplemented by the addition of the following language:

Nothing in this Agreement shall be deemed to constitute a waiver of compliance with any provision of the Indiana Franchise Act or the Indiana Deceptive Franchise Practices Act.

5. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Area Development Agreement.

6. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Franchise Act, Indiana Code Sections 23-2-2.5-1 through 23-2-2.5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code Sections 23-2-2.7-1 through 23-2-2.7-7, are met independently without reference to this Addendum.

7. To the extent this Addendum shall be deemed to be inconsistent with the Area Development Agreement, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, the parties to this Addendum have duly executed, sealed and delivered this Addendum to the Area Development Agreement simultaneously with the signing of the Area Development Agreement.

ATTEST

FRANCHISOR:

TBC INTERNATIONAL, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

DEVELOPER

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



**ADDENDUM TO FRANCHISE AGREEMENT  
FOR TBC INTERNATIONAL, LLC  
REQUIRED BY THE STATE OF INDIANA**

In recognition of the requirements of the Indiana Franchise Act, Title 23 Article 2 Indiana Code (Sections 23-2-2.5-1 through 23-2-2.5-51), and the Indiana Deceptive Franchise Practices Act, Indiana Code (Sections 23-2-2.7-1 through 23-2-2.7-7), the parties below agree to enter into this Addendum (the "Addendum") to amend the Franchise Agreement of **TBC INTERNATIONAL, LLC** for use in the State of Indiana as follows:

1. Section 21.B.2 shall be supplemented by the addition of the following language:

The rights of the Franchisee will not in any way be abrogated or reduced beyond Indiana Code 23-2-2.7-1(9), which limits the scope of noncompetition covenants to the Development Area granted to the Franchisee.

2. Section 23.F, under the heading "GOVERNING LAW" and Section 22.J under the heading "EXCLUSIVE JURISDICTION" shall be supplemented by the addition of the following language:

Nothing in this Agreement shall be deemed to constitute a waiver of compliance with any provision of the Indiana Franchises Law or the Indiana Deceptive Franchise Practices Act.

3. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Franchises Law, title 23 Article 2 Indiana Code Sections 23-2-2.5-1 through 23-2-2.5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code Sections 23-2-2.7-1 to 23-2-2.7-7 are met independently without references to this Addendum.

4. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

5. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of the Franchise Agreement, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, the parties to this Addendum have duly executed, sealed and delivered this Addendum to the Franchise Agreement simultaneously with the signing of the Franchise Agreement.

ATTEST

FRANCHISOR:

TBC INTERNATIONAL, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

FRANCHISEE

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Indiana Effective Date:

**STATE ADDENDA**  
**ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**  
**FOR TBC INTERNATIONAL, LLC**  
**REQUIRED BY THE STATE OF MARYLAND**

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Act, the Franchise Disclosure Document of **TBC INTERNATIONAL, LLC** for use in the State of Maryland shall be amended as follows:

1. The Cover Page, Item 5 and Item 7 shall be amended by the addition of the following language:

“Based on our financial condition, the State of Maryland, Office of the Attorney General, Securities Division, has required that all initial fees be deferred until such time as we have completed our initial obligations to you and your first Fitness Studio is open for business. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development fee opens.”

2. Item 17(h) under the heading “Cause” defined – defaults which cannot be cured” shall be amended by the addition of the following language at the end of each Summary Section:

“The provision for termination upon bankruptcy may not be enforceable under federal bankruptcy law.”

3. Item 17(v) entitled “Choice of Forum” shall be amended by the addition of the following language at the end of each Summary Section:

“You may bring suit in the State of Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.”

4. Item 17 entitled “RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION” shall be amended by the addition of the following paragraphs at the end of Item 17:

“The general release required as a condition of renewal, sale and/or assignment shall not apply to any liability 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.”

5. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving an 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.

**THIS ADDENDUM ADDRESSES CERTAIN PROVISIONS OF MARYLAND LAW THAT AMEND THE FRANCHISE DISCLOSURE DOCUMENT OF TBC INTERNATIONAL, LLC. READ THIS ADDENDUM CAREFULLY.**

---

DATE

---

PROSPECTIVE FRANCHISEE

---

PRINTED NAME

**ADDENDUM TO AREA DEVELOPMENT AGREEMENT  
FOR TBC INTERNATIONAL, LLC  
REQUIRED BY THE STATE OF MARYLAND**

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Act, the parties below agree to enter into this Addendum (the "Addendum") to amend the Area Development Agreement of **TBC INTERNATIONAL, LLC** for use in the State of Maryland as follows:

1. The "Whereas" clauses on the first page shall be amended with the addition of the following language:

"WHEREAS, all representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release estoppel or waiver of any liability uncured under the Maryland Franchise Registration and Disclosure Law."

2. Section 9, under the heading "DEVELOPMENT FEE" shall be amended by adding the following language to the end of Section 9:

"Based on our financial condition, the State of Maryland, Office of the Attorney General, Securities Division, has required that all initial fees be deferred until such time as we have completed our initial obligations to you and your first Fitness Studio is open for business. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development fee opens."

3. Section 16.C, under the heading "TRANSFER OF INTEREST" shall be amended by adding the following language to the end of Section 16.C:

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

4. Section 20.G. under the heading "EXCLUSIVE JURISDICTION" shall be amended by adding the following language to the end of Section 20.G:

"You may bring suit in the State of Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any claim arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise."

5. Section 23.K, under the heading "CONSTRUCTION/INTEGRATION CLAUSE" shall be amended by adding the following language to the end of Section 23.K.:

"All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

6. Section 24 under the heading 'CAVEAT' shall be amended by adding the following language to the end if Section 24:

"The representations made in this Agreement requiring a franchisee to assent to a release, estoppel or waiver are not intended to, nor do they act as a release, estoppel or

waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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

7. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Act and the regulations promulgated thereunder are independently met without reference to this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

8. To the extent this Addendum shall be deemed inconsistent with any terms or conditions of the Area Development Agreement, the terms of this Addendum shall govern.

9. Any capitalized terms that are not defined in this Addendum shall have the meaning given to them in the Area Development Agreement.

IN WITNESS WHEREOF, the parties to this Addendum have duly executed, sealed and delivered this Addendum to the Area Development Agreement simultaneously with the signing of the Area Development Agreement.

ATTEST

FRANCHISOR:

TBC INTERNATIONAL, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

DEVELOPER

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ADDENDUM TO FRANCHISE AGREEMENT  
FOR TBC INTERNATIONAL, LLC  
REQUIRED BY THE STATE OF MARYLAND**

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Act and the regulations promulgated thereunder, the parties below agree to enter into this Addendum (the "Addendum") to amend the Franchise Agreement of TBC INTERNATIONAL, LLC for use in the State of Maryland as follows:

1. The "Whereas" clauses on the first page shall be amended with the addition of the following language:

"WHEREAS, all representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release estoppel or waiver of any liability uncured under the Maryland Franchise Registration and Disclosure Law."

2. Section 11, under the heading "FRANCHISE FEES", shall be amended by adding the following language to the end of Section 11:

"Based on our financial condition, the State of Maryland, Office of the Attorney General, Securities Division, has required that all initial fees be deferred until such time as we have completed our initial obligations to you and your first Fitness Studio is open for business. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development fee opens."

3. Section 17.C. under the heading "CONDITIONS FOR APPROVAL OF ASSIGNMENT OR SALE OF ASSETS" shall be amended by adding the following language to the end of Section 17.C:

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

4. Section 18 under the heading "RENEWAL OF FRANCHISE" shall be amended by adding the following language to the end of Section 18:

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

5. Section 23.M. under the heading "CONSTRUCTION/INTEGRATION CLAUSE" shall be amended by adding the following language to the end of Section 23.M.:

"All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

6. Section 23.J. under the heading "EXCLUSIVE JURISDICTION" shall be amended by adding the following language to the end of Section 23.J.:

“You may bring suit in the State of Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any claim arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.”

7. Section 26 under the heading ‘CAVEAT’ shall be amended by adding the following language to the end of Section 26:

“The representations made in this Agreement requiring a franchisee to assent to a release, estoppel or waiver are not intended to, nor do they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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

8. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving an 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.

9. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Act and the regulations promulgated thereunder are independently met without reference to this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

10. To the extent this Addendum shall be deemed inconsistent with any terms or conditions of the Franchise Agreement, the terms of this Addendum shall govern.

11. Any capitalized terms that are not defined in this Addendum shall have the meaning given to them in the Franchise Agreement.

IN WITNESS WHEREOF, the parties to this Addendum have duly executed, sealed and delivered this Addendum to the Franchise Agreement simultaneously with the signing of the Franchise Agreement.

ATTEST

FRANCHISOR:

TBC INTERNATIONAL, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

FRANCHISEE:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT  
FOR TBC INTERNATIONAL, LLC  
REQUIRED BY THE STATE OF MICHIGAN**

In recognition of the requirements of the Michigan Franchise Investment Law, Chapter 445, Sections 445.1501 through 445.1546 and the regulations promulgated thereunder, the Franchise Disclosure Document of **TBC INTERNATIONAL, LLC**, for use in the State of Michigan shall be amended as follows:

1. On page ii, immediately following the “Effective Date” the following shall be inserted:

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 THE 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 FRANCHISEE 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 THIRTY (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 FIVE (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, LOGO TYPE, ADVERTISING, OR OTHER COMMERCIAL SYMBOL IN THE SAME AREA SUBSEQUENT TO THE EXPIRATION OF THE FRANCHISE OR THE FRANCHISEE



DOES NOT RECEIVE AT LEAST SIX (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 THE RIGHT OF FIRST REFUSAL TO PURCHASE THE FRANCHISE. GOOD CAUSE SHALL INCLUDE, BUT NOT BE LIMITED TO:

(i) THE FAILURE OF A 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 THE FRANCHISEE 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 A 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.

2. Item 3, under the heading entitled “LITIGATION,” shall be amended by deleting the paragraph in its entirety and substituting the following in lieu thereof:

Neither **TBC INTERNATIONAL, LLC**, nor any person identified in Item 2 of the Franchise Disclosure Document, has been convicted of a felony or pleaded nolo contendere to a felony charge or has been enjoined in a civil action by final judgment if the felony or civil action involved violation of a franchise, antifraud or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

Neither **TBC INTERNATIONAL, LLC**, nor any person identified in Item 2 of the Franchise Disclosure Document, is subject to any currently effective order of the United States Securities and Exchange Commission or the securities administrator of any state denying registration of, or barring or suspending the registration or license of the person as a securities broker, dealer, securities agent, or registered representative or investment advisor or is subject to a currently effective order of a national securities association or national securities exchange, as defined in the securities exchange act of 1934, suspending or expelling the person from membership in the association or exchange.

Neither **TBC INTERNATIONAL, LLC**, nor any person identified in Item 2 of the Franchise Disclosure Document, is subject to a currently effective order or ruling of the federal trade commission.

Neither **TBC INTERNATIONAL, LLC**, nor any person identified in Item 2 of the Franchise Disclosure Document, is subject to a currently effective injunctive or restrictive order relating to 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 salesperson.

3. Item 17, subsection (j), entitled “Assignment of contract by franchisor” shall be supplemented by the following language:

Michigan law may impose certain restrictions on our ability to assign.

4. Item 17, Subsection (m), entitled “Conditions for franchisor approval of transfer,” shall be amended by deleting “sign release” from the Franchise Agreement Summary Section and adding the following after each Summary Section:

You must execute a general release, in a form prescribed by **TBC INTERNATIONAL, LLC**, of any and all claims against **TBC**

**INTERNATIONAL, LLC**, its affiliate and their respective shareholders, officers, directors, agents, and employees, excluding only such claims as you may have under the Michigan Franchise Investment Law.

5. Item 17, Subsection (v) entitled “Choice of forum,” shall be supplemented by the following language at the end of each Summary Section:

The Choice of Forum should not be considered a waiver of any right conferred upon any party by the Michigan Franchise Investment Law.

6. Item 17, Subsection (w) entitled “Choice of law,” shall be supplemented with the following language at the end of each Summary Section:

The Choice of law should not be considered a waiver of any right conferred upon either you or upon us by the Michigan Franchise Investment Law.

7. Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provisions, that the jurisdictional requirements of the Michigan Franchise Investment Law and the regulations promulgated thereunder are met independently without reference to this Addendum to the Franchise Disclosure Document.

8. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Disclosure Document.

9. To the extent this Addendum shall be deemed inconsistent with any terms or conditions of the Franchise Disclosure Document, the terms of this Addendum shall govern.

**THIS ADDENDUM ADDRESSES CERTAIN PROVISIONS OF MICHIGAN LAW THAT AMEND THE FRANCHISE DISCLOSURE DOCUMENT OF TBC INTERNATIONAL, LLC. READ THIS ADDENDUM CAREFULLY.**

\_\_\_\_\_  
DATE

\_\_\_\_\_  
PROSPECTIVE FRANCHISEE

\_\_\_\_\_  
PRINTED NAME

**ADDENDUM TO AREA DEVELOPMENT AGREEMENT  
FOR TBC INTERNATIONAL, LLC  
REQUIRED BY THE STATE OF MICHIGAN**

In recognition of the requirements of the Michigan Franchise Investment Law, Chapter 445, Sections 445.1501 through 445.1546 and the regulations promulgated thereunder, the parties below agree to enter into this Addendum (the "Addendum") to amend the Area Development Agreement of **TBC INTERNATIONAL, LLC** for use in the State of Michigan as follows:

1. Section 23.F, under the heading entitled "GOVERNING LAW", shall be supplemented with the following language:

The choice of law should not be considered a waiver of any right conferred upon either the franchisee or upon the franchisor by the Michigan Franchise Investment Law.

2. Section 23.G, under the heading entitled "EXCLUSIVE JURISDICTION", shall be supplemented with the following language:

The choice of forum should not be considered a waiver of any right conferred upon either the franchisee or upon the franchisor by the Michigan Franchise Investment Law.

3. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Michigan Franchise Investment Law and the regulations promulgated thereunder, are met independently without references to this Addendum.

4. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Area Development Agreement.

5. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of the Development Agreement, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, the parties to this Addendum have duly executed, sealed and delivered this Addendum to the Area Development Agreement simultaneously with the signing of the Area Development Agreement.

ATTEST

FRANCHISOR:

TBC INTERNATIONAL, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

DEVELOPER

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ADDENDUM TO FRANCHISE AGREEMENT  
FOR TBC INTERNATIONAL, LLC  
REQUIRED BY THE STATE OF MICHIGAN**

In recognition of the requirements of the Michigan Franchise Investment Law, Chapter 445, Sections 445.1501 through 445.1546 and the regulations promulgated thereunder, the parties below agree to enter into this Addendum (the “Addendum”) to amend the Franchise Agreement of the **TBC INTERNATIONAL, LLC** for use in the State of Michigan as follows:

1. Section 17.C(3) shall be deleted in its entirety and shall have no force and effect and the following shall be inserted in lieu thereof:

Franchisee and its Principals shall execute a general release, in a form satisfactory to Franchisor, of any and all claims which either Franchisee or its Principals may have against Franchisor, its affiliate, and their respective shareholders, past and present officers, directors, agents, and employees, excluding only such claims as the Franchisee or its Principals may have under Michigan Franchise Investment Law.

2. Section 23.F, under the heading entitled “GOVERNING LAW” shall be supplemented by the addition of the following language:

The choice of law should not be considered a waiver of any right conferred upon either party by the Michigan Franchise Investment Law.

3. Section 23.G, under the heading entitled “EXCLUSIVE JURISDICTION” shall be supplemented by the addition of the following language:

The choice of forum should not be considered a waiver of any right conferred upon either party by the Michigan Franchise Investment Law.

4. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Michigan Franchise Investment Law and the regulations promulgated thereunder, are met independently without references to this Addendum.

5. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

6. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of the Franchise Agreement, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, the parties to this Addendum have duly executed, sealed and delivered this Addendum to the Franchise Agreement simultaneously with the signing of the Franchise Agreement.

FRANCHISOR:

TBC INTERNATIONAL, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

FRANCHISEE

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT  
FOR TBC INTERNATIONAL, LLC  
REQUIRED BY THE STATE OF MINNESOTA**

In recognition of the requirements of the Minnesota Franchise Act, Sections 80C.01-80C.22 and the Minnesota Rule 2860.4400J, the Franchise Disclosure Document of **TBC INTERNATIONAL, LLC** for use in the State of Minnesota shall be amended as follows:

1. On the page following page i, the following language shall be inserted:

**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 IN THIS AGREEMENT IS TRUE, COMPLETE AND NOTE 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 SIGNING 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.**

**THIS FRANCHISE DISCLOSURE DOCUMENT IS PROVIDED FOR YOUR OWN PROTECTION AND CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THIS FRANCHISE DISCLOSURE DOCUMENT AND ALL CONTRACTS AND ALL AGREEMENTS SHOULD BE READ CAREFULLY IN THEIR ENTIRETY FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.**

**A FEDERAL TRADE COMMISSION RULE MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE WITHOUT FIRST PROVIDING THIS FRANCHISE DISCLOSURE DOCUMENT TO THE PROSPECTIVE FRANCHISEE AT THE EARLIER OF (1) THE FIRST PERSONAL MEETING; OR (2) FOURTEEN CALENDAR DAYS BEFORE THE SIGNING OF ANY FRANCHISE OR RELATED AGREEMENT, OR (3) FOURTEEN CALENDAR DAYS BEFORE ANY PAYMENT. THE PROSPECTIVE FRANCHISEE MUST ALSO RECEIVE A FRANCHISE AGREEMENT CONTAINING ALL MATERIAL TERMS AT LEAST SEVEN CALENDAR DAYS PRIOR TO THE SIGNING OF THE FRANCHISE AGREEMENT.**

**IF THIS FRANCHISE DISCLOSURE DOCUMENT IS NOT DELIVERED ON TIME, OR IF IT CONTAINS A FALSE, INCOMPLETE, INACCURATE OR**



**MISLEADING STATEMENT, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C.**

2. On page iii, the first Risk Factor shall be deleted in its entirety.

3. On page iii, the second Risk Factor, which is now the first Risk Factor, shall be amended by inserting the following language at the end of the Risk Factor:

**MINNESOTA STATUTES SECTION 80C.21 AND MINNESOTA RULE 2860J PROHIBIT US FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE MINNESOTA. IN ADDITION, NOTHING IN THE FRANCHISE DISCLOSURE DOCUMENT OR AGREEMENTS CAN ABROGATE OR REDUCE ANY OF YOUR RIGHTS AS PROVIDED FOR IN MINNESOTA STATUTES, CHAPTER 80C, OR YOUR RIGHTS TO ANY PROCEDURE, FORUM, OR REMEDIES PROVIDED FOR BY THE LAWS OF THE JURISDICTION.**

4. On page iii, the third Risk Factor shall become the second Risk Factor.

5. On page iii, the paragraph that begins “Registration of this franchise....” shall be deleted in its entirety and replaced with the following:

**Registration of this franchise by a state does not mean that the state recommends it or has verified the information in this Franchise Disclosure Document. If you learn that anything in this Franchise Disclosure Document is untrue, contact the Federal Trade Commission and the Minnesota Department of Commerce, 85 7th Place East, Suite 500, St. Paul, Minnesota 55101-2198.**

6. Item 17, Subsection (c) and Item 17, Subsection (m) shall be amended by deleting the requirement of signing a general release as a condition of renewal and/or transfer and Franchise Agreement.

7. Item 17, Subsection (v) entitled “Choice of Forum,” shall be supplemented by the following language:

This provision may not be enforceable in Minnesota.

8. Item 17 shall be supplemented by the addition of the following language at the end of Item 17:

Minnesota law provides franchisees with certain termination and non-renewal rights. Minnesota Statutes Section 80C.14, subdivisions 3, 4 and 5 require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days' notice to cure) and 180 days' notice for non-renewal of the Franchise Agreement.

Minnesota Statutes Section 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce any of your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

9. No statement, questionnaire, or acknowledgement 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 with the franchise.

10. Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provisions, that the jurisdictional requirements of the Minnesota Franchise Act, Section 80C.01-80C.22 and the Minnesota Rule 2860.4400J, are met independently without reference to this Addendum to the Franchise Disclosure Document.

11. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Disclosure Document.

12. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of the Franchise Disclosure Document, the terms of this Addendum shall govern.

**THIS ADDENDUM ADDRESSES CERTAIN PROVISIONS OF MINNESOTA LAW THAT AMEND THE FRANCHISE DISCLOSURE DOCUMENT OF TBC INTERNATIONAL, LLC READ THIS ADDENDUM CAREFULLY.**

\_\_\_\_\_  
DATE

\_\_\_\_\_  
PROSPECTIVE FRANCHISEE SIGNATURE

\_\_\_\_\_  
PRINTED NAME

**ADDENDUM TO AREA DEVELOPMENT AGREEMENT  
FOR TBC INTERNATIONAL, LLC  
REQUIRED BY THE STATE OF MINNESOTA**

In recognition of the requirements of the Minnesota Franchise Act, Sections 80C.01-80C.22 and the Minnesota Rule 2860.4400J, the parties below agree to enter into this Addendum (the "Addendum") to amend the Area Development Agreement of **TBC INTERNATIONAL, LLC** for use in the State of Minnesota as follows:

1. "Minnesota law provides area developers with certain termination and non-renewal rights. Minnesota Statutes Section 80C.14, subdivisions 3, 4 and 5 require, except in certain specified cases, that an Area Developer be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Area Development Agreement."

2. Section 16.C(3) of the Area Development Agreement contains a provision providing for a general release as a condition of transfer of the franchise. Such release shall exclude claims arising under the Minnesota Franchise Act.

3. Section 23.C. of the Area Development Agreement is amended to add the word "seek" in front of the words "...injunctive relief..."

4. Section 23.C. of the Area Development Agreement is further amended by the addition of the following language at the end of the paragraph:

"Franchisor shall be entitled, in addition to any other remedies, which may have hereunder, at law, or in equity, to obtain specific performance of or an injunction against the violation of the requirements of this Area Development Agreement."

5. Section 23.F. of the Area Development Agreement is deleted and replaced with the following language:

"To the extent not inconsistent with applicable law, this Agreement and the offer and sale of a franchise is governed by the substantive laws (and expressly excluding the choice of law) of the State of Minnesota. However, under Minnesota Statutes Section 80C.21, this section shall not in any way abrogate or reduce any rights of the Franchisee as provided for in Minnesota Statutes, Chapter 80C, including the right to submit matters to the jurisdiction of the courts of Minnesota."

Minnesota Statutes Section 80C.21 and Minnesota Rule 2860.4400J prohibit Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in this Agreement can abrogate or reduce any of the Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or the Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

6. Section 23.G. of the Area Development Agreement is deleted in its entirety.

7. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Act, Sections 80C.01-80C.22 and the Minnesota Rule 2860.4400J are met independently without references to this Addendum.

8. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Area Development Agreement.

10 To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of the Franchise Agreement, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, the parties to this Addendum have duly executed, sealed and delivered this Addendum to the Area Development Agreement simultaneously with the signing of the Area Development Agreement.

FRANCHISOR:

TBC INTERNATIONAL, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

DEVELOPER:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ADDENDUM TO FRANCHISE AGREEMENT  
FOR TBC INTERNATIONAL, LLC  
REQUIRED BY THE STATE OF MINNESOTA**

In recognition of the requirements of the Minnesota Franchise Act, Sections 80C.01-80C.22 and the Minnesota Rule 2860.4400J, the parties below agree to enter into this Addendum (the “Addendum”) to amend the Franchise Agreement of **TBC INTERNATIONAL, LLC** in the State of Minnesota as follows:

1. Section 7.F of the Franchise Agreement is modified by the addition of the following last sentence:

“Minnesota law requires **TBC INTERNATIONAL, LLC** to protect Franchisee’s right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify Franchisee for any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.”

2. Section 17.C(3) of the Franchise Agreement contains a provision providing for a general release as a condition of transfer of the franchise. Such release shall exclude claims arising under the Minnesota Franchise Act.

3. Section 18.C(6) of the Franchise Agreement contains a provision providing for a general release as a condition of renewal of the franchise. Such release shall exclude claims arising under the Minnesota Franchise Act.

4. Section 19 of the Franchise Agreement with respect to termination is amended to add the following paragraph:

“F. Minnesota law provides franchisees with certain termination and non-renewal rights. Minnesota Statutes Section 80C.14, subdivisions 3, 4 and 5 require, except in certain specified cases, that a Franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of the Franchise Agreement.”

5. Section 23.C. of the Franchise Agreement is amended to add the word “seek” in front of the words “...injunctive relief...”

6. Section 23.F. of the Franchise Agreement is deleted and the following language is substituted therefore:

To the extent not inconsistent with applicable law, this Agreement and the offer and sale of a franchise is governed by the substantive laws (and expressly excluding the choice of law) of the State of Minnesota. However, under Minnesota Statutes Section 80C.21, this section shall not in any way abrogate or reduce any rights of the Franchisee as provided for in Minnesota Statutes, Chapter 80C, including the right to submit matters to the jurisdiction of the courts of Minnesota.

Minnesota Statutes Section 80C.21 and Minnesota Rule 2860.4400J prohibit Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in this Agreement can abrogate or reduce any of the Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or the Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

7. Section 23.J. of the Franchise Agreement is deleted in its entirety.

8. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Act, Sections 80C.01-80C.22 and the Minnesota Rule 2860.4400J are met independently without references to this Addendum.

9. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of the Franchise Agreement, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, the parties to this Addendum have duly executed, sealed and delivered this Addendum to the Franchise Agreement simultaneously with the signing of the Franchise Agreement.

ATTEST

FRANCHISOR:

TBC INTERNATIONAL, LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

FRANCHISEE:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT, AREA DEVELOPMENT  
AGREEMENT AND FRANCHISE AGREEMENT FOR 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 D OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NYS DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21<sup>ST</sup> FLOOR, NEW YORK, NY 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

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

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

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

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law;

fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

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

4. The following is added to the end of Item 5:

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

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

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

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



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

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

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

8. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”: The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

**ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT  
FOR TBC INTERNATIONAL, LLC  
REQUIRED BY THE STATE OF NORTH DAKOTA**

In recognition of the requirements of the North Dakota Franchise Investment Law, Sections 51-19-01 through 51-19-17, and the regulations promulgated North Dakota Franchise Investment Law, the Uniform Franchise Disclosure Document of **TBC INTERNATIONAL LLC** for use in the State of North Dakota shall be amended as follows:

1. On the state disclosure page, the paragraph that begins “Registration of this franchise....” shall be deleted in its entirety and replaced with the following:

**Registration of this franchise by a state does not mean that the state recommends it or has verified the information in this Franchise Disclosure Document. If you learn that anything in this Franchise Disclosure Document is untrue, contact the Federal Trade Commission and the North Dakota Securities Department, 600 East Boulevard, Fifth Floor, Bismarck, North Dakota 58505, which administers and enforces the franchise laws in North Dakota.**

2. Item 17, Subsection (q) entitled “Non-competition covenants during the term of the franchise” shall be supplemented by the following language:

This provision may not be enforceable in North Dakota.

3. Item 17, Subsection (r) entitled “Non-competition covenants after the franchise is terminated or expires” shall be supplemented by the following language:

This provision may not be enforceable in North Dakota.

4. Item 17, Subsection (v) entitled “Choice of Forum,” shall be supplemented by the following language:

“The foregoing Choice of Forum should not be considered a waiver of any right conferred upon either you or us by the North Dakota Franchise Investment Law.”

5. Item 17, Subsection (w) entitled “Choice of Law,” shall be supplemented with the following language:

“The foregoing Choice of Law should not be considered a waiver of any right conferred upon either you or us by the North Dakota Franchise Investment Law.”

6. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law, Sections 51-19-01 through 51-19-17, and the regulations promulgated under the

North Dakota Franchise Investment Law, are met independently without references to this Addendum.

7. To the extent this Addendum shall be deemed to be inconsistent with the Franchise Disclosure Document, the terms of this Addendum shall govern.

**THIS ADDENDUM ADDRESSES CERTAIN PROVISIONS OF NORTH DAKOTA LAW THAT AMEND THE FRANCHISE DISCLOSURE DOCUMENT OF TBC INTERNATIONAL, LLC. READ THIS ADDENDUM CAREFULLY.**

\_\_\_\_\_  
DATE

\_\_\_\_\_  
PROSPECTIVE FRANCHISEE SIGNATURE

\_\_\_\_\_  
PRINTED NAME

**ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT PURSUANT TO  
NORTH DAKOTA FRANCHISE INVESTMENT LAW**

In recognition of the requirements of the North Dakota Franchise Investment Law, §§ 51-19-01 through 51-19-17, and the regulations promulgated under the North Dakota Franchise Investment Law, the Area Development Agreement of TBC INTERNATIONAL, LLC in the State of North Dakota shall be amended to include the following:

1. Notwithstanding anything to the contrary set forth in the Area Development Agreement, as applicable, the following provisions shall supersede and apply to all franchises offered and sold in the State of North Dakota.

2. The following sentence is added to the end of Section 11:  
Covenants not to compete are generally considered unenforceable in the State of North Dakota, except in certain circumstances provided by law.

3. The following sentence is added to the end of Section 18B:  
This release shall not apply to any liability under the North Dakota Franchise Investment Law.

4. The following sentence is added to the end of Sections 23F and 23G.  
Pursuant to the North Dakota Franchise Investment Law, any provision requiring franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota is void.

5. Section 20 is amended as follows:

- (a) to provide that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorneys' fees; and
- (b) to provide that the laws of the State of North Dakota supersede any provisions of this Agreement as to the application of Pennsylvania law if such provisions are in conflict with North Dakota law.

6. Section 21 and Section 22 are amended to add the following language:

North Dakota Franchise Investment Law prohibits Franchisor from requiring Developer to agree that arbitration or mediation take place at a location that is remote from the site of Franchisee's business. Therefore, the site of mediation or arbitration shall be agreeable to all parties.

7. The following sentence is added to the end of Section 23G:

Notwithstanding the foregoing, the statute of limitations under North Dakota law applies.

8. Any provision in Section 23 or any other section of this Agreement which requires Developer to consent to a waiver of exemplary and punitive damages shall be deleted in compliance with North Dakota Franchise Investment Law.

9. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Area Development Agreement.

10. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law, §§ 51-19-01 through 51-19-17, and the regulations promulgated under the North Dakota Franchise Investment Law, are met independently without reference to this Addendum.

11. To the extent this Addendum shall be deemed to be inconsistent with the Area Development Agreement, the terms of this Addendum shall govern.

12. Except as expressly modified by this Addendum, the Area Development Agreement remains unmodified and in full force and effect.

IN WITNESS WHEREOF, the parties to this Addendum have duly executed, sealed and delivered this Addendum to the Area Development Agreement simultaneously with the signing of the Area Development Agreement.

FRANCHISOR:

TBC INTERNATIONAL, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

DEVELOPER

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ADDENDUM TO THE FRANCHISE AGREEMENT PURSUANT TO  
THE NORTH DAKOTA FRANCHISE LAW**

In recognition of the requirements of the North Dakota Franchise Investment Law, §§ 51-19-01 through 51-19-17, and the regulations promulgated under the North Dakota Franchise Investment Law, the Franchise Agreement of TBC INTERNATIONAL, LLC in the State of North Dakota shall be amended to include the following:

1. Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provisions shall supersede and apply to all franchises offered and sold in the State of North Dakota,

2. Section 12 shall be supplemented with the following language:

Any requirement of Franchisee to consent to a limitation of claims within one year shall be revised to indicate that the statute of limitations under North Dakota law shall apply.

3. The following sentence is added to the end of Sections 17C(3) and 18D(6):

This release shall not apply to any liability under the North Dakota Franchise Investment Law.

4. Section 20 shall be revised as follow:

(a) North Dakota law prohibits us from requiring you to consent to termination liquidated damages. Any requirement to do so contained in this Agreement is hereby deleted.

(b) Any provision requiring Franchisee to pay all costs and expenses incurred by Franchisor in enforcing the Agreement is revised to provide that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

5. Section 21 shall be supplemented by the addition of the following sentence at the end of the section:

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

6. Sections 20 and 23 are revised to provide that the laws of the State of North Dakota supersede any provisions of this Agreement as to the application of Pennsylvania law if such provisions are in conflict with North Dakota law.

7. Section 22 shall be amended to add the following language:

North Dakota Franchise Investment Law prohibits Franchisor from requiring Franchisee to agree that arbitration or mediation take place at a location that is remote from the site of Franchisee's business. Therefore, the site of mediation or arbitration shall be agreeable to all parties.

8. Any provision in Section 23 or any other section of this Agreement which requires Franchisee to consent to a waiver of exemplary and punitive damages shall be deleted in compliance with North Dakota Franchise Investment Law.

9. The following sentence is added to the end of Section 23H:

Pursuant to the North Dakota Franchise Investment Law, any provision requiring franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota is void.

10. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

11. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law, §§ 51-19-01 through 51-19-17, and the regulations promulgated under the North Dakota Franchise Investment Law, are met independently without reference to this Addendum.

12. To the extent this Addendum shall be deemed to be inconsistent with the Franchise Agreement, the terms of this Addendum shall govern.

13. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

IN WITNESS WHEREOF, the parties to this Addendum have duly executed, sealed and delivered this Addendum to the Franchise Agreement simultaneously with the signing of the Franchise Agreement.

FRANCHISOR:

TBC INTERNATIONAL, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title \_\_\_\_\_

FRANCHISEE:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title \_\_\_\_\_

**ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT  
FOR TBC INTERNATIONAL, LLC  
REQUIRED BY THE STATE OF RHODE ISLAND**

In recognition of the requirements of the Rhode Island Franchise Investment Act, Sections 19-28.1-1 through 19-28.1-34, the Franchise Disclosure Document of **TBC INTERNATIONAL, LLC** for use in the state of Rhode Island shall be amended as follows:

1. The Risk Factor regarding governing law is supplemented with the following language:

**SECTION 19-28.1-14 OF THE RHODE ISLAND FRANCHISE INVESTMENT ACT PROVIDES THAT “A PROVISION IN A FRANCHISE AGREEMENT RESTRICTING JURISDICTION OR VENUE TO A FORUM OUTSIDE THIS STATE OR REQUIRING THE APPLICATION OF THE LAWS OF ANOTHER STATE IS VOID WITH RESPECT TO A CLAIM OTHERWISE ENFORCEABLE UNDER THIS ACT.”**

2. The last paragraph of the cover page is revised to read as follows:

**Registration of this Franchise with any state does not mean that the state recommends it or has verified the information in this Franchise Disclosure Document. If you learn that anything in this Franchise Disclosure Document is untrue, contact the Federal Trade Commission and the Franchise Administrator for the State of Rhode Island Department of Business Regulation, 233 Richmond Street, Suite 232, Providence, Rhode Island 02903-4232.**

3. Item 17(v) under the heading “Choice of forum” shall be amended by the addition of the following language at the end of each Summary Section:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “a provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this act.”

4. Item 17(w) under the heading “Choice of law” shall be amended by the addition of the following language at the end of each Summary Section:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “a provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this act.”

5. Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Addendum.



6. To the extent this Addendum shall be deemed inconsistent with any terms or conditions of the Franchise Disclosure Document, the terms of this Addendum shall govern.

**THIS ADDENDUM ADDRESSES CERTAIN PROVISIONS OF RHODE ISLAND LAW THAT AMEND THE FRANCHISE DISCLOSURE DOCUMENT OF TBC INTERNATIONAL, LLC. READ THIS ADDENDUM CAREFULLY.**

---

DATE

---

PROSPECTIVE FRANCHISEE

---

PRINTED NAME

**ADDENDUM TO AREA DEVELOPMENT AGREEMENT  
FOR TBC INTERNATIONAL, LLC  
REQUIRED BY THE STATE OF RHODE ISLAND**

In recognition of the requirements of the Rhode Island Franchise Investment Act, Sections 19-28.1-1 through 19-28.1-34 and the regulations promulgated thereunder, the parties below agree to enter into this Addendum (the "Addendum") to amend the Area Development Agreement of **TBC INTERNATIONAL, LLC** for use in the State of Rhode Island as follows:

1. Section 23.F under the heading "GOVERNING LAW" shall be supplemented by the addition of the following sentence at the end of Section 20.H:

"Section 19-28, 1-14 of the Rhode Island Franchise Investment Act provides that "a provision in a Franchise Agreement restricting jurisdiction or venue to a form outside of this state or requiring application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

2. Section 23.G under the heading "EXCLUSIVE JURISDICTION" shall be supplemented by the addition of the following sentence at the end of Section 20.G:

"This provision may not be enforceable in Rhode Island."

3. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act, Section 19-28.1-14574, and the regulations promulgated thereunder are independently met without reference to this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

4. To the extent this Addendum shall be deemed inconsistent with any terms or conditions of the Area Development Agreement, the terms of this Addendum shall govern.

5. Any capitalized terms that are not defined in this Addendum shall have the meaning given to them in the Area Development Agreement.

IN WITNESS WHEREOF, the parties to this Addendum have duly executed, sealed and delivered this Addendum to the Area Development Agreement simultaneously with the signing of the Area Development Agreement.

[Signatures on following page]

FRANCHISOR:

TBC INTERNATIONAL, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

DEVELOPER

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT  
FOR TBC INTERNATIONAL, LLC  
REQUIRED BY THE STATE OF SOUTH DAKOTA**

In recognition of the requirements of the South Dakota Franchises for Brand-Name Goods and Services Law, SDCL 37-5B, and the policies of the Director of the Securities Division, the Uniform Franchise Disclosure Document for **TBC INTERNATIONAL, LLC** for use in the State of South Dakota shall be amended as follows:

1. Item 3, “Litigation” shall be amended by the addition of the following paragraphs:

Neither **TBC INTERNATIONAL, LLC**, nor any person identified in Item 2 above, has during the ten-year period preceding the date of this Franchise Disclosure Document, been convicted of a felony, or pleaded nolo contendere to any other felony charge, been convicted of a misdemeanor or pleaded guilty to a misdemeanor charge, reached a settlement in a civil action, been held liable in a civil action by final judgment, or been the subject of any material complaint or legal proceeding, where such felony, misdemeanor, civil action, complaint, or other legal proceeding involved the violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegations.

Neither **TBC INTERNATIONAL, LLC**, nor any person identified in Item 2 above, has any material arbitration proceeding pending, or has, during the ten-year period immediately preceding the date of this Franchise Disclosure Document, been a party to concluded material arbitration proceedings.

Neither **TBC INTERNATIONAL, LLC**, nor any person identified in Item 2 above, is subject to any currently effective order or ruling of the federal trade commission.

2. Item 17(e), “Termination by **TBC INTERNATIONAL, LLC** with Cause,” shall be amended by the addition of the following language at the end of each Summary Section:

To the extent that default under the Franchise Disclosure Document relates to a breach of the Multi-Unit Agreement or Franchise Agreement, failure to meet performance and/or quality standards, and/or failure to make royalty payments, South Dakota law provides that **TBC INTERNATIONAL, LLC** must provide a 30 day written notice with an opportunity to cure such default prior to termination.

3. Items 17(q) and Item 17(r), “Non-competition Covenants during the term of the franchise” and “Non-competition covenants after the Franchise is terminated or expires,” respectively, shall be amended by the addition of the following language at the end of each Summary Section:

Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of South Dakota, except in certain instances as provided by law.

4. Item 17(v), "Choice of Forum," shall be deleted in its entirety and replaced with the following:

Any provision in the Franchise Disclosure Document, franchise agreement or development agreement restricting jurisdiction or venue to a forum outside of South Dakota or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the South Dakota Franchise Act.

5. Item 17(v), "Choice of Law", in each Summary Section, the language shall be deleted in its entirety and replaced with the following language:

The law regarding franchise registration, employment, covenants not to compete, and other matters of local concern shall be governed by the laws of the State of South Dakota. Any provision in the Franchise Disclosure Document, franchise agreement or development agreement restricting jurisdiction or venue to a forum outside of South Dakota or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the South Dakota Franchise Act.

6. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the South Dakota Franchises for Brand-Name Goods and Services Law, SDCL 37-5B, and any rules and regulations promulgated thereunder, are met independently without references to this Amendment.

7. To the extent this Addendum shall be deemed inconsistent with any terms or conditions of the Franchise Disclosure Document, the terms of this Addendum shall govern.

**THIS ADDENDUM ADDRESSES CERTAIN PROVISIONS OF SOUTH DAKOTA LAW THAT AMEND THE FRANCHISE DISCLOSURE DOCUMENT OF TBC INTERNATIONAL, LLC. READ THIS ADDENDUM CAREFULLY.**

\_\_\_\_\_  
DATE

\_\_\_\_\_  
PROSPECTIVE FRANCHISEE

\_\_\_\_\_  
PRINTED NAME

**ADDENDUM TO AREA DEVELOPMENT AGREEMENT  
FOR TBC INTERNATIONAL, LLC.  
REQUIRED BY THE STATE OF SOUTH DAKOTA**

In recognition of the requirements of the South Dakota Franchises for Brand-Name Goods and Services Law, SDCL 37-5B, and the regulations promulgated thereunder, the parties below agree to enter into this Addendum (the "Addendum") to amend the Area Development Agreement of **TBC INTERNATIONAL, LLC.** for use in the State of South Dakota as follows:

1. Section 11 under the heading "COVENANTS" shall be supplemented by the addition of the following sentence at the beginning of Section 11:

"Covenants not to compete such as those mentioned below are generally unenforceable in the State of South Dakota, except in certain instances as provided by law."

2. Section 14.A shall be supplement by the addition of the following sentence at the end of Section 14.A:

"This provision may not be enforceable under South Dakota law. South Dakota law requires Franchisor provide thirty (30) days' written notice to Developer, with an opportunity to cure."

3. Section 23.F. under the heading "GOVERNING LAW" shall be supplemented by the addition of the following sentence at the end of Section 23.F.:

"The law regarding franchise registration, employment, covenants not to compete, and other matters of local concern shall be governed by the laws of the State of South Dakota. Any provision in the Franchise Disclosure Document, franchise agreement or development agreement restricting jurisdiction or venue to a forum outside of South Dakota or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the South Dakota Franchise Act."

4. Section 23.I. under the heading "WAIVER OF JURY TRIAL" shall be supplemented by the addition of the following language at the end of Section 23.I:

"Any provision that provides that the parties' waive their right to claim punitive, exemplary, incidental, indirect, special or consequential damages or any provision that provides that parties waive their right to a jury trial may not be enforceable under South Dakota law."

5. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the South Dakota Franchises for Brand-Name Goods and Services Law, SDCL 37-5B, and any rules and regulations promulgated thereunder are met independently without reference to this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

6. To the extent this Addendum shall be deemed inconsistent with any terms or conditions of the Area Development Agreement, the terms of this Addendum shall govern.

7. Any capitalized terms that are not defined in this Addendum shall have the meaning given to them in the Area Development Agreement.

IN WITNESS WHEREOF, the parties to this Addendum have duly executed, sealed and delivered this Addendum to the Area Development Agreement simultaneously with the signing of

the Area Development Agreement.

FRANCHISOR:

**TBC INTERNATIONAL, LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

DEVELOPER:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ADDENDUM TO FRANCHISE AGREEMENT  
FOR TBC INTERNATIONAL, LLC  
REQUIRED BY THE STATE OF SOUTH DAKOTA**

In recognition of the requirements of the South Dakota Franchises for Brand-Name Goods and Services Law, SDCL 37-5B, the parties below agree to enter into this Addendum (the "Addendum") to amend the Franchise Agreement of **TBC INTERNATIONAL, LLC** for use in the State of South Dakota as follows:

1. Section 21 under the heading "COVENANTS," shall be supplemented by the addition of the following, which shall be considered an integral part of the Franchise Agreement:

Covenants not to compete upon termination or expiration of this Agreement are generally unenforceable in the State of South Dakota, except in certain instances provided by law.

2. Section 19 under the heading "TERMINATION," shall be supplemented by the addition of the following, which shall be considered an integral part of the Agreement:

Upon any breach of this Agreement by Franchisee, or the failure of Franchisee to meet the performance and quality standards established by Company and/or the failure of Franchisee to make payments of royalties to Company, Company may terminate this Agreement only by giving written notice of termination stating the nature of such default to Franchisee at least thirty (30) days prior to the effective date of termination; provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default, curing it to Company's satisfaction, and by promptly providing proof thereof to Company within the thirty-day period. If any such default is not cured within the thirty-day period, this Agreement shall terminate without further notice to Franchisee effective immediately upon the expiration of the thirty (30) day period.

3. Section 23.H under the heading "WAIVER OF DAMAGES" and Section 23.I. under the heading "WAIVER JURY TRIAL" shall be supplemented with the following language:

Any provision that provides that the parties' waive their right to claim punitive, exemplary, incidental, indirect, special or consequential damages or any provision that provides that parties waive their right to a jury trial may not be enforceable under South Dakota law.

4. Section 23.F and Section 23J. under the headings "GOVERNING LAW/EXCLUSIVE JURISDICTION," shall be deleted in their entirety and replaced with the following:

The law regarding franchise registration, employment, covenants not to compete, and other matters of local concern shall be governed by the laws of the State of South Dakota. Any provision in the Franchise Disclosure Document, franchise agreement or development agreement restricting jurisdiction or venue to a forum outside of South Dakota or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the South Dakota Franchise Act.



5. Section 27 under the heading "MISCELLANEOUS" shall be supplemented by the addition of the following language which shall be considered an integral part of the Franchise Agreement:

Nothing in this Agreement shall be deemed to constitute a waiver of compliance with any provision of the South Dakota Franchises for Brand-Name Goods and Services Act.

6. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the South Dakota Franchises for Brand-Name Goods and Services Law, SDCL 37-5B, and any rules and regulations promulgated thereunder are met independently without references to this Amendment.

7. To the extent this Amendment shall be deemed to be inconsistent with any terms or conditions of the Franchise Agreement, the terms of this Amendment shall govern.

IN WITNESS WHEREOF, the parties to this Addendum have duly executed, sealed and delivered this Addendum to the Franchise Agreement simultaneously with the signing of the Franchise Agreement.

ATTEST

FRANCHISOR:

TBC INTERNATIONAL, LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

FRANCHISEE:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ADDENDUM TO FRANCHISE AGREEMENT  
FOR TBC INTERNATIONAL, LLC  
REQUIRED BY THE STATE OF RHODE ISLAND**

In recognition of the requirements of the Rhode Island Franchise Investment Act, Sections 19-28.1-1 through 19-28.1-34, the parties below agree to enter into this Addendum (the "Addendum") to amend the Franchise Agreement of **TBC INTERNATIONAL, LLC** for use in the State of Rhode Island as follows:

1. Section 23.F under the heading "GOVERNING LAW" shall be supplemented by the addition of the following sentence at the end of Section 23.F:

"Section 19-28, 1-14 of the Rhode Island Franchise Investment Act provides that "a provision in a Franchise Agreement restricting jurisdiction or venue to a form outside of this state or requiring application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

2. Section 23.J under the heading "EXCLUSIVE JURISDICTION" shall be supplemented by the addition of the following sentence at the end of Section 23.J:

"This provision may not be enforceable in Rhode Island."

3. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Addendum.

4. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of the Franchise Agreement, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, the parties to this Addendum have duly executed, sealed and delivered this Addendum to the Franchise Agreement simultaneously with the signing of the Franchise Agreement.

FRANCHISOR:

TBC INTERNATIONAL, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

FRANCHISEE

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT  
FOR TBC INTERNATIONAL, LLC  
REQUIRED BY THE STATE OF VIRGINIA**

1. Item 4 shall be supplemented by the addition of the following language:

Neither the franchisor, any predecessor, any affiliate, any general partner of the franchisor, any officer of the franchisor or any individual having management responsibility relating to the sale or operation of the franchise being offered has filed as a debtor (or had filed against it) a petition under a foreign bankruptcy or has obtained a discharge of its debts under a foreign bankruptcy code.

2. Item 17, Subsection (m), entitled “Conditions for franchisor approval of transfer,” shall be amended by adding the following language at the end of each Summary Section:

The general release referred to above will exclude any claims under the Virginia Retail Franchising Act.

3. Item 17, Subsection (v) entitled “Choice of Forum,” shall be supplemented by the following language at the end of each Summary Section:

The Choice of Forum should not be considered a waiver of any right conferred upon any party by the Virginia Retail Franchising Act.

4. Item 17, Subsection (w) entitled “Choice of Law,” shall be supplemented with the following language at the end of each Summary Section:

The Choice of Law should not be considered a waiver of any right conferred upon either the franchisee or upon the franchisor by the Virginia Retail Franchising Act.

5. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act, §§ 13.1557 through 13.1-574 and the regulations promulgated thereunder are independently met without reference to this Addendum. The additional disclosures shall have no force or effect if such jurisdictional requirements are not met.

6. To the extent this Addendum shall be deemed inconsistent with any terms or conditions of the Franchise Disclosure Document, the terms of this Addendum shall govern.

**THIS ADDENDUM ADDRESSES CERTAIN PROVISIONS OF VIRGINIA LAW THAT AMEND THE FRANCHISE DISCLOSURE DOCUMENT OF TBC INTERNATIONAL, LLC. READ THIS ADDENDUM CAREFULLY.**

\_\_\_\_\_  
DATE

\_\_\_\_\_  
PROSPECTIVE FRANCHISEE

\_\_\_\_\_  
PRINTED NAME

**ADDENDUM TO AREA DEVELOPMENT AGREEMENT  
FOR TBC INTERNATIONAL, LLC  
REQUIRED BY THE STATE OF VIRGINIA**

In recognition of the requirements of the Virginia Retail Franchising Act, §§ 13.1557 through 13.1-574, and the regulations promulgated thereunder, the parties below agree to enter into this Addendum (the "Addendum") to amend the Area Development Agreement of **TBC INTERNATIONAL, LLC** for use in the State of Virginia as follows:

1. Section 23.F under the heading "GOVERNING LAW" shall be amended by adding the following language to the end of Section 23.F:

"Nothing in this Agreement shall be deemed to constitute a waiver of compliance with any provision of the Virginia Retail Franchising Act."

2. Section 23.G under the heading "EXCLUSIVE JURISDICTION" shall be amended by adding the following language to the end of Section 23.G:

"Nothing in this Agreement shall be deemed to constitute a waiver of compliance with any provision of the Virginia Retail Franchising Act."

3. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act, §§ 13.1557 through 13.1-574, and the regulations promulgated thereunder are independently met without reference to this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

4. To the extent this Addendum shall be deemed inconsistent with any terms or conditions of the Area Development Agreement, the terms of this Addendum shall govern.

5. Any capitalized terms that are not defined in this Addendum shall have the meaning given to them in the Area Development Agreement.

IN WITNESS WHEREOF, the parties to this Addendum have duly executed, sealed and delivered this Addendum to the Area Development Agreement simultaneously with the signing of the Area Development Agreement.

ATTEST

FRANCHISOR:

TBC INTERNATIONAL, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

DEVELOPER

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ADDENDUM TO FRANCHISE AGREEMENT  
FOR TBC INTERNATIONAL, LLC  
REQUIRED BY THE STATE OF VIRGINIA**

In recognition of the requirements of the Virginia Retail Franchising Act, §§ 13.1557 through 13.1-574 and the regulations promulgated thereunder, the parties below agree to enter into this Addendum (the "Addendum") to amend the Franchise Agreement of **TBC INTERNATIONAL, LLC** for use in the State of Virginia as follows:

1. Section 17.C(3) shall be supplemented by the addition of the following language to the end of Section 17.C(3):

"provided however, such general release shall exclude claims under the Virginia Retail Franchising Act;"

2. Section 18.D(6) shall be supplemented by the addition of the following language to the end of Section 18.D(6):

"provided however, such general release shall exclude claims under the Virginia Retail Franchising Act."

3. Section 23.F, under the heading "Governing Law" and Section 23.J, under the heading "Exclusive Jurisdiction" shall be supplemented by the addition of the following language at the end of such sections:

"Nothing in this Agreement shall be deemed to constitute a waiver of compliance with any provision of the Virginia Retail Franchising Act."

4. Franchise Agreement shall be supplemented by the addition of a new Exhibit F, as follows:

**General Release**

«Month» «Day», «Year»  
«PrsntOwnrCorpName»  
«PrsntGuarnteeel»  
«PrsntGuarntee2»

Re: Transfer of Assets of Title Boxing Club Fitness Studio franchised business

«RestAddCitySTZip»  
«PrsntOwnrCorpName» to «NewOwnrCorpName»

Dear «PrsntOwnrlstName»:

TBC INTERNATIONAL, LLC ("PI") is a party to that certain Franchise Agreement with «PrsntOwnrCorpName», «PrsntGuarnteeel» and «PrsntGuarntee2», operating a Title Boxing Club Fitness Studio franchised business at the above-captioned address.

This letter will acknowledge PI's receipt of all royalties due and shall constitute PI's consent to the transfer by «PrsntOwnrCorpName», «PrsntGuarnteeel» and «PrsntGuarntee2» to «NewOwnrCorpName» under that certain Asset Purchase Agreement, dated «Month» «Day», «Year». This consent refers both to the sale of the equipment and other assets at the Franchised

Businesses and «PrsntOwnrCorpName», «PrsntGuarnteel» and «PrsntGuarntee2» assignment of its lease for the premises at «RestAddCitySTZip».

Upon closing of said transfer and assignment from «PrsntOwnrCorpName» to «NewOwnrCorpName», the Franchise Agreement between «PrsntOwnrCorpName», «PrsntGuarnteel» «PrsntGuarntee2» and PI is deemed terminated as of said date and neither of us shall have any further obligation to the other, except that «PrsntOwnrCorpName», «PrsntGuarnteel» and «PrsntGuarntee2» as Guarantors, shall be bound by the post-termination covenants applicable to former franchisees of as described in Section 21 of the Franchise Agreement. Further, «PrsntOwnrCorpName», «PrsntGuarnteel» and «PrsntGuarntee2» and TBC INTERNATIONAL, LLC mutually releases each other from claims and liabilities of any sort arising out of or relating to any inducements or representations which may have been made by either of them in connection with the sale and grant of the Franchise Agreement and further mutually release each other from any and all claims relating to the duties and obligations of the parties under the Franchise Agreement, or any claim of breach thereunder.

Very truly yours,

TBC INTERNATIONAL, LLC

By: \_\_\_\_\_

Name:

Title:

Accepted and Agreed to this «Day» day of «Month» «Year».

By: \_\_\_\_\_

«PrsntGuarnteel» President

«PrsntGuarntee2» Vice President

\_\_\_\_\_  
«PrsntGuarnteel»

\_\_\_\_\_  
«PrsntGuarntee2»

cc: «NewOwnrCorpName»  
«newownrfullname»

5. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act, §§ 13.1557 through 13.1-574 and the regulations promulgated thereunder are independently met without reference to this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

6. To the extent this Addendum shall be deemed inconsistent with any terms or conditions of the Franchise Agreement, the terms of this Addendum shall govern.

7. Any capitalized terms that are not defined in this Addendum shall have the meaning given to them in the Franchise Agreement.

IN WITNESS WHEREOF, the parties to this Addendum have duly executed, sealed and delivered this Addendum to the Franchise Agreement simultaneously with the signing of the Franchise Agreement.

ATTEST

FRANCHISOR:

TBC INTERNATIONAL, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

FRANCHISEE

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



**WASHINGTON FDD, AREA DEVELOPMENT AND FRANCHISE AGREEMENT  
ADDENDUM**

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.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_.

\_\_\_\_\_  
FRANCHISOR

\_\_\_\_\_  
FRANCHISEE

**ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT  
FOR TBC INTERNATIONAL, LLC  
REQUIRED BY THE STATE OF WISCONSIN**

In recognition of the requirements of the Wisconsin Franchise Investment Law, Wis. Stat. §§ 553.01 to 553.78 and the Wisconsin Fair Dealership Law, Wis. Stat. §§ 135.01-135.07, the Franchise Disclosure Document of **TBC INTERNATIONAL, LLC** for use in the State of Wisconsin shall be amended as follows:

1. The last full paragraph on the cover page shall be deleted in its entirety and replaced with the following paragraph:

**“Registration of this Franchise with a state does not mean that the state recommends or it has verified the information in this Franchise Disclosure Document. If you learn that anything in this Franchise Disclosure Document is untrue, contact the Federal Trade Commission and the Commissioner of Securities, Madison, Wisconsin 53701.”**

2. Item 17(b), under the heading entitled “Renewal or extension of term,” shall be amended by the addition of the following language at the end of each Summary Section:

“To the extent that the provisions regarding renewal described in this summary are inconsistent with the requirements of the Wisconsin Fair Dealership Law, § 135.04, (which, among other things, currently grants you the right, in most circumstances, to 90 days prior written notice of non-renewal and 60 days within which to remedy any claimed deficiencies), the renewal provisions will be superseded by the Wisconsin Fair Dealership Law’s requirements and will have no force or effect.”

3. Item 17(f) under the heading “Termination by franchisor with cause” shall be amended by the addition of the following language at the end of each Summary Section:

“To the extent that the provisions regarding termination described in this summary are inconsistent with the requirements of the Wisconsin Fair Dealership Law, § 135.04, (which, among other things, currently grants you the right, in most circumstances, to 90 days prior written notice of termination and 60 days within which to remedy any claimed deficiencies), the termination provisions will be superseded by the Wisconsin Fair Dealership Law’s requirements and will have no force or effect.”

4. Item 17(v) under the heading “Choice of forum” shall be amended by the addition of the following language at the end of each Summary Section:

“This provision may not be enforceable under Wisconsin law.”

5. Item 17(w) under the heading “Choice of law” shall be amended by the addition of the following language at the end of each Summary Section

“No provision of the Franchise or Area Development Agreement will constitute a waiver of compliance with any provision of the Wisconsin Franchise Investment Law or Wisconsin Fair Dealership Law.”

6. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Wisconsin Franchise Investment Law, Wis. Stat. §§ 553.01 to 553.78 and the Wisconsin Fair Dealership Law, Wis. Stat. §§ 135.01-135.07, are independently met without reference to this Addendum. The additional disclosures shall have no force or effect if such jurisdictional requirements are not met.

7. To the extent this Addendum shall be deemed inconsistent with any terms or conditions of the Franchise Disclosure Document, the terms of this Addendum shall govern.

**THIS ADDENDUM ADDRESSES CERTAIN PROVISIONS OF WISCONSIN LAW THAT AMEND THE FRANCHISE DISCLOSURE DOCUMENT OF TBC INTERNATIONAL, LLC READ THIS ADDENDUM CAREFULLY.**

\_\_\_\_\_  
DATE

\_\_\_\_\_  
PROSPECTIVE FRANCHISEE

\_\_\_\_\_  
PRINTED NAME

**ADDENDUM TO AREA DEVELOPMENT AGREEMENT  
FOR TBC INTERNATIONAL, LLC  
REQUIRED BY THE STATE OF WISCONSIN**

In recognition of the requirements of the Wisconsin Franchise Investment Law, Wis. Stat. §§ 553.01 to 553.78 and the Wisconsin Fair Dealership Law, Wis. Stat. §§ 135.01-135.07, the parties below agree to enter into this Addendum (the “Addendum”) to amend the Area Development Agreement of **TBC INTERNATIONAL, LLC** for use in the State of Wisconsin as follows:

1. Section 14 under the heading “TERMINATION” shall be supplemented by the addition of the following language to the end of Section 14:

“To the extent that the provisions regarding termination are inconsistent with the requirements of the Wisconsin Fair Dealership Law, § 135.04, (which, among other things, currently grants you the right, in most circumstances, to 90 days prior written notice of non-renewal and 60 days within which to remedy any claimed deficiencies), the termination provisions will be superseded by the Wisconsin Fair Dealership Law’s requirements and will have no force or effect.”

2. Section 23.F under the heading “GOVERNING LAW” shall be amended by adding the following language to the end of Section 23.F:

“This provision may not be enforceable under Wisconsin law.”

3. Section 23.G under the heading “EXCLUSIVE JURISDICTION” shall be amended by adding the following language to the end of Section 23.G:

“No provision of this Agreement will constitute a waiver of compliance with any provision of the Wisconsin Franchise Investment Law or Wisconsin Fair Dealership Law.”

4. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Wisconsin Franchise Investment Protection Act, §§ RCW 19.100.010 to RCW 19.100.941, and the Regulations Issued by the Securities Division, Department of Financial Institutions according to the Wisconsin Franchise Investment Protection Act, WAC 460-80-100 to WAC 460-82-200, are independently met without reference to this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

5. To the extent this Addendum shall be deemed inconsistent with any terms or conditions of the Area Development Agreement, the terms of this Addendum shall govern.

6. Any capitalized terms that are not defined in this Addendum shall have the meaning given to them in the Area Development Agreement.

IN WITNESS WHEREOF, the parties to this Addendum have duly executed, sealed and delivered this Addendum to the Area Development Agreement simultaneously with the signing of the Area Development Agreement.

FRANCHISOR:

TBC INTERNATIONAL, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

DEVELOPER

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ADDENDUM TO FRANCHISE AGREEMENT  
FOR TBC INTERNATIONAL, LLC  
REQUIRED BY THE STATE OF WISCONSIN**

In recognition of the requirements of the Wisconsin Franchise Investment Law, Wis. Stat. §§ 553.01 to 553.78 and the Wisconsin Fair Dealership Law, Wis. Stat. §§ 135.01-135.07, the parties below agree to enter into this Addendum (the “Addendum”) to amend the Franchise Agreement of TBC INTERNATIONAL, LLC for use in the State of Wisconsin as follows:

1. Section 18 under the heading “Renewal of Franchise” shall be supplemented by the addition of the following language to the end of Section 18:

“To the extent that the provisions regarding renewal are inconsistent with the requirements of the Wisconsin Fair Dealership Law, § 135.04, (which, among other things, currently grants you the right, in most circumstances, to 90 days prior written notice of non-renewal and 60 days within which to remedy any claimed deficiencies), the renewal provisions will be superseded by the Wisconsin Fair Dealership Law’s requirements and will have no force or effect.”

2. Section 19 under the heading “Termination” shall be supplemented by the addition of the following language to the end of Section 19:

“To the extent that the provisions regarding termination are inconsistent with the requirements of the Wisconsin Fair Dealership Law, § 135.04, (which, among other things, currently grants you the right, in most circumstances, to 90 days prior written notice of non-renewal and 60 days within which to remedy any claimed deficiencies), the termination provisions will be superseded by the Wisconsin Fair Dealership Law’s requirements and will have no force or effect.”

3. Section 23.F, under the heading “GOVERNING LAW” shall be supplemented by the addition of the following language at the end of such section:

“This provision may not be enforceable under Wisconsin law.”

4. Section 23.J, under the heading “Exclusive Jurisdiction” shall be supplemented by the addition of the following language at the end of such section:

“No provision of this Agreement will constitute a waiver of compliance with any provision of the Wisconsin Franchise Investment Law or Wisconsin Fair Dealership Law.”

5. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Wisconsin Franchise Investment Law, Wis. Stat. §§ 553.01 to 553.78 and the Wisconsin Fair Dealership Law, Wis. Stat. §§ 135.01-135.07, are independently met without reference to this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

6. To the extent this Addendum shall be deemed inconsistent with any terms or conditions of the Franchise Agreement, the terms of this Addendum shall govern.

7. Any capitalized terms that are not defined in this Addendum shall have the meaning given to them in the Franchise Agreement.

IN WITNESS WHEREOF, the parties to this Addendum have duly executed, sealed and delivered this Addendum to the Franchise Agreement simultaneously with the signing of the Franchise Agreement.

ATTEST

FRANCHISOR:

TBC INTERNATIONAL, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

FRANCHISEE

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT L TO FDD  
STANDARD INITIAL PACKAGE**



**EXHIBIT L**  
**STANDARD INITIAL PACKAGE**

**STANDARD INITIAL PACKAGE**  
**(Unit quantities are based on the 3500sf club model)**

| ITEM  | Units |
|---|-------|
| <b>TITLE EQUIPMENT</b>  |       |
| TITLE Boxing 72" Synthetic Heavy Bags with Chains - TBCTHB5T 100 BK | 36    |
| TITLE Boxing 72" Synthetic Red Heavy Bag                            | 1     |
| TITLE Boxing Body Protector for Trainers - PBP                      | 1     |
| TITLE Boxing Aerovent Excel Incredimitts 2.0 for Trainers - TAEPM2  | 1     |
| TITLE Boxing Professional Thai Pads for Trainers - TPCX3            | 1     |
| TITLE Boxing Platinum Gym Timer - PFGT                              | 1     |
| TITLE Boxing Hand Wrap Roller - HWROLL2                             | 2     |
| TITLE Boxing Fundamental Bag Gloves (Loaner Gloves) - CVVTG3 RD     | 15    |
| TITLE Boxing Jumbo Gloves (pair) - JBG 1 RD                         | 1     |
| TITLE Boxing Ring Gong & Hammer Set - TRG                           | 1     |
| TITLE Boxing Glove Dry Devils (for Loaner Gloves) - TGDV            | 15    |
| TITLE Boxing Core Mats 2.0 for Core Work - TBCPCM2                  | 15    |
|   |       |

### 3rd Party Vendor Items

ITEM

|   |   |
|---|---|
| <b>Bag Stand Manufacturer</b>                               |   |
| Heavy Bag Stand (Based on Club Size and Layout by Angelini) | 1 |

|   |   |
|---|---|
| <b>INSTORE DESIGN DISPLAY</b>                           |   |
| DROPSHIP: FRONT DESK, BACK CABINET, ADA DESK -RH RETURN | 1 |
| WHAT'S HAPPENING BOARD                                  | 1 |
| <b>RETAIL WALL MODULE 96 X 50 X 16</b>                  | 1 |
| 4' RECTANGULAR TUBING, SATIN CHROME                     |   |
| SATIN CHROME END CAP FOR RECTANGULAR TUBING             |   |
| RECTANGULAR TUBING                                      |   |
| 12" RECT. HANGRAIL BRACKET SATIN CHROME                 |   |
| 12" FACEOUT SATIN CHROME                                |   |
| 12" X 50" X 1-1/8" BLACK SHELF                          |   |
| 10" SHELF BRACKET, ZINC                                 |   |
| 12" FACEOUT SATIN CHROME                                |   |

|   |       |
|---|-------|
| HAND WRAP BIN KIT, SET OF (6)   | 1     |
| GLOVE DISPLAY   | 1     |
| <b>INDUSTRIAL BUILDING PRODUCTS</b>   |       |
| Lockers - Each "frame" has 3 locker openings so 10 "frames" = 30 individual lockers   | 30    |
| <b>BLUE DOT</b>   |       |
| Benches (Franchisee Partner Purchases through website.)   | 2     |
| <b>ABC Images</b>   |       |
| Site Survey   | 1     |
| ADA Compliant Restroom Signs (Based on amount per club)   |       |
| Welcome Wall  | 1     |
| What's Happening Board  | 1     |
| Clear Plastic Frame for whats happening board   | 1     |
| Local Wall Mural  | 1     |
| Bag Graphic   | 1     |
| Haley's Graphic (Refresh Only)  |       |
| Titleisms (Same price no matter which phrase is selected) - Red Background, White text  | 0 - 3 |
| Combo of Day Backlit SEG Fabric + Sintra Numbers and Words + J-Channel  | 1     |
| Locker Room Logo Graphic  | 1     |
| White Vinyl Bag Numbers (Per Number of Bags)  |       |
| Vinyl "T" for Lobby Glass Doors and refrigerator (Based on number of doors and 1 refrigerator)  |       |
| Click Frames (Refresh Only)   |       |
| Window Graphics (Per Request by Franchise Partner, additional cost)   |       |
| <b>AED (through Zogics)</b>   |       |
| ZOLL Fully Automatic AED Plus Bundle  | 1     |
| ZOLL Fully Automatic AED Plus with AED Cover<br>Standard Metal AED Wall Cabinet<br>PlusRX Medical Prescription<br>CPR-D-padz Electrode<br>Pack of 10 CR123A batteries<br>Carry Case<br>ZOLL CPR-D Accessory Kit (single use) which includes a CPR Barrier Mask, scissors, gloves, a prep razor, a towel and a moist towelette<br>CPR coaching and feedback<br>Single-piece electrode pads with five year shelf-life<br>Uses inexpensive consumer batteries<br>Full resuscitation process guidance<br>Perfect for novice rescuers in businesses, churches, and public locations of all kinds<br>ECG display upgrade available for medical professionals<br>Qualifies for free ground shipping to commercial addresses in the contiguous 48 United States |       |
| AED Surface Mount Cabinet   |       |

|  |    |
|--|----|
|  |    |
| <b>AV NOW</b>                            |    |
| 6" Pendant Speaker                       | 12 |
| Dual 10" Surface Mount Sub               | 4  |
| Dual 10" Surface Mount Sub Bracket       | 4  |
| 70V Transformer Tap                      | 4  |
| Commercial Bluetooth                     | 1  |
| Aux Input                                | 1  |
| Rechargeable Shure Wireless Mic System   | 1  |
| Fitness Rated Microphone                 | 2  |
| Back-Up GLXD Transmitter                 | 1  |
| Antenna Extension Kit for GLX            | 1  |
| 7" Touch Panel                           | 1  |
| Network AV Switch                        | 1  |
| DSP and Matrix Mixer - Control Processor | 1  |
| 2 Channel Amp                            | 1  |
| 21RU Free Standing AV Rack               | 1  |
| 43" Commercial Display                   | 4  |
| Display Wall Mount                       | 4  |
| Video Distribution System                | 1  |
| Digital Timer                            | 1  |
|  |    |
| <b>Yellow POP</b>                        |    |
| Neon Sign "Box More Stress Less"         | 1  |

## EFFECTIVE DATES OF STATE REGISTRATIONS

The following franchise registration and business opportunity states require that a Franchise Disclosure Document be registered or filed with the state or be exempt from registration: California, Florida, Hawaii, Illinois, Indiana, Kentucky, Maryland, Michigan, Minnesota, Nebraska, New York, North Dakota, Rhode Island, South Dakota, Texas, Utah, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states:

| State        | Effective Date |
|--------------|----------------|
| California   | Pending        |
| Florida      | Pending        |
| Hawaii       | Pending        |
| Illinois     | Pending        |
| Indiana      | Pending        |
| Kentucky     | 05/13/2011     |
| Maryland     | Pending        |
| Michigan     | Pending        |
| Minnesota    | Pending        |
| Nebraska     | 10/05/2009     |
| North Dakota | Pending        |
| New York     | Pending        |
| Texas        | 01/03/2011     |
| Utah         | Pending        |
| Rhode Island | Pending        |
| South Dakota | Pending        |
| Virginia     | Pending        |
| Washington   | Pending        |
| Wisconsin    | Pending        |

**EXHIBIT M TO FDD**  
**RECEIPT**

## 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 TBC International, LLC offers you a franchise, TBC International, LLC must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with proposed franchise sale.

Iowa, New York and Rhode Island require that TBC International, LLC gives you this disclosure document at the earlier of the first personal meeting or 10 business days in New York and Rhode Island (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan, Oregon and Wisconsin requires that TBC International, LLC gives you this disclosure document at least 10 business days before the signing of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If TBC International, LLC does not deliver this disclosure document on time or if it contains or 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 identified on Exhibit D.

The franchisor is TBC International, LLC, located at 8647 Hayden Place, Culver City, CA 90232. Its telephone number is (310) 598-3691.

FTC Issuance Date: April 3, 2024

See the page after Exhibit L for state effective dates.

The name, principal address and telephone number of each franchise seller offering the franchise: Kevin Hogan at 21840 NW Fwy., Ste. C., Cypress TX 77429, (281) 932-7161, Franck Meunier at 8647 Hayden Place, Culver City, CA 90232, (773) 875-5250, and Felicia Alexander at 8647 Hayden Place, Culver City, CA 90232 (310) 598-3691.

TBC International, LLC authorizes the respective state agencies identified on Exhibit E to receive service of process for it in the particular state.

I received a disclosure document dated April 3, 2024 that included the following exhibits:

- |    |                               |    |   |
|----|-------------------------------|----|---|
| A. | Financial Statements          | G. | Electronic Funds Transfer Authorization |
| B. | Area Development Agreement    | H. | List of Franchisees                     |
| C. | Franchise Agreement           | I. | General Release                         |
| D. | State Administrators          | J. | CLR Solutions LLC Contracts             |
| E. | Agents for Service of Process | K. | State Addenda                           |
| F. | Table of Contents of Manual   | L. | Standard Initial Package                |
|    |                               | M. | Receipts                                |

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

You may return the signed receipt either by signing, dating and mailing it to TBC International, LLC, 8647 Hayden Place, Culver City, CA 90232.

KEEP THIS COPY FOR YOUR RECORDS

## 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 TBC International, LLC offers you a franchise, TBC International, LLC must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with proposed franchise sale.

Iowa, New York and Rhode Island require that TBC International, LLC gives you this disclosure document at the earlier of the first personal meeting or 10 business days in New York and Rhode Island (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan, Oregon and Wisconsin requires that TBC International, LLC gives you this disclosure document at least 10 business days before the signing of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If TBC International, LLC does not deliver this disclosure document on time or if it contains or 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 identified on Exhibit D.

The franchisor is TBC International, LLC, located at 8647 Hayden Place, Culver City, CA 90232. Its telephone number is (310) 598-3691.

FTC Issuance Date: April 3, 2024

See the page after Exhibit L for state effective dates.

The name, principal address and telephone number of each franchise seller offering the franchise: Kevin Hogan at 21840 NW Fwy., Ste. C., Cypress TX 77429, (281) 932-7161, Franck Meunier at 8647 Hayden Place, Culver City, CA 90232, (773) 875-5250, and Felicia Alexander at 8647 Hayden Place, Culver City, CA 90232 (310) 598-3691.

TBC International, LLC authorizes the respective state agencies identified on Exhibit E to receive service of process for it in the particular state.

I received a disclosure document dated April 3, 2024, that included the following exhibits:

- |    |                               |    |   |
|----|-------------------------------|----|---|
| A. | Financial Statements          | G. | Electronic Funds Transfer Authorization |
| B. | Area Development Agreement    | H. | List of Franchisees                     |
| C. | Franchise Agreement           | I. | General Release                         |
| D. | State Administrators          | J. | CLR Solutions LLC Contract              |
| E. | Agents for Service of Process | K. | State Addenda                           |
| F. | Table of Contents of Manual   | L. | Standard Initial Package                |
|    |                               | M. | Receipts                                |

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

You may return the signed receipt either by signing, dating and mailing it to TBC International, LLC, 8647 Hayden Place, Culver City, CA 90232.

RETURN THIS COPY TO TBC