FRANCHISE DISCLOSURE DOCUMENT

SLLR Enterprises, LLC
a North Carolina limited liability company
13620 Reese Blvd., #300
Huntersville, NC 28078
(888) 876-2526
development@RockBoxFitness.com
www.RockBoxFitness.com

The franchised business is to operate a membership-based state-of-the-art group fitness studio under the trade name "RockBox Fitness" that offers functional fitness training regimens for a boxing and kickboxing based workout (each, a "Studio").

The total investment necessary to begin operation of a single Studio is $374,624 to $491,275. This includes $147,947 to $151,947 that must be paid to us or our affiliate.

We also grant qualified parties the right to develop multiple Studios within a defined geographical area under our form of area development agreement. The total investment necessary to begin operating as a multi-unit owner will vary depending on how many Studios we grant you the right to develop. In any case, the minimum number of Studios we grant a qualified party the right to develop is three (3) Studios. By way of example, the total investment to enter into an area development agreement with us to develop three (3) Studios ranges from $439,424 to $556,075, which includes: (i) a $124,700 development fee that is paid to us; and (ii) the initial investment to open and commence operations of the first Studio you are granted the right to develop within your non-exclusive development area. The total investment to enter into an area development agreement with us to develop five (5) Studios ranges from $499,224 to $615,875, which includes: (i) a $184,500 development fee that is paid to us; and (ii) the initial investment to open and commence operations of the first Studio you are granted the right to develop within your non-exclusive development area.

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

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

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

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

The Issuance Date of this Franchise Disclosure Document (“FDD”) is: April 28, 2023.

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits G and H.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit C includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only RockBox business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchise have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a RockBox franchisee?	Item 20 or Exhibits G and H list current and former franchisees. You can contact them to ask about their experience.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

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

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

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

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.

TABLE OF CONTENTS

ITEM 1
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor

To simplify the language in this Franchise Disclosure Document, “RockBox,” “we,” or “us” means SLLR Enterprises, LLC, the franchisor of this business. “You” or “Franchisee” means the person who buys the franchise and includes your owners if you are a corporation or other business entity.

Our name is SLLR Enterprises, LLC and we are a North Carolina limited liability company formed on March 16, 2017, with a principal business address at 13620 Reese Blvd., #300, Huntersville, North Carolina, 28078. We began offering franchises on December 14, 2017. We do not do business under any name other than our corporate name and under the RockBox Fitness trade name. We have not offered franchises in any other line of business. Additionally, we do not engage in any other major business activities outside of the RockBox franchise system (the “System”). Our agent for service of process is our Finance Department, at our principal business address of 13620 Reese Blvd., #300, Huntersville, North Carolina 28078. Our agents for service of process in other states are listed in Exhibit A to this Disclosure Document.

As of April 2021, we also commenced offering and selling area development franchises for individuals and/or entities that meet certain criteria, including net worth, under a separate form of disclosure document (“Area Developer FDD”). As of the Issuance Date, we awarded one (1) area development franchise under the separate Area Developer FDD.

Parents, Predecessors and Affiliates

Our affiliate, Leverage Nutrition, LLC is a North Carolina limited liability company formed on March 27, 2019. Leverage Nutrition, LLC is the only approved supplier for nutritional supplements, dietary and weight loss products, and ingestible sports performance products of various kinds sold through RockBox Fitness locations, sold by RockBox Fitness franchisees or employees, or sold to leads generated by RockBox Fitness marketing campaigns and efforts. This affiliate is located at 13620 Reese Blvd., #300, Huntersville, North Carolina 28078. Leverage Nutrition, LLC has not offered franchises in this line of business or other lines of business.

Our affiliate via common control of ownership is Get Lit Concepts, LLC, a North Carolina limited liability company formed on April 30, 2021, with a principal address of 13620 Reese Blvd., #300, Huntersville, North Carolina 28078. Get Lit Concepts, LLC franchisees the right to operate an infrared sauna studio under the trade name “beem Light Sauna.” As of December 31, 2022, there were two (2) affiliate-owned beem Light Sauna and no operating franchised outlets.

Other than those described above, we have no other parents, predecessors or affiliates.

The Franchised Business

We offer and award franchises for the establishment, development, and operation of a fitness training Studio that operates utilizing our Proprietary Marks and System. The Franchised Business is a membership-based state-of-the-art group fitness studio under the trade name “RockBox Fitness” that offers functional fitness training regimens for a boxing and kickboxing based workout. Studios will typically have a floor plan and layout that provides dedicated space where each component of the workout can be conducted, and our System currently integrates energizing beats and other music designed to enhance a client’s workout experience.

Each Studio operates according to our unique System, which includes recognized color schemes, distinctive specifications for equipment, display design, marketing, advertising, and procedures for the operation and management of a Studio. The System is identified by the RockBox logo and such other trade-names, trademarks, and logos that we designate and as we may modify and adopt from time to time for use in the System (collectively, the “Proprietary Marks”).

If you obtain a franchise, you will have the right to operate the Franchised Business utilizing our Proprietary Marks and System. Your Franchised Business must be operated from a location within the designated territory (the “Designated Territory”) that we approve in writing (the “Approved Location”).

The size of your Franchised Business will vary depending on the size of your Designated Territory, but, in general, your Franchised Business should be between 1,800 – 2,200 square feet.

We also offer qualified individuals and entities the right to develop multiple Studios within a defined non-exclusive development area (the “Development Area”) we designate in our then-current form of area development agreement (the “Development Agreement”), with the current Development Agreement attached to this Disclosure Document as Exhibit E.

Your Development Agreement will also outline a schedule or defined period of time wherein you must open and commence operating each Studio (a “Development Schedule”). You will be required to sign a Franchise Agreement for your initial Studio at the same time you sign your Development Agreement. You will eventually need to sign our then-current form of franchise agreement for each Studio you develop under the Development Schedule prior to opening that Studio (or other deadline set forth in the Development Schedule), which may differ from the current Franchise Agreement included with this Franchise Disclosure Document.

You will also pay us a development fee that will be calculated based on the number of Studios we grant you the right to develop under the Development Agreement (the “Development Fee”). The Development Fee is not tied to any kind of pre-opening obligations that we owe to you in connection with the opening of any Studio.

The size of the Development Area will vary depending upon local market conditions and the number of Studios to be developed. We reserve the right to negotiate the size of location and boundaries of the Development Area, which will vary based on the population density, competition, and other business factors.

Market and Competition

The general market for RockBox Fitness is the general public. We have designed our services to appeal to health-focused consumers who seek an invigorating, multisensory, and unrivaled fitness experience. You will have to compete with other businesses offering similar products, including other fitness facilities, gyms, health-related establishments, and sports complexes. Your competition may include other businesses that we or our affiliates may franchise or operate, as noted in Item 12.

In our experience, the fitness industry is a highly competitive and well-developed market, which can be affected significantly by many factors, including changes in local, regional or national economic conditions, changes in consumer spending, and increases in the number of, and particular locations of competing facilities. Various factors can adversely affect the fitness industry, including inflation, increases in labor and energy costs, the availability and cost of suitable sites, fluctuating interest and insurance rates, state and local regulations and licensing requirements, tax policy of federal, state, and local authorities, technological developments, and the availability of qualified hourly-paid employees.

Industry Specific Regulations

You must obtain and maintain any permits, licenses (including music licenses), certifications, or other indications of authority necessary for the operation of your RockBox Business. You are responsible for investigating the availability and requirements for obtaining all necessary licenses, certificates, and permits. You should inquire about any applicable laws and your corresponding obligations and cost of compliance. We strongly urge you to consult with competent local counsel regarding all of the laws and regulations described above and others that may be applicable to you and your RockBox Business.

Your business will be subject to national, state, and local regulations that apply to all businesses, such as the Americans With Disabilities Act, wage and hour laws, and business licensing requirements.

There are no national regulations that apply specifically to the operation of fitness centers. However, many states, and some municipalities, have laws and regulations that apply specifically to membership contracts, operations, and licenses. Many states limit the length of your customer contracts, provide for specific provisions to be included in those contracts, prescribe the format or type size for the contract, and/or provide customers the right to terminate their contracts. State regulations may also require you to obtain a bond to protect pre-paid membership fees you collect. Some states and municipalities may also have enacted laws requiring fitness centers to have a staff person available during all hours of operation, and in some cases this person may be required to be certified in basic cardiopulmonary resuscitation, or have other specialized training. In addition, some states have laws requiring a fitness center to have an automated external defibrillator ("AED") and other first aid equipment on the premises, and some may require you to take other safety measures. Some states impose sales taxes on club memberships. There may also be special permits required for you to operate some or all of your business. If these or similar laws have been enacted in the state or municipality in which you intend to operate your RockBox center, you will need to comply with these laws, and we urge you to become familiar with them.

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

You alone are responsible for investigating, understanding, and complying with all applicable laws, regulations, and requirements applicable to you and your RockBox Franchise, despite any advice or information that we may give you. You should consult with a legal advisor about whether these and/or other requirements apply to your RockBox Business. Failure to comply with laws and regulations is a material breach of the Franchise Agreement.

You are also subject to employment laws such as the Fair Labor Standards Act and various state laws governing such matters as minimum wages, overtime and working conditions. You will also be subject to other laws or regulations that are not specific to the industry, but applicable to businesses generally, including labor laws, insurance requirements, business licensing laws and tax regulations, and the Americans with Disabilities Act. We have not investigated the laws or regulations applicable to your Franchised Business. You are solely responsible for investigating all applicable federal, state, and local laws and regulations, and your cost to comply with such laws and regulations, and you should do so before purchasing a franchise from us. We strongly suggest that you consult with an attorney, consultant and/or financial advisor regarding such regulations prior to purchasing a franchise from us. Applicable laws and regulations are subject to change.

ITEM 2
BUSINESS EXPERIENCE

Roger Martin: Chief Executive Officer

Mr. Martin has served as our Chief Executive Officer since August 2021. Mr. Martin served as our Managing Member since our inception in March 2017 through April 2021 when his title changed to Chief Marketing Officer. Mr. Martin also serves as the Chief Executive Officer of Get Lit Concepts, LLC, located in Huntersville, North Carolina and has held that position since April 2021. All of Mr. Martin's positions with us are located in Huntersville, North Carolina. Mr. Martin also served as the Managing Member of Reafield RKBX, LLC located in Waxhaw, North Carolina and held that position from July 2017 to September 2020. Additionally, Mr. Martin previously served as the (i) Managing Member of Fastest Way to Fit 1, LLC in Huntersville, North Carolina and held that position from June 2017 to May 2019, (ii) Chief Operating Officer of Tedor Pharma, Inc. in Cumberland, Rhode Island and held that position from May 2016 to January 2018, and (iii) President of Ei, LLC located in Kannapolis, North Carolina and held that position from August 2007 to May 2016.

Mike Dudan – Finance Advisor

Mr. Dudan has served as our Finance Advisor since October 2019 in Huntersville, North Carolina. Mr. Dudan also currently serves as CFO of Homefront Brands in Huntersville, North Carolina and has held this position since March 2022. Prior to that time, Mr. Dudan held various financial roles, including CFO, for the Carolina Panthers from February 2003 to March 2019 in Charlotte, North Carolina.

<u>Zac Celaya – Vice President of Franchise Development</u>

Mr. Celaya has served as our Director of Franchise Development since May 2019, and is now serving as VP of Franchise Development and has held this position since February 2021 in Huntersville, North Carolina. Prior to that time, Mr. Celaya served as Operations Director/Franchise Business Consultant with Driven Brands in Charlotte, North Carolina from October 2017 through May 2019. Mr. Celaya also previously served as a Buyer for CarMax in Charlotte, North Carolina and held that position from May 2014 through October 2017.

<u>Dan Managan – Vice President of Sales and Operations</u>

Mr. Managan has served as our Vice President of Sales and Operations since June 2022, and is located in Huntersville, North Carolina. Additionally. Mr. Managan previously served as (i) COO of American Swim Academy located in San Francisco, California, and held that position from March 2021 to March 2022, (ii) Vice President of Sales and Loud Rumor located in Scottsdale, Arizona, and held that position from August 2019 to June 2020, (iii) Vice President of Crunch LLC located in California and held that position from July 2006 to June 2019, and (iv) Area Vice President of Bally Total Fitness located in San Francisco, California, and held that position from September 1996 to August 2005.

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

<u>Franchise Agreement</u>

Initial Franchise Fee

You must pay us an initial franchise fee of $59,900 for your first Franchised Business (the “Initial Franchise Fee”) in a lump sum upon execution of your Franchise Agreement. The Initial Franchise Fee is paid in consideration of the costs incurred by us in connection with the execution of your Franchise Agreement, as well as our lost or deferred opportunity to enter into a Franchise Agreement with other prospects. The Initial Franchise Fee is non-refundable upon payment.

If (i) you fail to complete the initial training program to our satisfaction, or (ii) we conclude, no more than 10 days after you complete the initial training program that you do not have the ability to satisfactorily operate your franchise, then we have the right to terminate your Franchise Agreement.

Initial Equipment and Supply Package

Depending on the size of your Studio, you must pay us or our Approved Supplier approximately $79,497 for certain items included in the Genesis Package, which provides much of your RockBox Standard exercise equipment, heavy bags, rubber flooring, turf, lighting, sound system, event package, internal signage, and inventory of gloves, wraps, accessories, etc. for your first 300 members (the "Initial Equipment and Supply Package").

Shipping

You are required to pay us between $6,000 and $10,000 to ship the Initial Equipment and Supply Package and other items to you.

Initial Advertising Spend

If you elect to have us conduct your Initial Advertising for you, you will pay us approximately $2,550 to conduct the Initial Advertising on your behalf.

Discount Programs

Qualified U.S. Military Veterans

For qualified individuals who were (i) honorably discharged from any branch of the United States Military, or (ii) are currently employed as a first responder (includes a firefighter, law enforcement office, paramedic, emergency medical technician, or other individual who, in the course of their professional duties, responds to fire, medical, hazardous material, or other similar emergencies), the Initial Franchise Fee for the first Franchised Business is discounted by $5,000.

Hire Program Discount. Under the "HIRE Program," we offer a discounted Initial Franchise Fee for your first Franchised Business to qualified employees of our franchisees who: (i) have been recommended by a System franchisee; (ii) have been employes by a System franchisee for at least two years, and (iii) otherwise qualify to be our franchisee. The discount is based upon years of service with one of our franchisees and is calculated as follows:

Discount on Initial Franchise Fee	**Years of Consecutive Employment with Franchisee**
50%	2
65%	3
80%	4
95%	5+

Development Agreement

If we grant you the right to open multiple franchised Studios under a Development Agreement, you must pay us a Development Fee upon execution of your agreement. The Development Fee will be paid in a lump sum and is deemed fully earned upon payment, and is not refundable under any circumstances. The Development Fee is based on the number of Studios we grant you the right to develop within your Development Area:

Number of Studios set forth in Development Schedule	Development Fee
1	$59,900
2	$89,800
3	$124,700
4	$159,600
5	$184,500

The Development Fee is $184,500 for the first five Studios, plus $20,000 for each additional Studio you purchase the right to develop.

You will be required to enter into our then-current form of franchise agreement for each franchised Studio you wish to develop under your Development Agreement. You will sign the franchise agreement governing the first Studio you have the right to develop within your Development Area at the same time as your Development Agreement.

Uniformity

Except as provided in this Item, we expect and intend to impose the fees above uniformly on our System franchisees. None of the fees set forth in this Item are refundable under any circumstance.

ITEM 6
OTHER FEES[1]

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty Fee[2]	The greater of (i) 7% of your monthly Gross Sales (the "Royalty Fee"), or (ii) $1,500 (the "Minimum Royalty Fee"). The Minimum Royalty Fee begins upon the earlier of (i) when you generate Gross Sales, or (ii) 12 months from the effective date of your Franchise Agreement.	Your Royalty Fee will commence once your Franchised Business commences operations and/or otherwise begins generating revenue.	This payment will be debited automatically from your EFT Account or deducted automatically from applicable transaction proceeds.
Brand Fund Contribution[3]	Currently, the Brand Fund Contribution is the greater of (i) $300 per month, or (ii) 1% of Gross Sales per month (the "Brand Fund Contribution"). We reserve the right to increase the Brand Fund Contribution to either (i) the greater of two percent (2%) of Gross Sales per month or $600 per month, or (ii) the greater of three percent (3%) of Gross Sales per month, or $900 per month. The Minimum Brand Fund Contribution begins upon the earlier of (i) when you generate Gross Sales, or (ii) 12 months from the effective date of your Franchise Agreement.	Your Brand Fund Contribution will commence once your Franchised Business commences operations and/or otherwise begins generating revenue.	This payment will be debited automatically from your EFT Account or deducted automatically from applicable transaction proceeds.

Local Advertising Requirement[4]	After your business opens, you will be required to expend $1,500 each month on Local Advertising (the "Local Advertising Requirement"). You will be required to select us or an approved supplier and pay us or that Approved Supplier their then-current ad management fee in addition to your Local Advertising Requirement.	Monthly	This is the minimum you must spend within your Designated Territory to comply with your Franchise Agreement, but we strongly encourage you to spend additional amounts on such advertising and marketing materials to increase visibility and generate clients as you and your business advisors determine appropriate. Any fees you pay to have us or an Approved Supplier conduct Local Advertising will not be counted towards your Local Advertising Requirement.
Bookkeeping	You will be required to select us or an Approved Supplier and pay us or that Approved Supplier the then-current monthly bookkeeping fee, which is currently $350 per month with us	Monthly	This payment will be deducted automatically from your EFT Account or Drafted via ACH.
Regional Cooperative Contribution[5]	As determined by the cooperative. Currently, we have not established a Regional Cooperative.	Paid monthly on the 5th day of the month.	See Note 4 below.
Music Licenses	The then-current music license fee.	Monthly or yearly.	We require that you subscribe to our approved music system and pay all applicable fees to us, an approved supplier, or other third party.
Annual Membership Contract Maintenance Fee	The then-current Contract Maintenance Fee, which is currently $250 per year	Yearly	We require that all contracts are updated annually to maintain state-level legal compliance.
Replacement / Additional Training Fee	The then-current training fee, which is currently up to $350 per day (the "Training Fee").	Prior to attending training.	If you send a manager or other employee to our training program after you open, we will charge our then-current Training Fee.

Third-Party Vendors	Pass-through of costs, plus reasonable administrative fee.	Varies	We have the right to require franchisees to use third-party vendors and suppliers that we designate. Examples can include computer support vendors, mystery shopping, and customer feedback systems. The vendors and suppliers may bill franchisees directly, or we have the right to collect payment for these vendors together with a reasonable markup or charge for administering the payment program.
Point of Sale System (POS System) Fee	The then-current fee charged by our Approved Supplier, which is currently $307.95 per month (the "POS System Fee").	Monthly. You may incur initial set-up costs to implement the software.	We require you to use certain software described in Item 11. You must pay this fee to an Approved Vendor.
Technology Fee	The then-current technology fee, which is currently $350 per month ("Technology Fee")	Monthly. You may incur initial set-up costs to implement certain technology	We require you to use certain software and technology as described in Item 11.
Non-compliance Fee	Currently $500	On demand	We may charge you $500 if your Franchised Business is not in compliance with our system specifications or the franchise agreement and you fail to correct the non-compliance after 30 days' notice. Thereafter, we may charge you $250 per week until you correct such non-compliance.
Extension Deadline Request Fee[6]	Currently, $1,500 per location	On demand	We reserve the right to charge you the then-current extension deadline request fee on your opening deadline for one or multiple units which will be specified based on the Effective Date of your Franchise Agreement and Development Agreement

Non-compliance Cure Costs and Fee	Our out-of-pocket costs and internal cost allocation, plus 10%	When billed	We may cure your non-compliance on your behalf (for example, if you do not have required insurance, we may purchase insurance for you), and you will owe our costs plus a 10% administrative fee.
Reimbursement	Amount that we spend on your behalf, plus 10%	Within 15 days of invoice	If we pay any amount that you owe or are required to pay to a third-party, you must reimburse us.
Late Fee	$100 plus interest on the unpaid amount at a rate equal to 18% per year or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law.	On demand	We may charge you a late fee if you fail to make a required payment when due.
Insufficient Funds Fee	$100 (or, if such amount exceeds the maximum allowed by law, then the maximum amount allowed by law)	On demand	We may charge an insufficient funds fee if a payment made by you is returned because of insufficient funds in your account.
Costs of Collection	Our actual costs	As incurred	Payable if we incur costs (including reasonable attorneys' fees) in attempting to collect amounts you owe to us.
Special Support Fee	Our then-current fee, plus our expenses. Our special support fee is currently $600 per day (the "Special Support Fee").	On demand	If we provide in-person support to you (i) in response to your request, or (ii) if we deem it necessary, we may charge this fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).
Customer Complaint Resolution	Our expenses	As incurred	We may take any action we deem appropriate to resolve a customer complaint about your business. If we respond to a customer complaint, we may require you to reimburse us for our expenses.

Records Audit	Actual cost of audit	On demand	Payable if (i) we audit you because you have failed to submit required reports or other non-compliance, or (ii) the audit concludes that you under-reported gross sales by more than 3% or more for any designated reporting period.
State Inspection Fee	Currently $600, plus our out-of-pocket costs	On demand	Only payable if we conduct an inspection of your business because of a governmental report, customer complaint, or other customer feedback, or your default or non-compliance with any system specification.
Annual Conference[7]	Our then-current Annual Conference Fee, which is currently $950 for up to 2 people.	On demand, prior to conference.	This payment will be debited automatically from your EFT Account. You are required to attend the Annual Conference when established.
Transfer Fee[8]	$15,000 plus any broker fees, selling expenses, and commissions.	Prior to the date of transfer.	All transfers are subject to our approval and require the transferee's satisfaction of our training requirements.
Renewal Fee[9]	$10,000	Upon signing renewal Franchise Agreement.	If we approve renewal of your Franchise Agreement, at the time of renewal, you will be required to sign our then-current Franchise Agreement and pay the Renewal Fee.
Relocation[10]	Varies	Upon relocating the Franchise Business.	See Note 8 below.
Alternate or New Product or Supplier Testing[11]	The then-current alternative supplier or new product review fee, which is currently $1,000	Within 14 days of invoice.	As determined by us, in our reasonable business judgment. We require your submission of samples and specifications.

Indemnification[12]	Our costs and losses from any legal action related to the operation of your franchise	On demand	You must indemnify and defend (with counsel reasonably acceptable to us) us and our affiliates against all losses in any action by or against us related to, or alleged to arise out of, the operation of your franchise (unless caused by our misconduct or negligence).
Legal Costs[13]	Our attorneys' fees, court costs, and other expenses of a legal proceeding.	On demand	You must reimburse us for our attorneys' fees and other costs that we incur in connection with enforcing or protecting our rights under your Franchise and/or Development Agreement.

Explanatory Notes

1. General. The table above provides recurring or isolated fees or payments that you must pay to us or our affiliates or that we or our affiliates impose or collect in whole or in part on behalf of a third party or that you are required to spend by the Franchise Agreement. All fees and expenses described in this Item 6 are nonrefundable. Except as otherwise indicated in the chart above, we uniformly impose all fees and expenses listed and they are payable to us and or approved vendors and are fully earned upon receipt.

    a. *Manner of Payment*. With the exception of the Initial Franchise Fee, you must pay all fees and other amounts owed to us and/or our affiliates through an electronic funds transfer program (the "EFT Program"), under which we automatically deduct all payments owed to us and/or our affiliates, from the bank account you provide to us for use in connection with EFT Program (the "EFT Account"). You must immediately deposit all revenues from operation of your Business into this bank account within two (2) days upon receipt, including cash, checks, and credit card receipts. At least ten (10) days prior to opening the Franchised Business, you must provide us with: (i) your bank's name, address and account number; and (ii) a voided check from the bank account. You must immediately notify us of any change in your banking relationship, including any change to the EFT Account. We reserve the right to require you to pay any fees due under by other means as we may specify from time to time. If any Gross Sales Report has not been received within the required time period, then we may process an electronic funds transfer for the subject month based on the most recent Gross Sales Report you submitted, provided, that if a Gross Sales Report for the subject month is subsequently received and reflects: (i) that the actual amount of the fee due was more than the amount of the electronic funds transfer, then we may withdraw additional funds through an electronic funds transfer from your designated bank account for the difference; or (ii) that the actual amount of the fee due was less than the amount of the electronic funds transfer, then we will credit the excess amount to the payment of your future obligations. We reserve the right to implement technology whereby certain fees are automatically deducted from proceeds at the time of transaction and remitted directly to us.

2. Royalty.

   a. *Gross Sales*. "Gross Sales" shall include all revenue from the sale of all products and performance of services from the Franchised Business, whether in the form of cash, credit, barter or rebates, and regardless of collection in the case of credit, and income of every kind and nature related to the Franchised Business, including any consideration that you receive from third-party vendors/suppliers. "Gross Sales" from customers shall not include monies that are collected and submitted by you for transmittal to the appropriate taxing authority. In computing Gross Sales, you shall be permitted to deduct the amount of cash refunds if such amounts have been included in Gross Sales of the Franchised Business.

   b. You must also send us a signed Gross Sales Report ("Gross Sales Report") by the 10th day of each month for the previous month in the manner and form we specify, including through software or technology we prescribe. Each Gross Sales Report must set forth: (i) your Gross Sales generated during the period; (ii) your calculation of the Royalty and if applicable, Brand Fund Contribution (as defined below); (iii) your profit and loss statement for the prior month; and (iv) any other information we may require. We may change the form and content of the Gross Sales Reports from time to time and/or require you to submit Gross Sales Reports on a different schedule upon notice to you.

3. Brand Fund Contribution. The Brand Fund Contribution is currently the greater of (i) $300 per month, or (ii) 1% of Gross Sales per month (the "Brand Fund Contribution"). We reserve the right to increase the Brand Fund Contribution to either (i) the greater of two percent (2%) of Gross Sales per month or $600 per month, or (ii) the greater of three percent (3%) of Gross Sales per month, or $900 per month. The minimum brand fund contribution is either $300, $600, or $900 per month as set forth above (the "Minimum Brand Fund Contribution"). The Minimum Brand Fund Contribution begins upon the earlier of (i) when you generate Gross Sales, or (ii) 12 months from the effective date of your Franchise Agreement. Please see Item 11 of this Disclosure Document for additional information regarding the Fund and your other advertising/marketing obligations.

4. Local Advertising Requirement. You must spend $1,500 on local advertising. You must use us or one of our Approved Suppliers to conduct your Local Advertising. You will be required to pay the then-current ad management fee to us or our Approved Supplier each month in addition to the

amount you spend on Local Advertising. The ad management fee does not count towards your Local Advertising Requirement.

5. Regional Cooperative Contribution. We have the right, but not the obligation, to create a cooperative advertising program for the benefit of the System located within a particular region (a "Cooperative"). We have the right to determine the composition of all geographic territories and market areas for the implementation of each Cooperative, and to require that you participate in the Cooperative that purchases advertising or promotions affecting your Designated Territory.

6. Extension Deadline Request Fee. If, despite using your best efforts, you fail to meet an opening deadline under your Franchise Agreement and/or Development Agreement, as applicable, you may apply for a 120-day extension to the opening deadline by submitting a written extension request detailing the efforts you have undertaken to meet the development deadline and the reason for the delayed opening. If we grant the 120-day extension, you will be required to pay an extension fee of $1,500. If you are developing multiple units and wish to extend the opening deadline for multiple units, you may do so but must pay the $1,500 extension fee for each unit for which the extension deadline is requested. If you do not meet your opening deadline for one or multiple units and an extension has either (i) not been requested, or (ii) not been approved, we reserve the right to take back ownership of that territory and can sell it to another interested party.

7. Annual Conference. We may, in our discretion, hold an Annual Conference and require your attendance, for which you must pay our then-current registration fee, which is currently $950 for two people. You are required to pay this fee whether you attend the Annual Conference or not.

8. Transfer Fee. You must pay us a transfer fee equal to $15,000. If a third-party broker locates the transferee, you will also be solely responsible for any broker fees associated with the transfer. There are other conditions for transfer and all conditions must be met before the transfer is approved by us. Multi-Unit sales and transfers will be handled on a exception-basis.

9. Renewal Fee. Before we approve the renewal of your Franchise Agreement, you must pay us a renewal fee equal to $10,000 (the "Renewal Fee"). We have a number of additional conditions that you must meet in order to renew your Franchise Agreement. See Item 17 of this Disclosure Document for additional information regarding renewal.

10. Relocation. You may be allowed to change the location of the Franchised Business and you will be required to reimburse us for our costs in reviewing the new location.

11. Alternate or New Product or Supplier Testing. If at any point you suggest a new or alternative product that is outside of RockBox Standard products or offerings you must, at your cost, submit a

sample and explanation for your suggestion as well as pay the then-current review fee which is currently $1,000.

12. Indemnification. You are solely responsible for and must indemnify and hold us harmless for all loss, damage, claims, or demands arising out of, or related to, the operation of your Studio. Your indemnification obligations are described more fully in the Franchise Agreement.

13. Prevailing Party's Legal Costs. If we prevail in any action or other legal/administrative proceeding brought against you arising out of the Franchise Agreement or any other agreement with us, you must reimburse us for our reasonable attorneys' fees and other costs paid that we incurred in such proceedings in the event we prevail. If you bring any legal action to interpret or enforce the terms of the Franchise Agreement or any other agreement with us, and you claim in such action is denied or the action is dismissed, then we are entitled to recover our reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending the matter, and to have such an amount awarded to us as part of the judgment in the proceeding.

ITEM 7
ESTIMATED INITIAL INVESTMENT

A. YOUR ESTIMATED INITIAL INVESTMENT UNDER THE FRANCHISE AGREEMENT FOR THE ENHANCED STUDIO MODEL[1]

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
Initial Franchise Fee[2]	$59,900	Lump sum, Check or wire transfer	When you sign the Franchise Agreement	Us
Rent and Security Deposit[3]	$5,250 - $13,000	Check	Upon signing lease	Landlord
Utilities[4]	$500 - $1,000	Check, debit, and/or credit	Upon ordering service	Utility providers
Leasehold Improvements[5]	$103,900 - $141,000	Check	As incurred or when billed	Contractors
Initial Advertising Spend[6]	$20,000 - $32,000	Check, debit, and/or credit	As incurred or when billed	Us, Vendors and Suppliers

Inventory, Furniture, Fixtures, and Equipment (Genesis Package)[7]	$116,274 - $128,675	Check, debit, and/or credit	Upon signing lease	Us, Vendors and Suppliers
Construction and Upfit Project Management Fee	$19,000	Lump sum, Check or wire transfer	As incurred	Vendor
Computer Systems[8]	$3,000 - $5,000	Check, debit, and/or credit	As incurred	Vendors and Suppliers
Insurance[9]	$300 - $3,000	Check, debit, and/or credit	Upon ordering	Insurance Company
Signage[10]	$10,000 – $14,000	Check, debit, and/or credit	Upon Ordering	Vendor
Office Expenses	$500 - $1,500	Check, debit, and/or credit	As incurred	Vendors
Licenses and Permits[11]	$500 - $1,200	Check	Upon application	Government
Dues and Subscriptions	$1,000 - $2,000	Check, debit, and/or credit	As incurred	Vendors, trade organizations
Business Planning & Miscellaneous Expenses	$1,000 - $3,000	Check, debit, and/or credit	As incurred	Vendors
Professional Fees (lawyer, accountant, etc.)[12]	$1,500 - $3,000	Check, debit, and/or credit	As incurred or when billed	Professional Service Firms
Travel, lodging, and meals for initial training[13]	$1,000 - $4,000	Cash, debit, and/or credit	As incurred	Airlines, Hotels, and Restaurants

Shipping	$6,000 - $10,000	Varies	Varies	Us
Additional Funds (for first 3 months)[14]	$25,000 - $50,000	Varies	Varies	Employees, Suppliers, Utilities
Total[15]	**$374,624 - $491,275**			

Notes

Note 1. All fees and payments are non-refundable, unless otherwise stated, or permitted. The above table estimates your initial investment to begin operating a Franchised Business under our enhanced studio model. These estimates do not include interest and financing charges that you may incur and they do not include royalties, marketing development, and other continuing fees that you will be required to pay to us. We do not offer direct or indirect financing. The estimates are based on the experience of our affiliate in establishing a System business and our franchisees.

Note 2: Initial Franchise Fee. As of the date of this Disclosure Document, the Initial Franchise Fee is $59,900 for a Franchised Business. You must pay the Initial Franchise Fee in full upon signing the Franchise Agreement.

Note 3: Rent and Security Deposit. We require that you manage and operate your Studio from an approved facility. The low end of this estimate assumes that you will only have to pay a security deposit at the time of signing your lease.

Note 4: Utilities. To secure the appropriate utilities for the operation of your Studio, including electricity, water, sewer, and Internet access, you will be required to pay upfront deposits to each applicable utility company.

Note 5: Leasehold Improvements. Our estimate for your initial expense for leasehold improvements is based on the assumption that you will lease the space from which you operate your Studio. Our standard franchise offering, and corresponding Item 7 estimate assumes that the Premises of your Studio will be around 1,800 to 2,200 square feet with an appropriate design and layout that allows the space to accommodate the appropriate training stations without substantial construction or demolition to the existing space. The low end of this estimate assumes that you will receive tenant improvement allowance from your landlord.

Note 6: Initial Advertising Spend. Approximately 8 weeks prior to your Franchised Business opening, you will be required to expend between $20,000 - $32,000 on an initial advertising program. You may select either us or an Approved Supplier to conduct the initial advertising program for you.

Note 7: Inventory, Fixtures, Furniture, and Equipment (Genesis Package). This estimate covers the equipment (Genesis Package and Elevate Package), furniture, fixtures, and other items such as décor, retail display, storage shelving, and similar items. The price of shipping is constantly in flux as it is impacted by several different factors including, but not limited to (i) shipping distance, (ii) shipping date, (iii) inflation, (iv) fuel costs, (v) weather, and (vi) shipment speed.

Note 8: Computer Systems. You will be required to have one iPad, one desktop/laptop computer, and an all-in-one printer to operate your Studio.

Note 9: Insurance. You are required to maintain certain insurance for the operations of the Studio. Your actual payments for insurance and the timing of those payments will be determined based on your agreement with your insurance company provider. Insurance premiums may be payable monthly, quarterly, semi-annually, or annually, based on the insurance company's practices and your creditworthiness.

Note 10: Signage. You are required to obtain and display signage for your Studio. The high end of this estimate assumes that you will obtain multiple signs.

Note 11: Licenses and Permits. You must apply for, obtain, and maintain all required permits and licenses necessary to operate the Studio. The licenses will vary depending on local, municipal, county, and state regulations. All licensing fees are paid directly to the governmental authorities when incurred and are due prior to opening the Studio.

Note 12: Professional Fees (lawyer, accountant, etc.). We strongly recommend that you engage an accountant and a franchise attorney to advise you in your evaluation of the franchise we are offering.

Note 13: Travel, lodging, and meals for initial training. Prior to opening your Studio, you must complete our Initial Training Program. We do not charge a fee for our Initial Training Program; however, you will incur travel and lodging costs associated with attending the Initial Training Program. You are responsible for the food, travel, and lodging expenses that you and your employees will incur when you attend the Initial Training Program, and the salary and benefit costs of your attendees. Costs vary due to distances from your location to our training facility and the quality of the food and lodging you choose. Other factors include seasonal variations in the price of travel and lodging expenses, general economic conditions, and your persistence in obtaining the best prices available. This estimate is for the cost for you and up to three (3) additional employees to attend the Initial Training Program.

Note 14: Additional Funds. This includes any other required expenses you will incur before operations begin and during the initial period of operations, such as payroll, additional inventory, rent, and other operating expenses in excess of income generated by the business. In formulating the amount required for additional funds, we relied on the following factors, basis, and experience: (i) the development of a RockBox Fitness business by our affiliate; (ii) our general knowledge of the industry; (iii) general trends in the industry; and (iv) estimates received from vendors and suppliers.

Note 15: Total. Some states have laws that impose staffing or operational requirements that will significantly increase the amounts you will have to spend to open and operate your Studio. You should review this amount carefully with a business advisor or legal advisor before making any decision to purchase the franchise. We also recommend that you account for any potential inflation, discretionary expenditures, fluctuating interest rates, and other costs of financing, the local market conditions, and overall economic conditions, all of which can be highly variable and can result in substantial, rapid, and unpredictable increases in costs. We do not offer financing for any part of the initial investment. The availability and terms of financing with third-party lenders will likely depend on the availability of financing generally, your credit-worthiness, policies of lending institutions concerning the type of business to be operated and other similar factors.

B. INITIAL ESTIMATE UNDER THE AREA DEVELOPMENT AGREEMENT[1]

<table>
<tr><th>Type of Expenditure</th><th>Offering</th><th>Amount</th><th>Method of Payment</th><th>When Due</th><th>To Whom Payment is Made To</th></tr>
<tr><td rowspan="3">Development Fee[2]</td><td>3-Pack</td><td>$124,700</td><td rowspan="3">Varies</td><td rowspan="3">Upon Execution of Development Agreement</td><td rowspan="3">Us</td></tr>
<tr><td>5-Pack</td><td>$184,500</td></tr>
<tr><td>10-Pack</td><td>$284,500</td></tr>
<tr><td>Initial Investment to Open Initial Studio[3]</td><td></td><td>$314,724 to $431,375</td><td>Varies</td><td>Varies</td><td>Varies</td></tr>
<tr><td rowspan="3">Total</td><td>3-Pack</td><td>$439,424 to $556,075</td><td colspan="3" rowspan="3">This is the total estimated initial investment to enter into a Development Agreement for the right to develop each of the multi-unit offerings we typically offer under a Development Agreement, as well as the costs to open and commence operating your initial Studio for the first three (3) months (as described more fully in Chart A of this Item 7).</td></tr>
<tr><td>5-Pack</td><td>$499,224 to $615,875</td></tr>
<tr><td>10-Pack</td><td>$599,224 to $715,875</td></tr>
</table>

Notes

Note 1. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. This Chart details the estimated initial investment associated with executing a Development Agreement for the right to develop a total of three, five, and ten (10) Studios, respectively, as well as the initial investment to develop your first Studio under your Development Schedule.

Note 2. The Development Fee is described in greater detail in Item 5 of this Disclosure Document, and this Development Fee is for the right to develop a total of three, five, and ten (10) Studios.

Note 3. This figure represents the total estimated initial investment required to open the initial Studio you agreed to open and operate under the Development Agreement. You will be required to enter into our then-current form of franchise agreement for the initial Studio you open under your Development Agreement, most likely once you have engaged us for site selection. The range includes all of the items outlined in Chat 7(A) of this Item, except for the Initial Franchise Fee (because you are not required to pay any Initial Franchise Fee for the Studio). It does not include any of the costs you will incur in opening any additional Studio that you are granted the right to open and operate under your Development Agreement.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate your Studio in strict conformance with our methods, standards, and specifications which we prescribe in our confidential operations and training manual and various other confidential manuals, portals and writings prepared by us for use by you in operating a Franchised Business (collectively, the "Operations Manual"), and which we may change and modify in our sole discretion. The Operations Manual shall remain confidential and is our exclusive property. You shall not disclose, duplicate or make any unauthorized use of any portion of the Operations Manual. The provisions of the Operations Manual constitute provisions of the Franchise Agreement as if they were fully written in the Franchise Agreement. You shall ensure that your copy of the Operations Manual is current and up to date. If there is a dispute relating to the contents of the Operations Manual, the master copy, which we maintain at our corporate headquarters, will control.

Approved Products and Approved Services

You may only offer Approved Products and Approved Services from your Franchised Business. We will provide you with a list of both the Approved Products and Approved Services. All Approved Products and Approved Services must meet our standards and specifications. We have the right to require you to purchase certain items approved or designated by us to: (i) better assure the quality of the Approved Products and Approved Services; (ii) assure the supply of the Approved Products or Approved Services; and/or (iii) enable us, in our sole discretion to take advantage of marketplace efficiencies. You will not receive any material benefit from approved or designated suppliers.

You must offer services in the manner we prescribe, and otherwise operate the Studio in such a manner which will serve to emulate and enhance the image intended by us for the System.

We formulate and modify our standards and specifications for products and services based upon the collective experience of us and our franchisees. Our standards and specifications are described in the Franchise Agreement, the Operations Manual, and other written documents. We have the right, under the Franchise Agreement, to change the standards and specifications applicable to the operation of the Franchised Business, including standards and specifications for services, products, signs, furnishings, supplies, fixtures and equipment by written notice to you or through changes in the Operations Manual. You may incur an increased cost to comply with these changes, which you must pay at your own expense; however, no change will materially alter your fundamental rights under the Franchise Agreement.

There are currently no purchasing or distribution cooperatives in existence for the System. We may negotiate group rates, including price terms, for the purchase of equipment and supplies necessary for the establishment and/or operation of your Franchised Business.

We generated $1,198,860.66 in revenue from franchisee's required purchases over our past fiscal year ending December 31, 2022, or 25.79% of our total revenue of $4,648,716 over our past fiscal year.

We estimate that your required purchases and leases will account for approximately 80% of your total costs incurred in establishing your Franchised Business, and approximately 50% to 80% of your ongoing costs to operate the Franchised Business after the initial start-up phase.

Approved Suppliers

We have the right to require you to purchase or lease any items or services necessary to operate your Franchised Business, including but not limited to goods and services, bookkeeping services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items from a supplier that we approve or designate (each, an "Approved Supplier"), which may include us or our affiliate(s). We will provide you with a list of our Approved Suppliers in writing as part of our Operations Manual or otherwise in writing, and we may update or modify this list as we deem appropriate.

Currently, we require you to purchase or lease the following items from our Approved Supplier: (i) exercise equipment; (ii) apparel; (iii) water bottles; (iv) flooring; (v) supplements and nutritional products; (vi) music license; (vii) computer hardware and software; (viii) social media advertising; (ix) lighting; and (x) Local Advertising; (xi) Initial Advertising Spend, and (xii) bookkeeping.

Currently, we are the Approved Supplier for the following items: (i) the equipment package; (ii) gloves; (iii) wraps; (iv) heavy bags; (v) apparel; (vi) Local Advertising; (vii) bookkeeping; and (viii) promotional items, which will be used and sold from the Studio. Our officers own an interest in us and our affiliate, Leverage Nutrition, LLC. We reserve the right to designate ourselves as the Approved Supplier for other items, which we will set forth in the Operations Manual.

For items that we or an affiliate supply, we will use commercially reasonable efforts to make reasonably adequate quantities of these items available to you. You are responsible for ordering these items and for the cost of shipping and delivery. We reserve the right to alter payment terms as we may determine is appropriate for you. Neither we nor our affiliates are currently Approved Suppliers for any items except as listed above.

Supplier Testing and Approval

In the event you wish to purchase any unapproved item, including equipment and inventory, and/or acquire approved items from an unapproved supplier, you must provide us with the name, address and telephone number of the proposed supplier, a description of the item you wish to purchase, and the purchase price of the item, if known. At our request, you must provide us, for testing purposes, a sample of the item you wish to purchase. We will attempt to notify you of our approval or disapproval within 60 days of receiving all necessary information concerning the proposed item or supplier. You must pay the then-current new supplier or product review fee, which is currently $1,000. We are not required to approve any particular supplier. We may base our approval of any proposed item or supplier on considerations relating not only directly to the item or supplier itself, but also indirectly to the uniformity, efficiency, and quality of operation we deem necessary or desirable in the System as a whole. Upon request, we will provide you with our criteria for approving alternative suppliers. We are not required to approve an unreasonable number of suppliers for a given item, which approval might, in our reasonable judgment, result in higher costs or prevent the effective or economical supervision of approved suppliers. We may revoke our approval of particular products or suppliers when we determine, in our sole discretion, that such products or suppliers no longer meet our standards. Upon receipt of written notice of such revocation, you must cease purchasing products from such supplier. You must use products purchased from approved suppliers solely in connection with the operation of your Franchised Business and not for any competitive business purpose.

Advertising and Marketing Materials

All materials bearing the Proprietary Marks (including, but not limited to, stationary, business cards, brochures, apparel, and displays) must meet our standards and specifications and must be purchased from either us directly or our Approved Supplier. All of your marketing materials must be approved by us before you use them. You may market your Franchised Business through approved digital media and social media platforms provided that you do so in accordance with our digital media and social media policies. You must purchase all branded marketing materials from either us or our Approved Supplier. We may require that you use our Approved Supplier for social and digital media marketing services and use our social media platforms and marketing channels.

Real Estate

Your business location is subject to our review and our approval and must meet our specifications. You must have your landlord execute our form of Collateral Assignment (attached to this Disclosure Document as Exhibit F.

Insurance

You must procure and maintain insurance covering the operation and location of the Franchised Business prior to signing the lease for the Franchised Business. Our present insurance requirements are as follows: (i) “Special” causes of loss coverage forms, including fire and extended coverage, crime, vandalism, and malicious mischief, on all property of the Studio, for full repair and replacement value (subject to a reasonable deductible); (ii) Business interruption insurance covering at least 12 months of income; (iii) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an “occurrence” policy form in an amount of not less than $1,000,000 single limit per occurrence and $2,000,000 aggregate limit, with umbrella coverage of $2,000,000; and (iv) Workers Compensation coverage as required by state law. You must maintain these insurance levels throughout the term of your Franchise Agreement, or otherwise obtain the insurance that we specify in our Operations Manual.

You must provide us with proof of coverage on demand. You will agree to carry this insurance as may be required in connection with any lender or equipment lessor you select. You must obtain these insurance policies from insurance carriers that are rated “A” or better and that are licensed and admitted in the state in which you operate your Studio. All insurance policies must: (i) name us (and our members, officers, directors, and employees) as additional insureds; and (ii) contain a waiver by the insurance carrier of all subrogation rights against us. Furthermore, you shall be required to provide 60 days prior written notice of the termination, expiration, cancellation or modification of any insurance policy.

You must annually submit a certification of insurance which demonstrates compliance with our insurance requirements. If you fail to comply with the minimum insurance requirements, we have the right to obtain such insurance and keep it in force and effect, and you shall pay us, on demand, the premium cost and administrative costs of 10% in connection with our obtaining the insurance. We have the right to increase or otherwise modify the minimum insurance requirements upon written notice to you, and you shall comply with any such modification within the time specified in the notice.

Computer Hardware and Software

Presently, you must purchase required hardware, software, computer system that we specify. Our present computer hardware and software requirements are discussed further in Item 11 of this Disclosure Document, and are also discussed in detail in our Operations Manual.

ITEM 9
FRANCHISEE'S OBLIGATIONS

The table on the following pages lists your principal obligations under the Franchise Agreement. It will help you find more detailed information about your obligations in this agreement and in other items of this disclosure document.

Obligation	Section in Franchise Agreement	Section in Development Agreement	Item in Disclosure Document
a. Site selection and lease acquisition	1.2, 7.1 and Site Selection Addendum	Section 1 and Exhibit A	Items 7, 11, 12 and 17
b. Pre-opening purchases/leases	7.1, 7.5 and Site Selection Addendum	Nothing additional (see Franchise Agreements signed)	Items 7 and 8
c. Site development and other pre-opening requirements	7.3 and 7.4	Sections 1, 5 and Exhibit A	Items 6, 7, 8 and 11
d. Initial and ongoing training	6.5, 7.2 and 8	Nothing additional (see Franchise Agreements signed)	Item 11
e. Opening	6.10, 7.3	Nothing additional (see Franchise Agreements signed)	Item 11
f. Fees	3, 6.3, 6.7, 8.1, 8.2, 12.4, 12.6 and 22.8	Section 2	Items 5, 6 and 11

g. Compliance with standards and policies/ Operations Manual	6.1, 7.6, 7.7, 7.8, 7.9, and 7.10	Nothing additional (see Franchise Agreements signed)	Items 8 and 11
h. Trademarks and proprietary information	4, 5 and 7.15	Nothing additional (see Franchise Agreements signed)	Items 13 and 14
i. Restrictions on products/services offered	6.1, 6.2 7.4, 7.5, 7.6 and 7.8	Nothing additional (see Franchise Agreements signed)	Items 8, 12 and 16
j. Warranty and customer service requirements	7.10, 7.11, and 7.12	Nothing additional (see Franchise Agreements signed)	Item 15
k. Territorial development and sales quotas	1.3 and Site Selection Addendum	Section 1 and Exhibit A	Items 12 and 17
l. Ongoing product/service purchases	6.1,7.4, 7.5, 7.6, 7.9, 7.13	Nothing additional (see Franchise Agreements signed)	Items 8 and 11
m. Maintenance, appearance and remodeling requirements	2.2.3, 6.2, 7.1.2, 7.1.3, and 7.18	Nothing additional (see Franchise Agreements signed)	Items 6, 8 and 11
n. Insurance	9	Nothing additional (see Franchise Agreements signed)	Items 6, 7 and 8
o. Advertising	7.11, 12	Nothing additional (see Franchise Agreements signed)	Items 6, 7 and 11
p. Indemnification	13.2	Nothing additional (see Franchise Agreements signed)	Item 6
q. Owner's Participation/management/staffing	7.6	Nothing additional (see Franchise Agreements signed)	Items 11 and 15
r. Records and reports	10 and 11	Nothing additional (see Franchise Agreements signed)	Item 6
s. Inspections and audits	7.7, 11 and 16.1.9	Nothing additional (see Franchise Agreements signed)	Items 6 and 11

t. Transfer	14	Section 8	Item 17
u. Renewal	2.2	Nothing additional (see Franchise Agreements signed)	Item 17
v. Post-termination obligations	16 and 17.2	Nothing additional (see Franchise Agreements signed)	Item 17
w. Non-competition covenants	17	Section 6	Item 17
x. Dispute Resolution	18	Section 11 through 19	Item 17
y. Guaranty	20 and Exhibit A	Nothing additional (see Franchise Agreements signed)	Item 15

ITEM 10
FINANCING

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

A. Pre-Opening Obligations

Before you open your Franchised Business, we will do the following:

1. *Your site*. We will review and advise you regarding potential locations that you submit to us and whether they meet our standards and specification for a premises. (Franchise Agreement, Section 7.1 and Exhibit B). If you sign an Area Development Agreement, we will approve the location of future sites and territories for those sites, and our then-current standards for sites and territories will apply. We are not obligated to further assist you in locating a site or negotiating the purchase or lease of the site. Although we are not obligated to further assist you in locating a site or negotiating the purchase or lease of the site, our franchisees are provided access to expert resources which are free of cost to them.

a. We generally do not own your premises.

b. If your site is not already known and approved by us when you sign your franchise agreement, then we and you will specify in your franchise agreement the area in which you must select a site. (Franchise Agreement, Data Sheet). We do not select your site. Your site is subject to our approval. To obtain our approval, you must provide all information and documents about the site that we require.

c. The factors we consider in approving sites are general location and neighborhood, competition, trade area demographics, traffic patterns, parking, size, physical characteristics of existing buildings, and lease terms.

d. The time limit for us to approve or disapprove your proposed site is approximately 30 days after you submit all of our required documents and information. (Franchise Agreement, Section 7.1 and Exhibit B). If we and you cannot agree on a site, you will be unable to comply with your obligation to develop and open the franchise by the deadline stated in the franchise agreement. Unless we agree to extend the deadline, you will be in default of the Franchise Agreement.

e. We are not obligated to assist you in conforming the premises of your site to local ordinances and building codes and obtaining any required permits. This will be your responsibility. Our franchisees are provided access to expert resources that will be helpful in this process.

2. *Construction, Remodeling, or Decorating the Premises*. We will provide you with a set of our standard building plans and specifications and/or standard recommended floor plans, and our specifications for required décor. While we recommend that you use our Approved Supplier for these services, you may use a third party that you choose, however, we reserve the right to review and approve any such plans and drawings for the layout of the Premises. (Franchise Agreement, Section 7.1.2).

3. *Hiring and Training Employees*. We will provide you with our suggested staffing levels (Franchise Agreement, Section 6.1), suggested guidelines for hiring employees (Franchise Agreement, Section 6.1), operational instructions in the Manual which you can use as part of training new employees (Franchise Agreement, Section 6.1), and our initial training program described below.

4. *Necessary equipment, signs, fixtures, opening inventory, and supplies*. We will provide you a list of our specifications and approved suppliers for equipment, signs, fixtures, and supplies necessary to open your business. (Franchise Agreement, Section 6.2). We do not provide these items directly; we only provide the names of Approved Suppliers. We do not deliver or install these items.

5. *Operating Manual*. We will give you access to our Operating Manual or access to a portal of electronic files which the contents therein shall constitute the Operations Manual, which we will amend periodically. (Franchise Agreement, Section 6.1). The Operations Manual as of the Issuance Date of this Disclosure Document is currently 27 pages. The Table of Contents of the Operations Manual is included as Exhibit B to this Disclosure Document.

6. *Initial Training Program*. We will conduct our Initial Training Program, which is described in further detail below. (Franchise Agreement, Section 8.1).

7. *Business Plan Review*. If you request, we will review your pre-opening business plan and financial projections. (Franchise Agreement, Section 6.8).

8. *Market Introduction Plan*. We will advise you regarding the planning and execution of your market introduction plan. (Franchise Agreement, Section 6.9).

9. *On-site Opening Support*. We will have 1-2 representatives provide on-site support for 3-5 days in connection with your business opening. (Franchise Agreement, Section 6.10).

10. *Inventory*. We will provide you with the opening inventory and supplies including boxing gloves, hand wraps, duffle bags, etc. for your first 300 members. These are provided directly from us.

B. <u>Site Selection</u>

You must obtain our approval for the location of your Studio as set forth in the Franchise Agreement and our standards for sites and territories will apply. Generally, we do not own or lease the real property that will serve as your Studio and you are responsible for all costs and expenses in locating and evaluating proposed sites for your Studio. Before you enter into a lease or other agreement for your Studio, you must obtain our approval. We will provide you with site selection guidelines. Your Studio must be located within your Designated Territory at a site that we approve. If you fail to have your Studio approved by us, this may give rise to termination of the Franchise Agreement by us. (Section 1.2 and Exhibit B of the Franchise Agreement).

Although there is no specified time limit for us to review the proposed site for your Studio, we will do so within approximately (30) days of our receipt of your written request for our review of a proposed site. The general site selection and evaluation criteria or factors that we consider in approving your site include, among other things, the condition of the premises, vehicular and pedestrian access, population demographics of the surrounding area and general suitability.

Within ninety (90) days of signing your Franchise Agreement, you must secure a Studio and lease that we approve (Section 7.1 of the Franchise Agreement). If you do not meet this requirement for any reason, including our disapproval of a proposed business location, we may terminate your Franchise Agreement without refunding any fees to you. It is your obligation to consult with government agencies, architects and legal professionals to evaluate and determine that your Studio permits the establishment and operation of the Franchised Business and that you possess the necessary licenses and authority to operate a business that offers and provides the Approved Products and Approved Services. (Section 7.14 of the Franchise Agreement).

You may not open the Franchised Business until you have completed our initial training requirements, obtained the necessary licensing (including music licenses) and authorization from state and regulatory agencies within your Designated Territory, obtained and provided to us with written proof of the required insurance, completed all pre-opening obligations, and have timely secured a Studio that we approved.

Before you open your Studio to the public, you must satisfy any and all of our pre-opening requirements, which include the pre-sale of a minimum number of paid Studio memberships that will go in effect on the opening date of your Studio ("Pre-Sale Memberships"). Currently, you must sell at least 150 Pre-Sale Memberships before we will permit your Studio to open. We serve the right to increase or decrease the amount of Pre-Sale Memberships that must be sold. (Section 7.3.2 of the Franchise Agreement)

We estimate the length of time between the signing of your Franchise Agreement and opening your Franchised Business to be approximately between five (5) and nine (9) months. Factors that may affect this estimated time period include: (a) evaluating and selecting a suitable site for your Studio that is approved by us; (b) length of time undertaken by you to complete our initial training program to our satisfaction; (c) negotiating and obtaining a suitable lease for your Studio that is approved by us; (d) obtaining third-party lender financing, if necessary; and (e) obtaining the necessary licenses for the operation of your Franchised Business. You must open your Franchised Business within ninety (90) days from when you complete the Initial Training Program, otherwise we may terminate your Franchise Agreement without refunding any fees to you. (Section 7.3 Franchise Agreement).

C. <u>Initial Training Program and Other Training</u>

The following chart summarizes the subjects covered in our Initial Training Program:

TRAINING PROGRAM

Subject	**Hours of RKBXU Online**	**Hours of Classroom Training**	**Hours of On- The-Job Training (in Studio)**	**Location**
Business Owner Training	0	2	0	Our Current Location, Charlotte, North Carolina, Franchisee's Location, or Virtual Training
Business Operations	3	4	1	
Sales	15	21	2	
Marketing	1	5	0	
Train the Trainer	3	5	2	
CRM	4	2	1	
Leverage Nutrition	2	1	0	
Total:	**28**	**40**	**6**	

Training classes will be scheduled in accordance with the needs of new franchisees. We anticipate holding training classes four to six times per year. Training will be held at our home office and / or one of our RockBox Studios in the Charlotte, North Carolina area. We reserve the right to offer any portion or all of the Initial Training Program through remote learning.

Instructional materials that will be utilized during the Initial Training Program include our Operations Manual, didactic session, group discussion, and on-the-job demonstration and practice with live classes, along with RKBX sample class play book.

Our Initial Training Program consists of virtual Franchisee Training, in person Training Camp, as well as online RKBX University. This is conducted by our Home Office team responsible for educating in their respective expertise in the business, including but not limited to Dan Managan, who has over 34 years of fitness and gym experience, and Roger Martin, who has 26 plus years of corporate sales and marketing experience. We use several educational strategies to ensure the optimal learning environment is created. We reserve the right to offer any portion of or all of the Initial Training Program online via remote training.

There is no fee for people to attend training. Not all those personnel are needed to operate a franchise, but a franchisee may have additional personnel and they could all come to the Initial Training Program. You must pay the travel and living expenses of people attending training.

If the franchise is owned by an entity, then the principal and the Designated Manager/Head Trainer of the RockBox Fitness Studio must attend the Initial Training Program. You may send any additional persons to training that you want (up to a maximum of 4). Franchisee personnel must complete the training program to Franchisor's satisfaction at least 45 days prior to the soft opening of the franchise.

Your business needs to be under your on-site supervision or under the on-site supervision of a Designated Manager who has completed our Initial Training Program. There will be a yearly requirement to complete ongoing training and best practices implementation, but some of this may be done remotely. If the Franchisee or Designated Manager changes, Franchisor will require the new Designated Manager to go through the Initial Training Program. If you need to send a new Designated Manager to our training program, we may charge a fee, which is currently up to $350 per day.

D. <u>Obligations After Opening</u>

1. *Developing Products or Services You Will Offer to your Customers*. Although it is our intent and practice to refine and develop products or services that you will offer to your customers, the franchise agreement does not obligate us to do so.

2. *Hiring and Training Employees*. We will provide you with our suggested staffing levels (Franchise Agreement, Section 6.1), and operational instructions in the Manual, which you can use as part of training new employees (Franchise Agreement, Section 6.1). All hiring decisions and conditions of employment are your sole responsibility.

3. *Improving and Developing Your Business; Resolving Operating Problems You Encounter*. If you request, we will provide advice to you (by telephone or electronic communication) regarding improving and developing your business, and resolving operating problems you encounter, to the extent we deem reasonable. If we provide in-person support in response to your request, we may charge a fee (currently $600 per day) plus any out-of-pocket expenses (such as travel, lodging, and meals for our employees providing onsite support). (Franchise Agreement, Section 6.4).

4. *Establishing Prices*. Upon your request, we will provide recommended prices for products and services. (Franchise Agreement, Section 6.4). We have the right to determine prices charged by our franchisees for goods and services (but only to the extent permitted by applicable law).

5. *Establishing and Using Administrative, Bookkeeping, Accounting, and Inventory Control Procedures*. We will provide you with our recommended procedures for administration, bookkeeping, accounting, and inventory control. (Franchise Agreement, Section 6.1). We may make any such procedures part of required (and not merely recommended) procedures for our system.

6. *Brand Development Fund*. We will administer the Brand Development Fund. (Franchise Agreement, Section 12.4).

7. *Website*. We will maintain a website for the RockBox Fitness brand, which will include your business information and telephone number. (Franchise Agreement, Section 12.3).

Advertising

National Brand Fund

We have established a National Brand Fund (the "Fund") for advertising and brand marketing purposes. (Section 12.5 of the Franchise Agreement). You are required to participate in and contribute the greater of greater of (i) $300 per month, or (ii) 1% of Gross Sales per month (the "Brand Fund Contribution"). We reserve the right to increase the Brand Fund Contribution to either (i) the greater of two percent (2%) of Gross Sales per month or $600 per month, or (ii) the greater of three percent (3%) of Gross Sales per month, or $900 per month. The minimum brand fund contribution is either $300, $600, or $900 per month as set forth above (the "Minimum Brand Fund Contribution"). The Minimum Brand Fund Contribution begins upon the earlier of (i) when you generate Gross Sales, or (ii) 12 months from the effective date of your Franchise Agreement. Please see Item 11 of this Disclosure Document for additional information regarding the Fund and your other advertising/marketing obligations. Company-owned and/or affiliate-owned outlets are not required to, but may, contribute to the Fund. We have the right to use contributions to the Fund, in our sole discretion, to develop, produce, and distribute national, regional and/or local advertising and promotions and to create advertising materials and public relations materials which promote, in our sole judgment, the services offered by the System. (Franchise Agreement, Section 12.4). We may use contributions to the Fund to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertising, social media, public relations, including the cost of preparing and producing television, radio, magazine and newspaper advertising campaigns, the cost of direct mail and outdoor billboard advertising; the cost of public relations activities, social media activities and advertising agencies; the cost of developing and maintaining an Internet website and social media pages; and personnel and other departmental costs for advertising that we internally administer or prepare. Not all System franchisees will benefit directly or on a pro rata basis from the Fund's expenditures. We may contribute to the fund in our sole discretion and be reimbursed later on by the Fund. (Franchise Agreement, Section 12.4). While we do not anticipate that any part of the Fund will be used for advertising or public relations that are principally a solicitation for the sale of additional franchises, we reserve the right to include a notation in any advertisement indicating "Franchises Available." (Franchise Agreement, Section 12.4).

Advertising materials will be prepared by us and by outside sources. There is no requirement that the Fund be audited. We will prepare on an annual basis, and will have available to you within 90 days of the end of the fiscal year, a statement of contributions and expenditures for the Fund, which will be provided to you upon your written request. (Franchise Agreement, Section 12.4).

In our fiscal year ending December 31, 2022, the Fund received $150,021.72 in contributions from franchisees, and the Fund contributions were spent as follows: (i) Salaries (49.35%); (ii) Consultants (25.46%); (iii) Software (11.95%); (iv) PR (7.64%); (v) Video/Photography (3.12%); (vi) Graphic Design (1.29%); and (vii) Website (1.20%).

Local Advertising Requirement

In addition to the National Brand Fund Contribution, each month you are required to spend $1,500 on advertising and promoting your Franchised Business within the Designated Territory in accordance with our standards and specifications (the "Local Advertising Requirement"). You will have the option of using us to fulfill your Local Advertising Requirement, or one of our Approved Suppliers. In addition to the amounts set forth above, you will also be required to pay us or our Approved Supplier the then-current Ad Management Fee each month to conduct Local Advertising on your behalf. Any fees you pay to us or an Approved Supplier or to manage Local Advertising will not count towards your Local Advertising Requirement. We are not required to spend any amount on advertising in your Designated Territory, but we may do so at our sole discretion. (Franchise Agreement, Section 12.6).

Initial Advertising Spend

Starting approximately 8 weeks prior to opening the Franchised Business, you are obligated to spend between $20,000 - $32,000 in order to implement an initial advertising and promotional campaign. You will be required to select us or an Approved Supplier to conduct the initial advertising and promotional campaign. (Franchise Agreement, Section 12.7).

Local or Regional Advertising Cooperative

There are currently no regional Cooperatives in existence for the System. However, we have the right, in our discretion, to designate any geographical area for purposes of establishing a regional advertising and promotional Cooperative, and to determine whether a Cooperative is applicable to the Franchised Business. If a Cooperative has been established applicable to the Franchised Business at the time you begin operating under the Franchise Agreement, you must immediately become a member of this Cooperative. If a Cooperative applicable to the Franchised Business is established at any later time during the term of the Franchise Agreement, you must become a member of this Cooperative no later than 30 days after the date on which the Cooperative begins operation. If your Franchised Business is within the Territory of more than one Cooperative, you must be a member of only one of these Cooperatives. (Franchise Agreement, Section 12.5).

Each Cooperative will be organized and governed in a form and manner, and will commence operation on a date, approved in advance by us. (Franchise Agreement, Section 12.5). Each Cooperative will be organized for the exclusive purpose of administering regional advertising programs and standardizing advertising materials for use by the members in local advertising and promotions. (Franchise Agreement, Section 12.5). No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without our prior approval. All plans and materials must be submitted to us in accordance with the procedure set forth in Section 12.1 of the Franchise Agreement. (Franchise Agreement, Section 12.5).

All activities and contributions to the Cooperative shall be determined by a majority vote of the member franchisees in the Cooperative, subject to our approval, which we will not unreasonably withhold. Such contributions may exceed the Local Advertising and Promotions Requirement; provided, however, that you will receive credit for Cooperative contributions against the Local Advertising and Promotions Requirement. (Franchise Agreement, Section 12.5.4).

Each member franchisee must submit to the Cooperative, no later than the 1st of each month, for the preceding month, its respective contribution as provided in the Franchise Agreement together with other statements or reports as we may require or as may be required by the Cooperative with our approval. (Section 12.5.5 of the Franchise Agreement). No other annual or periodic financial statements need to be provided by the Cooperative other than those submitted by its member franchisees.

We may grant to any franchisee, in our sole discretion, an exemption for any length of time from the requirement of membership in a Cooperative, upon written request of the franchisee stating reasons supporting this exemption. Our decision concerning this request for exemption will be final. (Section 12.5.7 of the Franchise Agreement).

Advertising Council

We do not have an advertising council composed of franchisees. The Franchise Agreement does not give us the power to form an advertising council.

Computer System

You must purchase and use any and all computer software programs ("Software") which we have developed or may develop and/or designate for use for the System, and you must also purchase such computer hardware as may be necessary for the efficient operation of the Software. We have the right to require you to update or upgrade computer hardware components and/or Software as we deem necessary from time to time. You must also keep all computer hardware, Software, and equipment in a clean, working order and fix any broken equipment within a reasonable time. In addition, we have the right to require you to enter into a separate maintenance agreement for such computer hardware and/or Software. Although you must buy, use and maintain computer hardware and Software meeting our standards and specifications, you will have the sole and complete responsibility for: (i) the acquisition, operation, maintenance and upgrading of the computer hardware and Software; and (ii) any and all consequences that may arise if the computer hardware and Software is not properly operated, maintained and upgraded. (Franchise Agreement, Section 7.8).

In addition to the iPads included in the Genesis Package, you must purchase and maintain at least (a) one iPad, (b) one desktop/laptop computer, and (c) one all-in-one printer. We use ClubReady cloud-based software for POS, email marketing, and all customer management functions. These systems will generate or store data such as sales data, customer information, employee and labor information, inventory, and financial reports. Your computer system must be PCI and PII compliant and any data or information you obtain must be secure.

You are required to participate in any System-wide area computer network, intranet system or extranet system that we implement, and you may be required by us to use such area computer network, intranet system or extranet system to, among other things: (i) submit your reports due under the Franchise Agreement to us online; (ii) view and print portions of the Operations Manual; (iii) download approved local advertising and promotions materials; (iv) communicate with us and other System franchisees; and (v) participate in online training. You must agree to use the facilities of any such area computer network, intranet system or extranet system in strict compliance with the standards, protocols, and restrictions that we include in the Operations Manual, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements. (Franchise Agreement, Section 7.9).

We estimate that the cost of obtaining the required computer system will be roughly between $3,000 to $5,000 if you currently own none of the required hardware, and we estimate that the annual costs of any optional or required maintenance, updating, or support contracts will be approximately $0 per year. We are not obligated to provide any ongoing maintenance, repairs, upgrades, or updates.

You and your Designated Manager(s) must maintain Franchised email accounts, which will be provided to you and you must give us electronic access to information on your company computer and hosted by software providers. No contractual limitation exists on our right to access the information. We may require you to upgrade or update your computer hardware, software and other office equipment. No contractual limitation exists on the frequency or cost of this obligation. We will have independent access to any data which you collect electronically.

Internet

You must have and maintain adequate hardware and software in order to access the Internet at the bit speed we require from time to time. We have established an Internet website that provides information about the System and the products and services offered. We have sole discretion and control over the website (including timing, design, contents and continuation). We may, but are not obligated to, create interior pages on our website(s) that contain information about your Franchised Business and other Franchised locations. If we do create these pages, we may require you to prepare all or a portion of the page for your Franchised Business, at your expense, using a template that we provide. All such information will be subject to our approval prior to posting. (Franchise Agreement, Sections 12.3.1 and 12.3.2).

You must not establish or maintain a separate website, splash page, social media profile or other presence on the Internet, or otherwise advertise on the Internet or any other public computer network in connection with the Franchised brand, System, or Franchised Business. All websites for Franchised Businesses will be centrally managed from the corporate website to maintain consistency, consolidate views/likes/etc. and reduce the expense and time required by you to create and manage individual websites. (Franchise Agreement, Section 12.3.3).

We have the right to modify our policies regarding both our and your use of Internet websites as we deem necessary or appropriate for the best interests of the System. (Franchise Agreement, Section 12.3.4). You acknowledge that we and/or our affiliates are the lawful, rightful and sole owner of the Internet domain name http://rockboxfitness.com as well as any other Internet domain names registered by us, and you unconditionally disclaim any ownership interest in such domain names and any colorably similar Internet domain names. You agree not to register any Internet domain name in any class or category that contains words used in or similar to any brand name owned by us or our affiliates or any abbreviation, acronym, phonetic variation or visual variation of those words (Franchise Agreement, Section 12.3.5).

ITEM 12
TERRITORY

You will operate the Franchised Business from one site located in your Designated Territory (defined below) and you may not relocate the Franchised Business without our prior written consent, which we will not unreasonably withhold, provided: (i) you secure an alternate location for the Franchised Business within the Designated Territory (defined below); and (ii) you reimburse us for the reasonable costs and expenses that we incur in connection with evaluating and approving the proposed relocation. If you can no longer use the location due to circumstances beyond your control, including unreasonable lease terms or destruction of the premises, we will not unreasonably withhold our written consent to relocate.

Franchise Agreement: Designated Territory

You will typically receive a territory which will consist of a geographic area that is the lesser of (i) a population of approximately 50,000 – 100,000 people, or (ii) a 3-mile radius from your Premises (the "Designated Territory"). Territories will be mapped based on the individual market circumstances for each unit sold. We will map out an area based on market research and the most recent available census data to come to territory modeling conclusions. Each territory will be defined as an area on a map that will be based on zip codes and it will be decided by a number of factors including: population, median age, median household income, existence of competition, capabilities of the buyer, among others.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. For so long as you are in compliance with the terms of your Franchise Agreement, we will not (i) establish any other brick and mortar business utilizing the Proprietary Marks and System from a location within your Designated Territory, or (ii) reduce or alter the size of your Designated Territory if the population within the Designated Territory increases. We will also not increase the size of your Designated Territory if the population decreases. We may establish alternate channels of distribution selling similar services and products, including e-commerce, Internet, mail order or catalogs. We are not required to pay you any compensation for soliciting or accepting orders inside your territory obtained through these alternative channels of distribution. We reserve the right to establish other franchises or company-owned or other channels of distribution selling or leasing similar products or services under the same or a different trademark.

Development Agreement: Development Area

Under the Development Agreement, you are granted the right to develop a specific number of Studios within a specific non-exclusive geographic area (the "Development Area"). The size of your Development Area will be determined based on our long-range development plans and the number of Studios you will develop (between three and ten studios). The Development Area will be described in an Exhibit to your Development Agreement using contiguous zip codes, county or state boundaries, or it may be described on a map. We do not approve the location of future units and any territories for those units under the development agreement, but rather pursuant to your Franchise Agreement. Our then-current standards for sites and territories will apply as set forth in the Franchise Agreement.

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

If you fail to meet your Development Schedule requirements for whatever reason, we may terminate your Development Agreement and/or elect to remove your territorial rights in your Development Area. Otherwise, we will not modify your Development Area except by mutual agreement of the parties in a separate writing.

You have no options, rights of first refusal, or similar rights to acquire additional franchises. Continuation of your Designated Territory does not depend on your achieving a certain sales volume, market penetration, or other contingency.

Reservation of Rights under the Franchise Agreement and Development Agreement

The rights granted under the Franchise Agreement does not include any right to: (i) offer any product or service via e-commerce; (ii) establish an independent website or to establish a URL incorporating the Proprietary Marks or any variation of the Proprietary Marks; (iii) sell merchandise via wholesale; or (iv) otherwise distribute, market, or implement our products and services in any channel of distribution not specifically identified in the Franchise Agreement.

Under the Franchise Agreement, we and our affiliates have the right, in our sole discretion, to: (i) own and operate a Franchised Businesses at any location(s) outside of your Designated Territory under the same or different marks, or to license others the right to own and operate Franchised Businesses at any location(s) outside your Territory under the same or different marks; (ii) use the Proprietary Marks and System in connection with services and products, promotional and marketing efforts or related items, or in alternative channels of distribution, without regard to location; (iii) own and operate a Franchised Businesses or other businesses, or market similar products and services, at any location(s) inside your Designated Territory under different marks, or to license others the right to own and operate Franchised Businesses or businesses, or market products and services at any location(s) inside your Designated Territory under different marks; (iv) use the Proprietary Marks and/or System in connection with services and products online or through an application; (v) use the Proprietary Marks and/or System in connection with selling workout equipment at any location inside or outside your Designated Territory; and (vi) engage and license others to engage in any other activities not expressly prohibited in the Franchise Agreement.

Certain of our or our affiliate's products or services, whether now existing or developed in the future, may be distributed in your Designated Territory by us, our affiliates, or our franchisees, licensees or designees, in such manner and through such alternate channels of distribution as we, in our sole discretion, shall determine. Such alternate channels of distribution will include, but are not limited to, sales of any products under the Proprietary Marks at or through the Internet or stores. The Franchise Agreement grants you no rights to: (i) distribute such products in alternate channels of distribution; or (ii) share in any of the proceeds received by any such party.

Additional Disclosures

You have no options, rights of first refusal, or similar rights to acquire additional franchises. Continuation of your Designated Territory does not depend on you achieving a certain sales volume, market penetration, or other contingency.

We reserve the right to operate or franchise a business under trademarks different from the Proprietary Marks that sells or will sell goods or services similar to those that will be offered by you through the Franchised Business.

ITEM 13
TRADEMARKS

We grant you the right to operate the Franchised Business under the word mark "RockBox Fitness," as described more fully in the table below. You may also use our other current or future trademarks to operate your Franchised Business. The term "trademark" includes service marks, trade names, slogans, insignia, logos, labels and trade dress.

The following are our Proprietary Marks that have been registered on the Principal Register of the United States Patent and Trademark Office ("USPTO"):

MARK	REGISTRATION NUMBER	REGISTER	REGISTRATION DATE
RockBox Fitness (Word Mark)	5382447	Principal	January 16, 2018
RockBox (Word Mark)	5818104	Principal	July 30, 2019
Fitness with some Punch	5601161	Principal	November 6, 2018

I am a RockBoxer	6118706	Principal	August 4, 2020
RKBX	6119031	Principal	August 4, 2020
ROCKBOX	6306266	Principal	March 30, 2021

The proprietary Marks above are owned by us and will be licensed to you. We have, and will continue to, file all affidavits and other documents with the USPTO to maintain the federal registrations described above. Currently, there are no agreements in effect that materially or significantly limit our right to use or license the use of trademarks listed in this Item.

We have filed all applications for the Proprietary Marks listed above. There are currently no effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court; no pending interference, opposition or cancellation proceedings; nor any pending material litigation involving the Proprietary Marks.

You must promptly notify us of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, our right to use and to license others to use, or your right to use, the Proprietary Marks. We have the sole right, though not the obligation, to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including the right to settle the proceedings or litigation, and to affirmatively prosecute actions against third parties for infringement or threatened infringement of the Proprietary Marks.

We also have the right, though not the obligation, to defend you against any third-party claim, suit, or demand arising solely out of your use of the Proprietary Marks in a manner expressly authorized by us. If we, in our sole discretion, determine that you have used the Proprietary Marks in accordance with the Franchise Agreement and the Operations Manual, we will pay the cost of defending the action, including the cost of any judgment or settlement. If we, in our sole discretion, determine that you have not used the Proprietary Marks in accordance with the Franchise Agreement and the Operations Manual, you will be required to pay for the defense or to reimburse us for costs we incurred in providing the defense, including the cost of any judgment or settlement. In the event of any litigation relating to your use of the Proprietary Marks, you are required to sign all documents and assist us, as we deem necessary, to carry out the defense or prosecution including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Proprietary Marks in a manner not in accordance with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket costs in performing such acts.

We are not aware of any superior prior rights or infringing uses that could materially affect your use of the Proprietary Marks in any state. Therefore, before entering into the Franchise Agreement, you should make every effort to ascertain that there are no existing uses of the Proprietary Marks or confusingly similar marks being used in the market area where you wish to do business. You should immediately notify us of any confusingly similar marks you discover.

You cannot register any of the Proprietary Marks now or hereafter owned by us or any abbreviation, acronym or variation of the Proprietary Marks, or any other name that could be deemed confusingly similar, as Internet domain names. We retain the sole right to advertise the system on the Internet and to create, operate, maintain and modify, or discontinue using of a website using the Proprietary Marks.

You may use only the Proprietary Marks which we designate, and may use them only in the manner we authorize and permit. Any goodwill associated with Proprietary Marks, including any goodwill which might be deemed to have arisen through your activities, inures directly and exclusively to our benefit. You may use the Proprietary Marks only for the operation of the Franchised Business and only at the Franchised Business or in advertising for the Franchised Business. You must use all Proprietary Marks without prefix or suffix and in conjunction with the symbols “SM,” “TM,” “S” or “R,” as applicable. You may not use the Proprietary Marks in connection with the offer or sale of any services or products, which we have not authorized for use in connection with the System. You may not use the Proprietary Marks as part of your corporate or other legal name. We must approve your corporate name and all fictitious names under which you propose to do business in writing before use. You must use your corporate or limited liability company name either alone or followed by the initials “D/B/A” and the business name “RockBox Fitness.” You must promptly register at the office of the county in which your Franchised Business is located, or such other public office as provided for by the laws of the state in which your Franchised Business is located, as doing business under your assumed business name.

All of your advertising must prominently display the Proprietary Marks and must comply with our standards for using the Proprietary Marks. You may use the Proprietary Marks including, without limitation, trade dress, color combinations, designs, symbols, and slogans, only in the manner and to the extent specifically permitted by the Franchise Agreement or by our prior written consent. You must submit to us and we must approve all advertising, publicity, signs, stationary, business cards, forms, decorations, furnishings, equipment or other materials employing the Proprietary Marks, or related marks, before first publication or use. We will not unreasonably withhold our approval. You must identify yourself as the owner of the Franchised Business (in the manner we prescribe) in conjunction with any use of the Proprietary Marks including, without limitation, on invoices, order forms, receipts, and business stationery, as well as at such conspicuous locations as we may designate in writing.

We reserve the right to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder. You must discontinue using all Proprietary Marks which we have notified you, in writing, have been modified or discontinued within ten (10) days of receiving written notice and must promptly begin using such additional, modified or substituted Proprietary Marks at your expense.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any registered patents or copyrights that are material to the franchise, however, we claim common law copyright and trade secret protection for several aspects of the System including our

Operations Manual, advertising, and business materials. Additionally, we do not have any patent applications that are pending and material to this offering.

There are no current determinations, proceedings or litigation involving any of our copyrighted materials. Should you become aware that any unauthorized third party is using any of our copyrighted materials, we request that you notify us of this unauthorized use. We may revise any of our copyrighted materials in our discretion, and may require that you cease using any outdated copyrighted material. You will be responsible for printing any revised or new advertising, marketing or other business materials.

During the term of the Franchise Agreement, you will receive information which we consider to be our trade secrets and confidential information, including but not limited to information regarding the setup of a Franchised Business; information about proprietary merchandise; any proprietary software we may now or in the future create; our Operations Manual; trade secrets; price marketing mixes related to the sale of goods or services offered or authorized for sale by System franchisees; standards and specifications for equipment, design, equipment layout, and lighting; systems and training manuals; training systems; compensation systems; marketing strategies; online marketing systems; merchandise sales systems; sales training; location identification and acquisition; general operations; our copyrighted materials; and methods and other techniques and know-how concerning the of operation of the Franchised Business which may be communicated to you or of which you may be apprised by virtue of your operation of a Franchised Business (collectively, the "Confidential Information").

You shall not, during the term of the Franchise Agreement or after, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any Confidential Information except to your employees that must have access to it in order to operate the Franchised Business. Certain additional information, including (i) current customer and prospective customer names and addresses, (ii) information about credit extensions to customers, (iii) customer service purchasing histories, (iv) rates charged to customers, and (v) sources of suppliers and purchasing arrangements with suppliers, also constitute our trade secrets and Confidential Information. Any and all information, knowledge, know-how, techniques, and other data, which we designate as confidential will be deemed Confidential Information for purposes of the Franchise Agreement. We have expended considerable time, effort, and money to develop the System, and the Confidential Information is not well known outside of the System. The Confidential Information is of great value to us, and we are implementing this non-disclosure policy in an effort to protect our trade secrets and Confidential Information.

If you, your employees, or principals develop any new concept, process or improvement in the operation or promotion of the Franchised Business, you must promptly notify us and provide us with all necessary related information, without compensation. Any such concept, process or improvement will become our sole property and we will be the sole owner of all patents, patent applications, trademarks, copyrights and other related intellectual property rights. You and your principals will assign to us any rights you may have or acquire, including the right to modify the concept, process or improvement, and otherwise must waive and/or release all rights of restraint and moral rights. You and your principals agree to assist us in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing these rights. You and your principals will irrevocably designate and appoint us as your agent and attorney-in-fact to execute and file any documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any concept, process or improvement. In the event that these provisions are found to be invalid or otherwise unenforceable, you and your principals will grant to us a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the concept, process or improvement if this use or sublicense would otherwise directly or indirectly infringe your rights.

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

You (or at least one of your principals if you are a corporation or partnership) must personally supervise the day-to-day operations of the Franchised Business. You must devote your personal full-time attention and best efforts to the management and operation of the Franchised Business. You may, however, delegate the day-to-day management of your Franchised Business to a manager (the "Designated Manager"). We must approve your Designated Manager and your Designated Manager must successfully complete our Initial Training Program before assuming any managerial responsibility.

Your Franchised Business must be staffed by you (or one of your principals that has completed our Initial Training Program) and/or your Designated Manager at all times. In the event that you operate more than one Designated Territory, you must have one (1) or more properly trained Designated Manager(s) who has been approved by us at each location. You shall keep us informed at all times of the identity of any employee acting as a Designated Manager of a Franchised Business. Designated Managers shall devote their full time and best efforts to the day-to-day operation and management of the Franchised Business and shall not engage in any other business activity without our prior written consent.

It is important to note that we are not your employer and that you will have the right to control all decisions related to recruiting, hiring or firing any personnel, including any managers. Please note that nothing in this Disclosure Document or any agreement you enter into with us will create any type of employer or joint employer relationship between (a) you and/or your personnel, and (b) us.

You must obtain and furnish to us upon request signed confidentiality and non-competition agreements (attached as Exhibit D to the Franchise Agreement) from your manager and other personnel having access to our confidential information by virtue of their relationship with you. All principals of the franchisee entity will be required to personally guarantee all of the obligations of the "franchisee" under the Franchise Agreement. Every spouse of each principal will be required to sign a confidentiality and non-compete agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must conduct your business in accordance with our Operations Manual and policies in order to protect our reputation and goodwill and to maintain our high standards of operation under our Proprietary Marks. You must use the premises solely for the operation of the Franchised Business, and must keep the premises open and in normal operation for the hours and days we may specify in the Manual or as we may otherwise approve in writing.

You are prohibited from offering or selling any products or services not authorized in writing by us. The non-competition of this agreement (Item 17) does not permit you to have ownership or interest in a competing business, including any operation, formal or otherwise, of a business that offers any of the products or services provided by System Franchised Businesses. Any and all services you provide to your customers must be provided in accordance with the standards established by us.

You are not limited in the customers you may serve from your Franchised Business. You are not permitted to distribute Approved Products on a non-retail or wholesale basis without our prior written consent.

Before you open the Studio to the public, you must satisfy any and all of our pre-opening requirements, which includes the pre-sale of a minimum number of Pre-Sale Memberships. Currently, you must sell at least 150 Pre-Sale Memberships before we will permit the Studio to open.

You may offer for sale and sell only those services and products we designate, and you must sell all services and products we designate. We have the right to change the types of designated services and products, and there are no limits on our right to do so. If you wish to sell additional services or products, you must follow the approval process outlined in Item 8 of this Disclosure Document.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP UNDER THE FRANCHISE AGREEMENT

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

	Provision	Section in Franchise Agreement	Summary
a.	Term of franchise	2.1	Term of ten (10) years, beginning on the date we sign your Franchise Agreement.
b.	Renewal or extension of the term	2.2	If you meet our conditions for renewal, you may renew your Franchise Agreement for one (1) additional ten (10) year term.

c.	Requirements for you to renew or extend	2.2	In order to renew, you must: (a) notify us of your intent to renew at least 90 days but no more than 180 days, prior to expiration of the current term; (b) demonstrate that you have the right to operate the Franchised Business for the duration of the renewal term; (c) complete all required renovations; (d) not be in breach of any agreements with us, our affiliates, or our major suppliers and vendors; (e) satisfy all monetary obligations to us, our affiliates, and our major suppliers and vendors; (f) sign our then-current form of franchise agreement, which may contain materially different terms than your Franchise Agreement; (g) satisfy our then-current training requirements for renewal franchisees; (h) sign a general release; and (i) pay us a renewal fee of $10,000.
d.	Termination by you	No Provision	Not Applicable (as permitted under state law).
e.	Termination by us without cause	No Provision	Not Applicable
f.	Termination by us with cause	15	We may terminate your Franchise Agreement with cause.
g.	Cause defined - default which can be cured	15.3 15.4	We may terminate your Franchise Agreement following a 15-day cure period if you: (a) fail to pay sums owed to us, our affiliates, or our major vendors and suppliers; (b) under-report Royalty or any advertising payments by more than 2% or fail to submit timely reports or payments for any two (2) reporting periods in a 12-month period; (c) fail to immediately endorse and deliver to us any payments due to us from a third party that are erroneously remitted to you; (d) fail to maintain sufficient levels of inventory; (e) fail to open your Franchised Business within seven (7) months of the date we sign your Franchise Agreement; (f) fail to maintain the required days and hours of operation at your Franchised Business; (g) fail to personally or have a Designated Manager(s) supervise the day-to-day operation of the Franchised Business; (h) fail to maintain the strict quality controls reasonably required by your Franchise Agreement and/or the Operations Manual; (i) conduct yourself in a manner that reflects adversely on the System, the Proprietary Marks, or the services or products offered through the System; (j) fail to secure your site by the deadline outlined in the Site Selection Addendum; and (k) fail to procure or maintain any licenses, certifications, or permits necessary for the operation of your Franchised Business. We may terminate your agreement following a 30-day cure period if you fail to perform or comply with any one or more of the terms or

			conditions of your Franchise Agreement or any ancillary agreements between you and us or our affiliates.
h.	Cause defined - default which cannot be cured	15.1 15.2	Your Franchise Agreement will automatically terminate if: (a) you make an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, are adjudicated bankrupt or insolvent, file or acquiesce in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consent to or acquiesce in the appointment of a trustee or receiver for you or the Franchised Business; (b) proceedings are commenced to have you adjudicated bankrupt or to seek your reorganization under any state or federal bankruptcy or insolvency law, and the proceedings are not dismissed within 60 days, or a trustee or receiver is appointed for you or the Franchised Business without your consent, and the appointment is not vacated within 60 days; or (c) you attempt to make an unauthorized sale or transfer of you or any interest in the Franchised Business. We may terminate your Franchise Agreement upon notice but without providing you with an opportunity to cure if: (a) you or your principals are convicted of or plead guilty or no contest to a felony or take part in any criminal misconduct relevant to the operation of your Franchised Business; (b) you or your principals commit any fraud or misrepresentation in the operation of your Franchised Business; (c) you or your principals make any misrepresentation or omission in connection with your franchise application; (d) you fail to successfully complete initial training; (e) we send you two (2) or more written notices to cure pursuant to Sections 15.3 or 15.4 of your Franchise Agreement in any 12-month period; (f) you or your principals materially breach any other agreement with us or any of our affiliates, or threaten any material breach of any agreement, and fail to cure the breach within any permitted period for cure; (g) you or your principals materially violate any provision of the Franchise Agreement relating to Proprietary Marks or Confidential Information or misuse the Proprietary Marks or Confidential Information; (h) you violate any health, safety or sanitation law, ordinance or regulation, or operate the Franchised Business in a manner that presents a health or safety hazard to customers, or the general public; (i) you violate the in-term restrictive covenant in your Franchise Agreement; (j) a levy of writ of attachment or execution or any other lien is placed against you or your principals or any of their assets which is not released or bonded against within 30 days; (k) you or your principals become insolvent; (l) you abandon the Franchised Business; (m) you offer any unauthorized and unapproved products or services at or from the Franchised Business; (n) you order or purchase supplies, signs, furnishings, fixtures, equipment or inventory from any

			currently unapproved supplier or any supplier which we have not approved; (o) you misuse or make unauthorized use of our Proprietary Software; (p) you fail to maintain insurance or otherwise adhere to our insurance requirements; (q) you fail, within 15 days after notification of non-compliance by federal, state or local government authorities to comply with any law or regulation applicable to the Franchised Business; (r) any government action is taken against you that results in any obligation upon us which in our sole judgment is uneconomical, not in our best interests, or would result in us having an unintended relationship or obligation; (s) you fail to comply with the anti-terrorist provision of your Franchise Agreement; (t) you take for your own personal use any assets or property of the Franchised Business, including employee taxes, FICA, insurance or benefits; or (u) there are insufficient funds in your bank account to cover a check or EFT payment to us three (3) or more times within any 12-month period.
i.	Your obligations on termination/ non-renewal	16.1	Upon termination, non-renewal, or transfer, you must, at your own cost and expense: (a) cease immediately all operations under the Franchise Agreement; (b) pay us immediately all unpaid fees and pay us, our affiliates, and our major suppliers and vendors, all other monies owed; (c) discontinue immediately the use of the Proprietary Marks; (d) immediately return the Operations Manual, along with all other manuals and Confidential Information we loaned to you, and immediately and permanently cease use of the Confidential Information; (e) immediately cease using all telephone numbers and listings used in connection with the operation of the Franchised Business and direct the telephone company to transfer all such numbers and listings to us or our designee or, if we direct, disconnect the numbers; (f) promptly surrender all stationery, printed matter, signs, advertising materials and other items containing the Proprietary Marks, and all items which are a part of the trade dress of the System, as we direct; (g) cease to hold yourself out as our franchisee; (h) take the necessary actions required to amend or cancel any assumed name, business name or equivalent registration which contains any trade name or other Proprietary Mark we licensed to you, and provide us with evidence of this within 30 days after the termination, expiration or transfer of your Franchise Agreement; (i) permit us to make final inspection of your financial records, books, and other accounting records within six (6) months of the effective date of termination, expiration, or transfer; (j) comply with the post-termination covenants set forth in Section 17 of your Franchise Agreement; (k) cease to use in advertising or in any other manner, any methods, procedures or techniques associated with us or the System; (l) transfer all rights and access to any proprietary software program used in connection with the Franchised Business; and (m) sign from time to

		16.2	time any necessary papers, documents, and assurances to effectuate any of the obligations listed in Section 16 of the Franchise Agreement. You appoint us as your attorney-in-fact to execute in your name and on your behalf all documents necessary to discontinue your use of the Proprietary Marks and the Confidential Information.
j.	Assignment of contract by us	14.5	We have the right to sell, transfer, assign and/or encumber all or any part of our assets and our interest in, and rights and obligations under, the Franchise Agreement in our sole discretion.
k.	"Transfer" by you - definition	14.3	A "transfer" occurs: (a) if you are a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of your voting stock or any increase in the number of outstanding shares of your voting stock which results in a change of ownership; (b) if you are a partnership, upon the assignment, sale, pledge or transfer of any fractional partnership ownership interest; or (c) if you are a limited liability company, upon the assignment, sale, pledge or transfer of any interest in the limited liability company.
l.	Our approval of transfer by franchisee	14.1	You shall not sell, transfer, assign or encumber your interest in the Franchised Business without our prior written consent. Any sale, transfer, assignment or encumbrance made without our prior written consent will be voidable at our option and will subject your Franchise Agreement to termination.
m.	Conditions for our approval of transfer	14.3.2	We may condition our approval of a transfer on the following occurrences: (a) all of your monetary obligations to us, our affiliates, and our major suppliers and vendors are satisfied; (b) you have cured all existing defaults under the Franchise Agreement or any other agreement with us, our affiliates, and our major suppliers and vendors; (c) you and your principals, and the transferee, have executed a general release; (d) you or the transferee have provided us with the executed purchase agreement relating to the proposed transfer, along with all supporting documents and schedules; (e) the transferee has demonstrated that he/she meets our educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the business to be transferred; has adequate financial resources and capital to meet the performance obligations under the Franchise Agreement; and is not in the same business as us; (f) the transferee executes our then-current form of franchise agreement for the unexpired term of your Franchise Agreement; (g) you pay us a transfer fee equal to $15,000; (h) the transferee satisfactorily completes our Initial Training Program; (i) you, your principals, and your family members comply will the post-termination provisions of your Franchise Agreement; (j) the transferee obtains all permits and licenses required for the operation of the

			Franchised Business; (k) to the extent required, the lessors or other parties must have consented to the proposed transfer; (l) the transfer must be made in compliance with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises; (m) the purchase price and terms of the proposed transfer are not so burdensome to the prospective transferee as to impair or materially threaten its future operation of the Franchised Business and the transferee's performance under its franchise agreement; (n) you must request that we provide the prospective transferee with our current form of franchise disclosure document; (o) our approval of the transfer shall not constitute a waiver of any claims we may have against you; (p) we may disclose to any prospective transferee such revenue reports and other financial information concerning you and your Franchised Business; (q) in any event, we may withhold or condition our consent to any transfer as we deem appropriate based on the circumstances of the transfer or otherwise; and (r) you are responsible for the payment of all commissions or other monies due from the sale of the Franchised Business if, (i) you listed the Franchised Business with a broker, or (ii) the transferee is referred to us by a broker lead referral network or otherwise.
n.	Our right of first refusal to acquire your business	14.3.1	If you propose to transfer either the Franchise Agreement or all, or substantially all, of the assets used in connection with the Franchised Business or any interest in your lease to any third party, you shall first offer to sell the interest to us on the same terms and conditions as offered by such third party. You shall obtain a letter of intent containing the terms of the offer that is signed by you and the third party, ("Letter of Intent"). If we decline the offer within a 30-day period, you will have a period of up to 60 days to complete the transfer described in the Letter of Intent subject to our transfer conditions. Any material change in the terms of the offer shall be deemed a new proposal subject to our right of first refusal. So long as you have obtained our prior written consent, a transfer to an existing partner or shareholder, or a transfer as a result of the death, disability or incapacitation of a shareholder or partner, is not subject to our first right of refusal.
o.	Our option to purchase your business	16.3	Upon termination or expiration of your Franchise Agreement, we have the option, but not the obligation, to purchase any personal property used in connection with operation of your Franchised Business by providing you written notice within 60 days after such termination or expiration and paying you the book value for such personal property within 60 days of the notice. We may exclude from the personal property purchased any cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the Franchised Business's operation or that we

			have not approved as meeting our standards for the Franchised Business.
p.	Your death or disability	14.2	In the event of your or your Designated Manager's death, disability, or incapacitation, your or your Designated Manager's legal representative must transfer your interest in the Franchise Agreement, or the Designated Manager's ownership interest in you, if any, to a third party (which may be your or the Designated Manager's heirs, beneficiaries, or devisees) that we must approve, in our sole discretion. That transfer must be completed within a reasonable time, not to exceed six (6) months from the date of death or disability, and is subject to all of the terms and conditions in Section 14 of the Franchise Agreement. If a certified Designated Manager is not managing the Franchised Business, your or the Designated Manager's legal representative must appoint a manager no later than 15 days from the date of death or disability. The manager must complete our standard Initial Training Program at your expense. A new Designated Manager acceptable to us also must be appointed within 30 days. If we determine that the Franchised Business is not being managed properly any time after your or the Designated Manager's death or disability, we may, but have no obligation to, assume the Franchised Business's management (or appoint a third party to assume its management). We may charge you (in addition to the Royalty, Brand Fund Contributions, and other amounts due under the Franchise Agreement) a reasonable amount of compensation, plus our (or the third party's) direct out-of-pocket costs and expenses, if we (or a third party) assume the Franchised Business's management.
q.	Non-competition covenants during the term of the franchise	17.1	You may not: (a) own, maintain, operate engage in, act as a consultant for, perform services for, or have any interest in any Competing Business (as that term is defined in the Franchise Agreement); or (b) divert or attempt to divert any business or customer or prospect of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks or the System.
r.	Non-competition covenants after the franchise is terminated or expires	17.2.1 17.2.2	For a period of two (2) years after the expiration and nonrenewal, transfer or termination of your Franchise Agreement, you may not enter into any business competing in whole or in part with us in granting franchises or licenses to operate a Competing Business at the time your Franchise Agreement is terminated or otherwise expires and is not renewed. For a period of two (2) years after the expiration and nonrenewal, transfer or termination of your Franchise Agreement, regardless of the cause, you may not: (a) own, maintain, engage in, be employed by, or

			have any interest in any Competing Business at the time of termination or expiration and nonrenewal, (1) within your Territory, or (2) within a radius of 15 miles of the perimeter of (i) your Territory, or (ii) any other Territory licensed by us as of the date of expiration or termination of your Franchise Agreement; or (b) interfere with our business relationships or with anyone or any entity with which we have a business relationship.
s.	Modification of the Franchise Agreement	22.1	The Franchise Agreement may not be modified except by a written document signed by both parties.
t.	Integration/ merger clauses	22.1	Only the terms of the franchise agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	18.2-18.3	You must bring all disputes before our President and/or Chief Executive Officer prior to bringing a claim before a third party. After exhausting this internal dispute resolution procedure, at our option, all claims or disputes between you and us must be submitted first to non-binding mediation in Huntersville, North Carolina in accordance with the American Arbitration Association's Commercial Mediation Rules then in effect (subject to state law).
v.	Choice of forum	18.4	All claims not subject to mediation must be brought before a court of general jurisdiction in Mecklenburg County, North Carolina, or the United States District Court for the Western District of North Carolina. You consent to the personal jurisdiction and venue of any court of general jurisdiction in Huntersville, North Carolina, and the United States District Court for the Western District of North Carolina (subject to state law).
w.	Choice of law	18.1	The Franchise Agreement is governed by the laws of the State of North Carolina (subject to state law).

THE FRANCHISE RELATIONSHIP UNDER THE DEVELOPMENT AGREEMENT

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

	Provision	Section in Development Agreement	Summary
a.	Term of franchise	Not Applicable	Not Applicable.
b.	Renewal or extension of the term	Not Applicable	Not Applicable
c.	Requirements for you to renew or extend	Not Applicable	Not Applicable
d.	Termination by you	Not Applicable	Not Applicable (as permitted under state law).
e.	Termination by us without cause	Not Applicable	Not Applicable
f.	Termination by us with cause	Section 6	We may terminate your Development Agreement with cause.
g.	Cause defined - default which can be cured	Section 6.2	You will be provided notice and 30 days to cure any default caused by your failure to meet your development obligations under the Development Schedule for any single Development Period.
h.	Cause defined - default which cannot be cured	Section 6.2	Your Development Agreement can be terminated by us, without an opportunity to cure, if: (i) you cease to actively engage in development activities in the Development Area or otherwise abandon your development business for three (3) consecutive months, or any shorter period that indicates an intent by you to discontinue development of the Franchised Businesses within the Development Area; (ii) you become insolvent or are adjudicated bankrupt, or if any action is taken by you, or by others against you, under any insolvency, bankruptcy or reorganization act, or if you make an assignment for the benefit of

			creditors or a receiver is appointed by you; and (iii) any Franchise Agreement that is entered into in order to fulfill your development obligations under the Development Agreement is terminated or subject to termination by us, pursuant to the terms of that Franchise Agreement.
i.	Your obligations on termination/ non-renewal	Not Applicable	Not Applicable
j.	Assignment of contract by us	Section 8	We have the right to assign our rights under the Development Agreement.
k.	"Transfer" by you - definition	Section 8	Any transfer in you (if you are an entity) or your rights/obligations under the Development Agreement.
l.	Our approval of transfer by franchisee	Section 8	You may not transfer any rights or obligations under the Development Agreement without our prior written consent.
m.	Conditions for our approval of transfer	Not Applicable	Not Applicable
n.	Our right of first refusal to acquire your business	Not Applicable	Not Applicable
o.	Our option to purchase your business	Not Applicable	Not Applicable
p.	Your death or disability	Not Applicable	Not Applicable
q.	Non-competition covenants during the term of the franchise	Nothing Additional	Nothing additional. Please see non-competition covenants set forth in the Initial Franchise Agreement you will sign at the same time as your Development Agreement.
r.	Non-competition covenants after the franchise is terminated or expires	Not Applicable	In the event the Development Agreement is terminated before its natural expiration for any reason, then the geographic scope of the post-term non-compete obligation set forth in the initial Franchise Agreement signed at the same time as your Development Agreement will be expanded to include the Development Area and the area comprised of the 5-mile radius around that Development Area.

s.	Modification of the Development Agreement	Section 26	Your Development Agreement may not be modified, except by a writing signed by both parties.
t.	Integration/ merger clauses	Section 26	Only the terms of the Development Agreement (and ancillary agreements) and this Disclosure Document are binding (subject to state law). Any representations or promises outside of the Disclosure Document and this Agreement may not be enforceable. Nothing in this Agreement or any related agreement is intended to disclaim the representations made in this Disclosure Document.
u.	Dispute resolution by arbitration or mediation	Section 13 Section 14	You must first submit all disputes and controversies arising under the Development Agreement to our management and make every effort to resolve the dispute internally. At our option, all claims or disputes arising out of the Development Agreement must be submitted to non-binding mediation, which will take place at our then-current headquarters (subject to subject to state law). You must notify us of any potential disputes and we will provide you with notice as to whether we wish to mediate the matter or not. If the matter is mediated, the parties will split the mediator's fees and bear all of their other respective costs of the mediation.
v.	Choice of forum	Section 15	All claims not subject to mediation must be brought before a court of general jurisdiction in Mecklenburg County, North Carolina, or the United States District Court for the Western District of North Carolina. You consent to the personal jurisdiction and venue of any court of general jurisdiction in Huntersville, North Carolina, and the United States District Court for the Western District of North Carolina (subject to state law).
w.	Choice of law	Section 11	The Franchise Agreement is governed by the laws of the State of North Carolina (subject to state law).

ITEM 18
PUBLIC FIGURES

We do not currently use any public figure to promote our franchise, but we reserve the right to do so in the future.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATION

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.

BACKGROUND

As of December 31, 2022, there were 48 franchised Studios (collectively, "Franchised Studios" and individually, each a "Franchised Studio") and 2 Affiliate-Owned Studios.

Part I of this Item discloses the high, average, median and low annual Net Revenue generated by the 32 Franchised Studios that were open and operating during the entire 2022 calendar year. Part I excludes data in connection with (a) 15 Franchised Studios that opened during the 2022 calendar year and were not otherwise open the entire calendar year, (b) 2 Affiliate-Owned Studios, and (c) 1 Franchised Studio that was acquired by the Franchisor for a portion of the 2022 calendar year and later resold to a franchisee.

Part II of this Item discloses the average, median, high, and low, and average cost per acquisition for 35 Franchised Studios who ran ad traffic throughout the 2022 calendar year. Part II includes the 32 Franchised Studios mentioned in Part I above as well as 3 Franchised Studios that were in the pre-launch phase in 2022.

Part III of this Item discloses the average, median, high, and low, average length of stay for the 32 Franchised Studios that were open and operating during the entire 2022 calendar year.

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Some outlets have sold this amount. Your individual results may differ. There is no assurance that you'll earn as much.

PART I:

HIGH, AVERAGE, MEDIAN, AND LOW ANNUAL NET REVENUE GENERATED BY THE FRANCHISED STUDIOS OPEN DURING THE ENTIRE 2022 CALENDAR YEAR

	High	**Average**	**Median**	**Low**	**Number of Franchised Studios**
Top 20%	$769,069.22	$641,297.72	$637,724.51	$540,659.98	6
Middle 60%	$534,879.93	$390,615.78	$389,200.65	$233,384.95	19
Bottom 20%	$230,404.84	$190,533,24	$200,581.47	$130,732.52	7

Notes to Part I:

1. "Net Revenue" means all consideration (less refunds), whether by cash, credit or otherwise, that was derived from the operation of the represented Franchised Studio. Net Revenue does not reflect the cost of sales, operating expenses, or other expenses that must be deducted from Net Revenue figures to obtain net income.

2. "Average" means the sum of all data points in a set, divided by the number of data points in that set.

3. "Median" means the data point that is in the center of all data points used. That number is found by examining the total number of data points and finding the middle number in that set. In the event the number of data points is an odd number, the median will be the center number. If the dataset contains an even number of data points, the median is reached by taking the two numbers in the middle, adding them together, and dividing by two.

4. Two (2) of the six (6) (20%) Franchised Studios in the "Top 20%" subset met or exceeded the Average Monthly Net Revenue in the subset. Nine (9) of the nineteen (19) (47%) studios in the "Middle 60%" subset met or exceeded the Average Monthly Net Revenue in the subset. Four (4) of the seven (7) (57%) Franchised Studios in the "Bottom 20%" subset met or exceeded the Average Monthly Gross Revenue in the subset.

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PART II:

LOW, AVERAGE, MEDIAN AND HIGH MONTHLY COST PER ACQUISITION FOR THE FRANCHISED STUDIOS RUNNING PAID AD TRAFFIC DURING THE 2022 CALENDAR YEAR

MONTHLY COST PER ACQUISITION				
	Low	**Average**	**Median**	**Low**
Average Month	$43.21	$133.66	$124.48	$440.15

Notes to Part II:

1. "Cost Per Acquisition" means the total number of members added each month divided by the total amount of known ad-spend per month per respective Franchised Studio.

2. "Average" means the sum of all data points in a set, divided by the number of data points in that set.

3. "Median" means the data point that is in the center of all data points used. That number is found by examining the total number of data points and finding the middle number in that set. In the event the number of data points is an odd number, the median will be the center number. If the dataset contains an even number of data points, the median is reached by taking the two numbers in the middle, adding them together, and dividing by two.

4. 18 of the 35 (51%) of the Franchised Studios in Part II met or exceeded the Average Cost Per Acquisition.

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PART III:

AVERAGE LENGTH OF STAY IN MONTHS FOR THE FRANCHISED STUDIOS OPEN THE ENTIRE 2022 CALENDAR YEAR

LENGTH OF STAY IN MONTHS				
	High	**Average**	**Median**	**Low**
Average Month	15.49	10.85	11.37	7.13

Notes to Part III:

1. "Length of Stay" is calculated by taking one and dividing it by the average monthly attrition.

2. "Average" means the sum of all data points in a set, divided by the number of data points in that set.

3. "Median" means the data point that is in the center of all data points used. That number is found by examining the total number of data points and finding the middle number in that set. In the event the number of data points is an odd number, the median will be the center number. If the dataset contains an even number of data points, the median is reached by taking the two numbers in the middle, adding them together, and dividing by two.

4. 21 of the 32 (66%) Franchised Studios in this data set met or exceeded the Average Length of Stay.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing Franchised Business, however, we may provide you with the actual records of that Franchised Business. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting our Chief Executive Officer, Roger Martin, at 13620 Reese Blvd., #300, Huntersville, NC 28078, (888) 876-2526, the Federal Trade Commission, and the appropriate state regulatory agencies.

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ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System-wide Outlet Summary
For fiscal years ending December 31, 2020, 2021 and 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	14	20	+6
	2021	20	36	+16
	2022	36	48	+12
Company-Owned or Affiliate-Owned	2020	2	1	-1
	2021	1	0	-1
	2022	0	2	+2
Total Outlets	**2020**	**16**	**21**	**+5**
	2021	**21**	**36**	**+15**
	2022	**36**	**50**	**+14**

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For fiscal years ending December 31, 2020, 2021, and 2022

State	Year	Number of Transfers
Arizona	2020	1
	2021	0
	2022	0
Georgia	2020	1
	2021	0
	2022	0
North Carolina	2020	1
	2021	1
	2022	5

Ohio	2020	0
	2021	0
	2022	2
South Carolina	2020	1
	2021	0
	2022	0
Texas	2020	1
	2021	2
	2022	1
Total	**2020**	**5**
	2021	**2**
	2022	**8**

Table No. 3
Status of Franchised Outlets
For fiscal years ending December 31, 2020, 2021 and 2022

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at End of the Year
Alabama	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Arizona	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	1	0
California	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Florida	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0

	2022	0	1	0	0	0	0	1
Georgia	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	1	0	1
Kentucky	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Louisiana	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Minnesota	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
New Jersey	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
New York	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
North Carolina	2020	6	1	0	0	0	0	7
	2021	7	4	0	0	0	0	11
	2022	11	1	0	0	0	0	12
Ohio	2020	0	1	0	0	0	0	1
	2021	1	2	0	0	0	0	3
	2022	3	1	0	0	1	0	3
South Carolina	2020	2	1	0	0	0	0	3
	2021	3	2	0	0	0	0	5
	2022	5	2	0	0	0	0	7
Tennessee	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1

	2022	1	0	0	0	0	0	1
Texas	2020	1	2	0	0	0	0	3
	2021	3	3	0	0	0	0	6
	2022	6	4	0	0	0	0	10
Virginia	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	2	0	0	0	0	3
Washington	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Wyoming	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	2
Total	**2020**	**14**	**6**	**0**	**0**	**0**	**0**	**20**
	2021	**20**	**16**	**0**	**0**	**0**	**0**	**36**
	2022	**36**	**15**	**0**	**0**	**2**	**1**	**48**

Table No. 4
Status of Company-Owned and Affiliate-Owned Outlets
For fiscal years ending December 31, 2020, 2021 and 2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Georgia	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	1	0	0	1
North Carolina	2020	2	0	0	0	1	1
	2021	1	0	0	0	1	0
	2022	0	0	0	0	0	0
Ohio	2020	0	0	0	0	0	0

	2021	0	0	0	0	0	0
	2022	0	0	1	0	0	0
Total	**2020**	**2**	**0**	**0**	**0**	**1**	**1**
	2021	**1**	**0**	**0**	**0**	**1**	**0**
	2022	**0**	**0**	**2**	**0**	**0**	**2**

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

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Arizona	1	0	0
California	1	1	0
Colorado	2	2	0
Florida	2	2	0
Georgia	1	1	0
Mississippi	1	1	0
New Jersey	1	1	
New York	3	2	0
North Carolina	5	2	0
South Carolina	1	1	0
Tennessee	1	1	0
Texas	5	3	0
Utah	1	1	0
Virginia	1	1	0
Total	**26**	**19**	**0**

A list of our franchisees as of the date of this Franchise Disclosure Document is attached as Exhibit G to this Disclosure Document. Additionally, a list of franchisees who have left the System or who have not communicated with us within the 10-week period immediately preceding the effective date of this Franchise Disclosure Document will be attached as Exhibit H to this Disclosure Document as and when these situations occur. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the System.

There is presently no trademark specific franchisee organization associated with the System. During the last three fiscal years, we have had franchisees sign confidentiality clauses. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. 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

Attached as Exhibit C are our audited financial statements as of December 31, 2020, December 31, 2021, and December 31, 2022, as well as our unaudited balance sheet and profit and loss statement as of March 31, 2023. Our fiscal year end is December 31.

ITEM 22
CONTRACTS

The following contracts, agreements and other relevant documents are attached as Exhibits to this Disclosure Document:

Exhibit D – Franchise Agreement
- Exhibit A – Personal Guaranty
- Exhibit B – Site Selection Addendum
- Exhibit C – Conditional Assignment of Franchisee's Telephone Numbers, Facsimile Numbers, and Domain Names
- Exhibit D – Confidentiality and Restrictive Covenant Agreement
- Exhibit E – Electronic Funds Withdrawal Authorization
- Exhibit F – Collateral Assignment of Lease
- Exhibit G – Spousal Confidentiality and Non-Compete Agreement

Exhibit E – Sample Termination and Release Agreement

Exhibit J – Franchisee Questionnaire

ITEM 23
RECEIPTS

Exhibit L of this Disclosure Document contains a detachable document, in duplicate, acknowledging receipt of this Disclosure Document by a prospective franchisee. You should sign both copies of the Receipts. You should retain one signed copy for your records and return the other signed copy to: SLLR Enterprises, LLC, 13620 Reese Blvd., #300, Huntersville, North Carolina 28078.

EXHIBIT A
TO THE SLLR ENTERPRISES, LLC
FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws and for service of process. We may not yet be registered to sell franchises in any or all of these states.

CALIFORNIA (state administrators) Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7500 Toll Free (866) 275-2677 2101 Arena Blvd. Sacramento, CA 95834 (866) 275-2677 1350 Front Street San Diego, CA 92101 (619) 525-4233 One Sansome St., #600 San Francisco, California 94104 (415) 972-8559 (agents for service of process) California Commissioner of the Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 Commissioner of Department of Financial Protection and Innovation One Sansome Street #600 San Francisco, California 94104 Commissioner of Department of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, CA 95834	**CONNECTICUT** (state administrator) State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230 (agent for service of process) Banking Commissioner
HAWAII (state administrator)	**ILLINOIS** Franchise Bureau

Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722 (agent for service of process) Commissioner of Securities State of Hawaii 335 Merchant Street Honolulu, Hawaii 96813 (808) 586-2722	Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465
INDIANA (state administrator) Indiana Secretary of State Securities Division, E-111 302 Washington Street Indianapolis, Indiana 46204 (317) 232-6681 (agent for service of process) Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204 (317) 232-6531	**MARYLAND** (state administrator) Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360 (agent for service of process) Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360
MICHIGAN (state administrator) Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 525 W. Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48933 (517) 373-7117 (agent for service of process) Corporations Division Bureau of Commercial Services Department of Labor and Economic Growth P.O. Box 30054 Lansing, Michigan 48909	**MINNESOTA** (state administrator) Minnesota Department of Commerce 85 7th Place East, Suite 500 St. Paul, Minnesota 55101-2198 (651) 296-6328 (agent for service of process) Minnesota Commissioner of Commerce
NEW YORK (state administrator)	**NORTH DAKOTA** North Dakota Securities Department

Office of the New York State Attorney General Attention: Barbara Lasoff Investor Protection Bureau Franchise Section 120 Broadway, 23rd Floor New York, NY 10271-0332 (212) 416-8236 (agent for service of process) New York Department of State Attention: UCC One Commerce Plaza, 99 Washington Avenue, 6th Floor Albany, NY 12231 (518) 473-2492	State Capitol, Fifth Floor, Dept. 414 600 East Boulevard Avenue Bismarck, North Dakota 58505 (701) 328-4712
OREGON Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	**RHODE ISLAND** Securities Division Department of Business Regulation, Bldg. 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9582
SOUTH DAKOTA Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563	**VIRGINIA** (state administrator) State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051 (for service of process) Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733
WASHINGTON (state administrator) Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, Washington 98507-9033 (360) 902-8760	**WISCONSIN** (state administrator) Division of Securities Department of Financial Institutions 201 W Washington Avenue, 3rd Floor Madison, Wisconsin 53703 (608) 266-1064

(agent for service of process) Director, Department of Financial Institutions Securities Division 150 Israel Road S.W. Tumwater, Washington 98501	(agent for service of process) Administrator, Division of Securities Department of Financial Institutions 201 W Washington Avenue, 3rd Floor Madison, Wisconsin 53703

EXHIBIT B
TO THE SLLR ENTERPRISES, LLC
FRANCHISE DISCLOSURE DOCUMENT

TABLE OF CONTENTS OF OPERATIONS MANUAL

EXHIBIT C
TO THE SLLR ENTERPRISES, LLC
FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

Huggins & Company, CPA PA
Certified Public Accountants

P.O. Box 680668
Charlotte, N.C. 28216
(704) 394-2364
(704) 399-6939 (Fax)

257 N. Highway 16
Denver, N.C. 28037

INDEPENDENT AUDITOR'S REPORT

April 27, 2023

To The Members Of
SLLR Enterprises, LLC
13620 Reese Blvd East, Suite 300
Huntersville, North Carolina

Opinion

We have audited the accompanying financial statements of SLLR Enterprises, LLC (a North Carolina limited liability company), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income, changes in member's equity, and cash flows for the years then ended December 31, 2022 and 2021, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SLLR Enterprises, LLC, as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 SLLR Enterprises, 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 SLLR Enterprises, LLC's ability to continue as a going concern for one year after the date that the financial statements are 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 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 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 SLLR Enterprises, 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 SLLR Enterprises, 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.

Huggins + Company, CPA PA

Huggins & Company, CPA PA
Charlotte, North Carolina

SLLR ENTERPIRSES, LLC
BALANCE SHEETS
AS OF DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash	$ 442,365	$ 536,248
Accounts Receivable	638,081	750,994
Inventory	411,598	177,334
Prepaid Expenses	131,954	216,620
Total Current Assets	1,623,998	1,681,196
PROPERTY, PLANT AND EQUIPMENT		
Property, Plant And Equipment (Net Of Accumulated Depreciation Of $21,276 And $1,021)	156,934	6,337
OTHER ASSETS		
Deferred Commission and Broker Fees	76,342	64,477
Security Deposit	34,175	0
Due from Affiliate	10,000	0
Right of Use Asset	2,888,072	0
Total Other Assets	3,008,589	64,477
TOTAL ASSETS	$ 4,789,521	$ 1,752,010
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable	$ 253,786	$ 105,553
Note Payable-Current	45,987	0
Credit Card Payable	84,556	123,706
Other Current Liabilities	55,882	42,764
Deferred Revenue-Current	167,395	404,706
Due to Affiliate-Short Term	0	370,000
Lease Commitment	328,645	0
Total Current Liabilities	936,251	1,046,729
LONG-TERM LIABILITIES		
Due to Affiliate-Long Term	756,233	0
Note Payable-Long Term	51,320	0
Deferred Revenue-Long Term	335,120	245,966
Lease Commitment-Long Term	2,559,427	0
Total Long-Term Liabilities	3,702,100	245,966
TOTAL LIABILITIES	4,638,351	1,292,695
MEMBERS' EQUITY		
Members' Equity	151,170	459,315
Total Members' Equity	151,170	459,315
TOTAL LIABILITIES AND MEMBERS' EQUITY	$ 4,789,521	$ 1,752,010

See Accompanying Notes And Independent Auditor's Report

SLLR ENTERPRISES, LLC
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
INCOME		
Franchise Sales	$ 651,670	$ 1,585,689
Equipment Sales	1,668,984	1,085,479
Royalties	855,932	722,652
Other Sales Income	1,472,130	967,530
Total Income	4,648,716	4,361,350
COST OF GOODS SOLD	1,272,331	1,117,634
Gross Profit	3,376,385	3,243,716
OPERATING EXPENSES		
Franchise Development	716,975	603,541
General and Administrative	861,556	869,840
Marketing	238,083	131,656
Operations	440,045	316,026
Payroll Expense	1,527,133	1,545,833
Product	17,542	71,228
Total Operating Expenses	3,801,334	3,538,124
OPERATING INCOME (LOSS)	(424,949)	(294,408)
OTHER INCOME (EXPENSE)		
Interest Expense	(64,932)	(32,777)
Depreciation	(20,255)	(796)
Other Income	21,991	14,109
Total Other Income (Expense)	(63,196)	(19,464)
Net Income (Loss)	$ (488,145)	$ (313,872)

SLLR ENTERPRISES, LLC
STATEMENTS OF CHANGES IN MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	TOTAL EQUITY
MEMBERS' EQUITY AT JANUARY 1, 2021	$ 368,187
CAPITAL CONTRIBUTION	405,000
NET LOSS FOR THE YEAR	(313,872)
MEMBERS' EQUITY AT DECEMBER 31, 2021	$ 459,315
CAPITAL CONTRIBUTION	180,000
NET LOSS FOR THE YEAR	(488,145)
MEMBERS' EQUITY AT DECEMBER 31, 2022	$ 151,170

See Accompanying Notes and Independent Auditor's Report

SLLR ENTERPRISES, LLC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	$ (488,145)	$ (313,872)
Adjustments To Reconcile Net Income To Net Cash Provided By Operating Activities:		
Depreciation	20,255	796
(Increase) Decrease In Assets:		
Accounts Receivable, Net	112,913	(228,687)
Inventory	(234,264)	(29,645)
Prepaid Expenses	84,666	(159,486)
Deferred Commissions and Broker Fees	(11,865)	(64,477)
Security Deposit	(34,175)	
Right of Use Asset	2,888,072	0
Increase (Decrease) In Liabilities:		
Accounts Payable	148,233	(38,369)
Credit Card Payable	(39,150)	87,790
Other Current Liabilities	13,118	(19,173)
Deferred Revenue	(148,157)	563,821
Lease Commitment	(2,888,072)	0
Net Cash Used In Operating Activities	(576,571)	(201,302)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments For The Purchase Of Property And Equipment	(32,277)	(3,572)
Net Used In Investing Activities	(32,277)	(3,572)
CASH FLOWS FROM FINANCING ACTIVITIES		
Due From Affiliate	(10,000)	0
Due To Affiliate	386,233	200,000
Principal Payments on Notes Payable	(41,268)	0
Capital Contributions	180,000	405,000
Net Provided By Financing Activities	514,965	605,000
NET INCREASE (DECREASE) IN CASH	(93,883)	400,126
CASH, At Beginning Of The Year	536,248	136,122
CASH, At End Of The Year	$ 442,365	$ 536,248
PROPERTY AND EQUIPMENT PURCHASED USING NOTES PAYABLE	$ 138,573	$ 0

See Accompanying Notes and Independent Auditor's Report

SLLR ENTERPRISES, LLC
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 AND 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF BUSINESS

The Company was incorporated under the laws of the State of North Carolina for the purpose of offering franchise opportunities to entrepreneurs who want to own and operate their own Rock Box Fitness operation, as a franchise.

INCOME TAXES

The Company is a limited liability company treated as a partnership for federal and state income tax purposes with all income tax liabilities and/or benefits of the Company being passed through to the members. As such, there is no recognition of federal or state income taxes for the Company.

Management has concluded that any tax provisions that would not meet the more-likely-than-not criterion of FASB ASC 740-10 would be immaterial to the financial statements taken as a whole. Accordingly, the accompanying financial statements do not include any provision for uncertain tax positions, and no related interest or penalties have been recorded in the operating statement or accrued in the balance sheet. Federal and state tax returns of the entity are generally open to examination by the relevant taxing authorities for the period of three years from the date the returns are filed.

USE OF ESTIMATES IN PREPARATION OF FINANCIAL STATEMENTS

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

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Company considers all instruments purchased with maturity of three months or less to be cash equivalents.

ACCOUNTS RECEIVABLE

Generally, accounts receivable is recorded at the amount the Company expects to collect on balances outstanding at year-end. Differences between the amount due and the amount management expects to collect are reported in the results of the operations of the year in which those differences are determined, with an offsetting entry to a valuation allowance for trade accounts receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable.

INVENTORY

Inventory is stated at average cost.

PROPERTY AND EQUIPMENT

Property and equipment are carried at cost except for instances of impairment losses. At the point an impairment loss is noted, the assets will be written down to market value and any resulting loss will be included in operations. Expenditures for maintenance and repairs are expensed currently, while renewals and betterments that materially extend the life of an asset are capitalized. The cost of assets sold, retired or otherwise disposed of and the related allowance for depreciation are eliminated from the accounts, and any resulting gain or loss is included in operations.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation is computed on straight-line over the estimated useful lives of the related assets. The costs or estimated fair market values by category of depreciable assets along with their respective estimated useful lives are as follows:

	2022	Years	2021	Years
Equipment and Furniture	$ 178,210	5-7	$ 7,358	5-7
	178,210		7,358	
Less: Accumulated Depreciation	21,276		1,021	
Property And Equipment – Net	$ 156,934		$ 6,337	

Depreciation expense for the years ended December 31, 2022 and 2021 was $20,255 and $796 respectively.

ADVERTISING

The Company expenses advertising production costs as they are incurred and advertising communication cost the first time the advertising takes place. Advertising expense for the Company was $238,116 and $131,656 for the periods ended December 31, 2022 and 2021 respectively.

RECLASSIFICATIONS

Certain accounts in the current and prior year financial statements have been reclassified. The total equity and net income are unchanged due to these reclassifications.

RECENT ACCOUNTING PRONOUNCEMENTS

Since inception, the Company adopted Accounting Standard Codification 606 ("ASC 606"). ASC 606, as amended, is based on the principle that revenue is recognized to depict the contractual transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services utilizing a new five-step revenue recognition model, which includes (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation.

The Company's revenues primarily consist of (1) initial franchise fees charged to franchisees in exchange for the right to own and operate franchises within a certain territory, (2) equipment and product sales, (3) monthly royalties, marketing and managed member acquisition center income.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Also since inception, Company adopted the practical expedient and made the policy election to recognize pre-opening services as a single performance obligation under ASU 2021-02. The practical expedient permits franchisors that are not public business entities to account for pre-opening services provided to a franchisee as distinct from the franchise license if the services are consistent with those included in a predefined list within the guidance. In addition, a policy election can be made to recognize pre-opening services as a single-performance obligation. The Company then recognizes the deferred portion of franchise fee revenue on a straight-line basis over the life of the related franchise agreement. Lump sum payments are typically due upon execution of a franchise agreement or a renewal of the related franchise agreement. The Company's performance obligation with respect to the deferred portion of franchise fee revenue consists of a license to utilize the Company's brand for a specified period of time, which is satisfied equally over the life of each franchise agreement.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which will require leases to be recorded as an asset on the balance sheet for the right to use the leased asset and a liability for the corresponding lease obligation for leases with terms of more than twelve months. ASU 2016-02 was originally effective for non-public companies for fiscal years beginning after December 15, 2018, but was delayed until fiscal years beginning after December 15, 2021. The Company adopted the new standard effective January 1, 2022.

NOTE 2 - CONCENTRATION OF CREDIT RISK

The Company had $192,375 and $244,002 on deposit at December 31, 2022 and 2021, in excess of the amount insured by the Federal Deposit Insurance Corporation (FDIC) limit. The FDIC currently insures up to $ 250,000 for each depositor in a given bank.

NOTE 3 - INVENTORY

Inventory at December 31, is as follows:

	2022	2021
Finished Goods	$ 411,598	$ 177,334
	$ 411,598	$ 177,334

NOTE 4 – NOTES PAYABLE

Notes Payable at December 31, 2022, consists of the following:

Note payable to a finance company, payable in monthly installments of $3,923 including interest at 8.73%, final payment due February 2025, collateralized by furniture.	$ 86,112
Note payable to a finance company, payable in monthly installments of $225 including interest at 8.73%, final payment due March 2025, collateralized by furniture.	5,305
Note payable to a finance company, payable in monthly installments of $241 including interest at 8.73%, final payment due March 2025, collateralized by furniture.	5,890
Total	97,307
Less: Current Portion	(45,987)
Long-Term Portion	$ 51,320

Maturities of notes payable are as follows:

December 31, 2023	$ 45,987
2024	50,164
2025 and Thereafter	1,156
Total	$ 97,307

NOTE 5 - FRANCHISE INCOME

The Company franchises locations to operate under its trade name, RockBox Fitness. A franchise includes, but is not necessarily limited to territorial rights, training, and materials. The Company franchises locations to operate under its trade name, RockBox Fitness. A franchise includes, but is not necessarily limited to territorial rights, training, and materials.

The Company franchises locations to operate under its trade name, RockBox Fitness. A franchise includes, but is not necessarily limited to territorial rights, training, and materials.

Initial franchise fees are recognized partially upon providing pre-opening services, with the deferred portion being recognized on a straight-line basis over the life of the related franchise agreement. Franchise royalty revenue is based on franchisee sales and are recognized when earned.

Information about the number of franchises is as follows:

	2022	2021
Franchises:		
Sold	16	54
In operation as of December 31	51	37

NOTE 6 - LEASES

The Company leases its operating facilities under a lease that started at the rate of $29,980 per month, with annual increases of 3% through 2030. On adoption of the new accounting rules for leases, the Company recorded a lease obligation debt of $2,888,072 with a corresponding ROU asset (Right of Use) for the same amount ($2,888,072) based on the remaining minimum rental payments under current leasing standards for existing operating leases.

The new standard also provides practical expedients for an entity's ongoing accounting. The Company elects the short-term lease recognition exemption for equipment leases. This means, for those leases that qualify, the Company will not recognize ROU assets or lease liabilities, and this includes not recognizing ROU assets or lease liabilities for existing short-term leases of those assets in transition.

The following is a schedule by years of the future minimum rentals under the leases at December 31, 2022:

Year ended December 31:	
2023	$ 328,645
2024	338,528
2025	348,638
2026	359,090
2027	369,882
2028 and thereafter	1,143,289
	$ 2,888,072

NOTE 7 – RELATED PARTY TRANSACTIONS

During the year ended December 31, 2022 and 2021, the Company paid rent to related parties totaling $73,300 and $200,400 respectively. Also during the year ended December 31, 2022, the Company received $288,573 from related parties for various services and reimbursed related parties $12,701 for various operating expenses as well as $51,851 for interest expense. The Company owed a related party $800,050 and does not expect to repay this amount within a year and related parties owe the Company $427,795 as of December 31, 2022. During the year ended December 31, 2021, the Company reimbursed a related party $506,733 for various operating expenses as well as $32,777 for interest expense. The Company owed a related party $379,106 as of December 31, 2021.

NOTE 8 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events through April 27, 2023, the date which the 2022 financial statements were available to be issued.

Huggins & Company, CPA PA
Certified Public Accountants

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Charlotte, N.C. 28216
(704) 394-2364
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257 N. Highway 16
Denver, N.C. 28037

INDEPENDENT AUDITOR'S REPORT

April 8, 2022

To The Members Of
SLLR Enterprises, LLC
107 Parr Drive
Huntersville, North Carolina

Opinion

We have audited the accompanying financial statements of SLLR Enterprises, LLC (a North Carolina limited liability company), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of income, changes in member's equity, and cash flows for the years then ended December 31, 2021 and 2020, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SLLR Enterprises, LLC, as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 SLLR Enterprises, 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 SLLR Enterprises, LLC's ability to continue as a going concern for one year after the date that the financial statements are 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 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 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 SLLR Enterprises, 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 SLLR Enterprises, 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.

Huggins + Company, CPA PA

Huggins & Company, CPA PA
Charlotte, North Carolina

SLLR ENTERPIRSES, LLC
BALANCE SHEETS
AS OF DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	$ 536,248	$ 136,122
Accounts Receivable	750,994	522,307
Inventory	177,334	147,689
Prepaid Expenses	216,620	57,134
Total Current Assets	1,681,196	863,252
PROPERTY, PLANT AND EQUIPMENT		
Property, Plant And Equipment (Net Of Accumulated Depreciation Of $1,021 And $225)	6,337	3,561
OTHER ASSETS		
Deferred Commission and Broker Fees	64,477	0
Total Other Assets	64,477	0
TOTAL ASSETS	$ 1,752,010	$ 866,813
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable	$ 105,553	$ 143,922
Credit Card Payable	123,706	35,916
Other Current Liabilities	42,764	61,937
Deferred Revenue-Current	404,706	86,851
Due to Affiliate	370,000	170,000
Total Current Liabilities	1,046,729	498,626
LONG-TERM LIABILITIES		
Deferred Revenue-Long Term	245,966	0
Total Long-Term Liabilities	245,966	0
TOTAL LIABILITIES	1,292,695	0
MEMBERS' EQUITY		
Members' Equity	459,315	368,187
Total Members' Equity	459,315	368,187
TOTAL LIABILITIES AND MEMBERS' EQUITY	$ 1,752,010	$ 866,813

See Accompanying Notes And Independent Auditor's Report

SLLR ENTERPRISES, LLC
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
INCOME		
Franchise Sales	$ 1,585,689	$ 1,164,509
Equipment Sales	1,085,479	1,151,485
Royalties	722,652	270,411
Other Sales Income	967,530	454,137
Total Income	4,361,350	3,040,542
COST OF GOODS SOLD	1,058,184	804,719
Gross Profit	3,303,166	2,235,823
OPERATING EXPENSES		
Franchise Development	603,540	401,586
General and Administrative	935,937	636,518
Marketing	131,656	162,794
Operations	386,748	107,882
Payroll Expense	1,540,489	1,069,422
Total Operating Expenses	3,598,370	2,378,202
OPERATING INCOME (LOSS)	(295,204)	(142,379)
OTHER INCOME (EXPENSE)		
Interest Expense	(32,777)	(28,519)
PPP Loan Forgiveness	0	87,571
Other Income	14,109	7,100
Total Other Income (Expense)	(18,668)	66,152
Net Income (Loss)	$ (313,872)	$ (76,227)

SLLR ENTERPRISES, LLC
STATEMENTS OF CHANGES IN MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	TOTAL EQUITY
MEMBERS' EQUITY AT JANUARY 1, 2020	$ 667,299
CAPITAL CONTRIBUTION	104,615
NET LOSS FOR THE YEAR	(76,227)
MEMBER DRAW	(327,500)
MEMBERS' EQUITY AT DECEMBER 31, 2020	$ 368,187
CAPITAL CONTRIBUTION	405,000
NET LOSS FOR THE YEAR	(313,872)
MEMBERS' EQUITY AT DECEMBER 31, 2021	$ 459,315

See Accompanying Notes and Independent Auditor's Report

SLLR ENTERPRISES, LLC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	$ (313,872)	$ (76,227)
Adjustments To Reconcile Net Income To Net Cash Provided By Operating Activities:		
Depreciation	796	225
(Increase) Decrease In Assets:		
Accounts Receivable, Net	(228,687)	(392,665)
Inventory	(29,645)	(108,906)
Prepaid Expenses	(159,486)	(5,234)
Deferred Commissions and Broker Fees	(64,477)	0
Increase (Decrease) In Liabilities:		
Accounts Payable	(38,369)	143,692
Credit Card Payable	87,790	(7,381)
Other Current Liabilities	(19,173)	57,498
Deferred Revenue	563,821	86,851
Due to Affiliate	200,000	170,000
Net Cash Used In Operating Activities	(1,302)	(132,147)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments For The Purchase Of Property And Equipment	(3,572)	(3,786)
Net Used In Investing Activities	(3,572)	(3,786)
CASH FLOWS FROM FINANCING ACTIVITIES		
Due From Member	0	75,000
Due To Member	0	(25,000)
Capital Contributions	405,000	104,615
Member Draws	0	(327,500)
Net Provided By (Used In) Financing Activities	405,000	(172,885)
NET INCREASE (DECREASE) IN CASH	400,126	(308,818)
CASH, At Beginning Of The Year	136,122	444,940
CASH, At End Of The Year	$ 536,248	$ 136,122

See Accompanying Notes and Independent Auditor's Report

SLLR ENTERPRISES, LLC
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF BUSINESS

The Company was incorporated under the laws of the State of North Carolina for the purpose of offering franchise opportunities to entrepreneurs who want to own and operate their own Rock Box Fitness operation, as a franchise.

INCOME TAXES

The Company is a limited liability company treated as a partnership for federal and state income tax purposes with all income tax liabilities and/or benefits of the Company being passed through to the members. As such, there is no recognition of federal or state income taxes for the Company.

Management has concluded that any tax provisions that would not meet the more-likely-than-not criterion of FASB ASC 740-10 would be immaterial to the financial statements taken as a whole. Accordingly, the accompanying financial statements do not include any provision for uncertain tax positions, and no related interest or penalties have been recorded in the operating statement or accrued in the balance sheet. Federal and state tax returns of the entity are generally open to examination by the relevant taxing authorities for the period of three years from the date the returns are filed.

USE OF ESTIMATES IN PREPARATION OF FINANCIAL STATEMENTS

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

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Company considers all instruments purchased with maturity of three months or less to be cash equivalents.

ACCOUNTS RECEIVABLE

Generally, accounts receivable is recorded at the amount the Company expects to collect on balances outstanding at year-end. Differences between the amount due and the amount management expects to collect are reported in the results of the operations of the year in which those differences are determined, with an offsetting entry to a valuation allowance for trade accounts receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable.

PROPERTY AND EQUIPMENT

Property and equipment are carried at cost except for instances of impairment losses. At the point an impairment loss is noted, the assets will be written down to market value and any resulting loss will be included in operations. Expenditures for maintenance and repairs are expensed currently, while renewals and betterments that materially extend the life of an asset are capitalized. The cost of assets sold, retired or otherwise disposed of and the related allowance for depreciation are eliminated from the accounts, and any resulting gain or loss is included in operations.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY AND EQUIPMENT (CONTINUED)
Depreciation is computed on straight-line over the estimated useful lives of the related assets. The costs or estimated fair market values by category of depreciable assets along with their respective estimated useful lives are as follows:

	2021	Years
Equipment	$ 7,358	7
	7,358	
Less: Accumulated Depreciation	1,021	
Property And Equipment – Net	$ 6,337	

Depreciation expense for the years ended December 31, 2021 and 2020 was $796 and $225 respectively.

ADVERTISING
The Company expenses advertising production costs as they are incurred and advertising communication cost the first time the advertising takes place. Advertising expense for the Company was $131,656 and $162,764 for the periods ended December 31, 2021 and 2020 respectively.

RECLASSIFICATIONS
Certain accounts in the current and prior year financial statements have been reclassified. The total equity and net income are unchanged due to these reclassifications.

RECENT ACCOUNTING PRONOUNCEMENTS
In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU replaces nearly all existing U.S. GAAP guidance on revenue recognition. In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers: Topic 606, Deferral of Effective Date*. This standard delayed the effective date for non-public entities that are franchises to fiscal years beginning after December 15, 2019, with early adoption permitted. The Company adopted Accounting Standard Codification 606 ("ASC 606") as of January 1, 2020.

ASC 606, as amended, is based on the principle that revenue is recognized to depict the contractual transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services utilizing a new five-step revenue recognition model, which includes (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

The Company's revenues primarily consist of (1) initial franchise fees charged to franchisees in exchange for the right to own and operate franchises within a certain territory, (2) equipment and product sales, (3) monthly royalties, marketing and managed member acquisition center income.

The new revenue guidance in ASC 606 did not impact the timing of revenue recognition of royalty revenues, marketing and managed member acquisition income, which are recognized monthly as a percentage of revenue collected by the franchisees; or the timing of recognition for equipment and product sales, which are recognized when the franchisees purchase those items.

In January 2021, the FASB issued Accounting Standards Update (ASU) 2021-02, Franchisors – Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient, related to revenue recognition of pre-opening services for franchisors that are not public business entities. The amendments introduce a new practical expedient that simplifies the application of the guidance about identifying performance obligations. The practical expedient permits franchisors that are not public business entities to account for pre-opening services provided to a franchisee as distinct from the franchise license if the services are consistent with those included in a predefined list within the guidance. In addition, a policy election can be made to recognize pre-opening services as a single-performance obligation.

Effective January 1, 2020, the Company adopted the practical expedient and made the policy election to recognize pre-opening services as a single performance obligation under ASU 2021-02. The Company then recognizes the deferred portion of franchise fee revenue on a straight-line basis over the life of the related franchise agreement. Lump sum payments are typically due upon execution of a franchise agreement or a renewal of the related franchise agreement. The Company's performance obligation with respect to the deferred portion of franchise fee revenue consists of a license to utilize the Company's brand for a specified period of time, which is satisfied equally over the life of each franchise agreement.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which will require leases to be recorded as an asset on the balance sheet for the right to use the leased asset and a liability for the corresponding lease obligation for leases with terms of more than twelve months. ASU 2016-02 was originally effective for non-public companies for fiscal years beginning after December 15, 2018, but was delayed until fiscal years beginning after December 15, 2021. Early adoption is still permitted. As of December 31, 2021, the Company was evaluating the impact the pronouncement may have on the financial statements.

NOTE 2 - CONCENTRATION OF CREDIT RISK

The Company had $244,002 and $0 on deposit at December 31, 2021 and 2020, in excess of the amount insured by the Federal Deposit Insurance Corporation (FDIC) limit. The FDIC currently insures up to $ 250,000 for each depositor in a given bank.

NOTE 3 - FRANCHISE INCOME

The Company franchises locations to operate under its trade name, RockBox Fitness. A franchise includes, but is not necessarily limited to territorial rights, training, and materials. Initial franchise fees are recognized partially upon providing pre-opening services, with the deferred portion being recognized on a straight-line basis over the life of the related franchise agreement. Franchise royalty revenue is based on franchisee sales and are recognized when earned.

Information about the number of franchises is as follows:

	2021	2020
Franchises:		
Sold	54	34
In operation as of December 31	37	21

NOTE 4 – LEASES

Total lease expense for the year ended 2021 and 2020 amounted to $200,400 and $99,600. The lease is due and payable on the first of every month, with a monthly rate of $16,700.

Future minimum lease payments required under all of the leases are as follows:

Year Ending December 31	
2022	$ 200,400
2023 and Thereafter	150,300
	$ 350,700

NOTE 5 – RELATED PARTY TRANSACTIONS

During the year ended December 31, 2021 and 2020, the Company paid rent to related parties totaling $200,400 and $99,600 respectively. Also, during the year ended December 31, 2021, the Company reimbursed a related party $506,733 for various operating expenses as well as $32,777 for interest expense. The Company owed a related party $379,106 as of December 31, 2021.

NOTE 6 – PPP FUNDS

In May 2020, the Company received a loan under the Payroll Protection Program of the Coronavirus Aid, Relief and Economic Security (CARES) Act in the amount of $87,571. The loan was forgiven and reflected as other income as of December 31, 2020.

NOTE 7 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events through April 8, 2022, the date which the 2021 financial statements were available to be issued.

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

SLLR Enterprises LLC
Balance Sheet

March 31, 2023	**Total**
ASSETS	
Total Bank Accounts	253,869.57
Total Accounts Receivable	705,801.64
Other Current Assets	0.00
Total Other Current Assets	658,200.62
Total Current Assets	1,617,871.83
Total Fixed Assets	186,132.70
Total Other Assets	3,017,588.64
TOTAL ASSETS	**4,821,593.17**
LIABILITIES AND EQUITY	
Total Current Liabilities	850,843.22
Total Long-Term Liabilities	3,770,978.00
Total Liabilities	4,621,821.22
Total Equity	199,771.95
TOTAL LIABILITIES AND EQUITY	**4,821,593.17**

SLLR Enterprises, LLC
March 31, 2023

	Actual
Organic Development	$ 17,500.00
Royalty	$ 249,027.40
NAF	$ 43,670.29
MMAC	$ 27,113.38
Gear Sales	$ 105,284.31
KOD	$ 116,813.02
LR Rebate	$ 809.00
Upswell Rebate	$ 7,200.00
Bookkeeping	$ 2,450.00
Buildout	$ 28,226.76
Genesis Package	$ 230,433.13
Other Rebates	$ 21,312.86
Summit	$ -
Tech Fee	$ 44,444.00
Total Revenue	$ 894,284.15
COS	$ 112,104.99
Gross Profit	$ 782,179.16
tal Franchise Development Expenses	$ 92,371.04
Total G&A Expenses	$ 261,883.71
Total Marketing	$ 87,300.81
Total Operations	$ 74,479.05
Total Summit	$ -
Payroll	$ 225,657.52
Total Operating Expenses	$ 741,692.13
EBITDA	$ 40,487.03

EXHIBIT D
TO THE SLLR ENTERPRISES, LLC
FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

SLLR ENTERPRISES, LLC

FRANCHISE AGREEMENT

SLLR ENTERPRISES, LLC
FRANCHISE AGREEMENT

DATA SHEET

Franchisee: ______________________________

Guarantors: ______________________________

Effective Date: ______________________________

Territory: ______________________________

Approved Location: ______________________________

Telephone Number: ______________________________

Facsimile Number: ______________________________

Initial Franchise Fee: ______________________________

The terms of this Data Sheet are incorporated into the attached Franchise Agreement.

TABLE OF CONTENTS

SLLR ENTERPRISES, LLC
FRANCHISE AGREEMENT

THIS AGREEMENT (the "Agreement" or "Franchise Agreement") is entered into and made effective on ____________________ (the "Effective Date"), by and between SLLR Enterprises, LLC, a North Carolina limited liability company, with its principal business address at 13620 Reese Blvd., #300, Huntersville, North Carolina 28078 ("Franchisor") and the franchisee identified in the attached Data Sheet ("Franchisee").

BACKGROUND

A. Franchisor and/or its principal or affiliate has developed a system for the establishment and operation of RockBox Fitness businesses focused on providing an array of fitness training services including programs for athletic performance, adult weight loss and weight gain, senior fitness, rehabilitation, corporate fitness, as well as group training for athletic institutions and collegiate athletes to its members from an approved location (each a "RockBox Business");

B. Franchisor is engaged in the business of granting franchises to operate RockBox Businesses;

C. Franchisee desires to enter into an agreement with Franchisor to obtain the rights to operate a RockBox Business using the system developed by Franchisor, which includes recognized color schemes, distinctive specifications for furniture, fixtures, equipment, and display designs; uniform specifications of products and services; fitness instruction methods; personal training and workout structures; fitness instruction and sales techniques; merchandising, marketing, advertising, and management systems; and procedures for operation and management of a RockBox Business in the manner set forth in this Agreement and in the operations manual provided by Franchisor and modified from time to time (the "System");

D. Franchisor and its franchisees use various trade names, trademarks and service marks including, without limitation, the registered service mark "RockBox Fitness®", in connection with the System (the "Proprietary Marks"). The rights to all such Proprietary Marks as are now, or shall hereafter be, designated as part of the System shall be owned exclusively by Franchisor and be used for the benefit of Franchisor and Franchisor's franchisees to identify to the public the source of the products and services marketed thereunder;

E. Franchisee has applied to Franchisor for a franchise to operate a RockBox Business and such application has been approved in reliance upon all of the representations made therein; and

F. Franchisee hereby acknowledges that adherence to the terms of this Agreement and the standards and specifications of Franchisor are essential to the operation of its RockBox Business and to the operations of the System.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises, commitments and understandings contained herein, Franchisor and Franchisee hereby agree as follows:

1. GRANT OF FRANCHISE

1.1 **Grant and Acceptance**. Franchisor hereby grants to Franchisee, upon the express terms and conditions contained in this Agreement, and Franchisee hereby accepts, a franchise for the right to establish and operate one (1) RockBox Business, under the System and Proprietary Marks identified herein, and the right to use the System and Proprietary Marks in the operation of the RockBox Business. Franchisor has the right to supplement, improve or otherwise modify the System from time to time in Franchisor's discretion, and Franchisee agrees to comply with all changes which may include, without limitation, the offer and sale of new or different products or services as Franchisor may specify.

1.1.1 **Reservation of Rights**. Except as otherwise provided for in this Agreement, the foregoing grant to Franchisee does not include any right to: (i) establish an independent website or to establish a URL incorporating the Proprietary Marks or any variation thereof; (ii) sell products or services at wholesale prices from the RockBox Business; or (iii) distribute, market, or implement Franchisor's products or services in any channel of distribution not specifically identified in this Agreement. Franchisee expressly understands and agrees that Franchisor and Franchisor's affiliates shall have the right, in Franchisor's sole discretion, to: (i) own and operate RockBox Businesses at any location(s) outside of Franchisee's Territory (as defined in Section 1.3) under the same or different marks, or to license others the right to own and operate RockBox Businesses at any location(s) outside Franchisee's Territory under the same or different marks; (ii) use the Proprietary Marks and System in connection with services and products, promotional and marketing efforts or related items, or in alternative channels of distribution, without regard to location; (iii) own and operate RockBox Businesses or other businesses, or market similar products and services, at any location(s) inside Franchisee's Territory under different marks, or to license others the right to own and operate RockBox Businesses or other businesses, or market products and services at any location(s) inside Franchisee's Territory under different marks; (iv) exclusively operate and license others the right to own and operate RockBox Businesses under the Proprietary Marks and System in non-traditional sites including, but not limited to, gyms, parks, hockey rinks or other sports facilities; and (v) engage and license others to engage in any other activities not expressly prohibited in this Agreement.

1.2 **Approved Location**. Franchisee may operate the RockBox Business only at the location identified in the Data Sheet of this Agreement (the "Approved Location"). If Franchisor has not approved a location for Franchisee to operate the Franchised Business as of the date Franchisee signs this Agreement, the parties shall enter into the Site Selection Addendum attached as Exhibit B to this Agreement, the terms of which shall govern the parties' site selection obligations.

1.3 **Territory**. Except as otherwise provided in this Agreement, for so long as Franchisee complies with the terms and conditions hereof, Franchisor shall not establish and operate, nor license to any party other than Franchisee the right to establish and operate, any RockBox Business under the System and the Proprietary Marks during the term hereof within the protected area identified in the Data Sheet, the terms of which are incorporated herein by reference ("Territory"). Franchisor shall designate the Territory prior to execution of the Franchise Agreement. Franchisor and its affiliates retain all other rights, including without limitation, the right to distribute products and services as described in Sections 1.1.1 and 1.4 hereof within Franchisee's Territory, as applicable.

1.4. **Exclusions and Reservations**. Franchisee expressly acknowledges and agrees that certain of Franchisor's or its affiliate's products or services, whether now existing or developed in the future, may be distributed in Franchisee's Territory by Franchisor, Franchisor's affiliates, or Franchisor's franchisees, licensees or designees, in such manner and through such alternate channels of distribution as Franchisor, in its sole discretion, shall determine. Such alternate channels of distribution shall include, but are not limited to, sales of any products under the Proprietary Marks at or through the internet, sporting goods stores, fitness specialty stores, or supermarkets. Franchisee understands that this Agreement grants Franchisee no rights: (i) to distribute such products as described in this Section 1.4; or (ii) to share in any of the proceeds received by any such party therefrom.

2. TERM AND RENEWAL

2.1 **Term**. The initial term of this Agreement is for a period of ten (10) years which will begin on the date that Franchisor signs this Agreement.

2.2 **Renewal**. Franchisee has the right to renew this Agreement for one (1) additional ten (10) year term, provided Franchisee has met the following conditions:

2.2.1 Franchisee has notified Franchisor of Franchisee's intention to renew this Agreement in writing at least ninety (90) days, but no more than one hundred eighty (180) days, prior to expiration of the current term;

2.2.2 Franchisee has demonstrated to Franchisor's satisfaction that Franchisee has the right to operate the RockBox Business from the Approved Location for the duration of the renewal term; or, if Franchisee is unable to operate the RockBox Business from the Approved Location, Franchisee has secured an approved substitute location;

2.2.3 Franchisee has completed, to Franchisor's satisfaction, prior to the end of the then-current term, all maintenance and updating of the RockBox Business Approved Location required to bring the RockBox Business and all equipment into full compliance with Franchisor's then-current System standards and specifications;

2.2.4 Franchisee is not in breach of any provision of this Agreement, or any other agreement between Franchisee and Franchisor, Franchisor's affiliates, or Franchisor's designated suppliers and vendors, and Franchisee has substantially complied with all such agreements during their respective terms;

2.2.5 Franchisee has satisfied all monetary obligations Franchisee owes Franchisor, Franchisor's affiliates, and Franchisor's designated suppliers and vendors;

2.2.6 Franchisee executes Franchisor's then-current form of franchise agreement, the terms of which may vary materially from the terms of this Agreement and may include, without limitation, increased royalty fees and advertising obligations;

2.2.7 Franchisee satisfies Franchisor's then-current training requirements for renewing franchisees, if any, at Franchisee's expense, as of the date of such renewal;

2.2.8 Franchisee signs a general release, in the form Franchisor prescribes, provided that said release shall not be inconsistent with any applicable state statute regulating franchises; and

2.2.9 Franchisee pays Franchisor a renewal fee in the amount of ten thousand dollars ($10,000).

3. FEES

3.1 **Initial Franchise Fee**. In consideration of the franchise granted to Franchisee by Franchisor, Franchisee must pay Franchisor an initial franchise fee equal to fifty-nine thousand nine hundred dollars ($59,900), in full, when Franchisee signs this Agreement. The initial franchise fee is non-refundable and is deemed fully earned upon payment in consideration of administrative and other expenses Franchisor incurs in granting the franchise and for Franchisor's lost or deferred opportunity to franchise others.

3.1.1 *Discount Programs.* Franchisor currently offers the following discount programs (collectively, the "Discount Programs"):

3.1.1.1 *Qualified U.S. Military Veterans and First Responders.* For qualified individuals who were (i) honorably discharged from any branch of the United States Military, or (ii) are currently employed as a first responder (firefighter, law enforcement office, paramedic, emergency medical technician, or other individual who, in the course of their professional duties, responds to fire, medical hazardous materials, or similar emergencies, the Initial Franchise Fee for the first Franchised Business is discounted by $5,000.00.

3.1.1.2 *HIRE Program Discount.* Under the "HIRE Program," Franchisor offers a discounted Initial Franchise Fee for a qualified employee of a current franchisee who: (i) has been recommended by a System franchisee; (ii) has been employed by a System Franchisee for at least two (2) consecutive years; and (iii) otherwise qualifies to be our franchisee. The discount is based on years of service with one or our franchisees and is calculated as follows:

Discount on Initial Franchise Fee	Years of Consecutive Employment with Franchisee
50%	2
65%	3
80%	4
95%	5+

3.2 **Royalty Fee**. Franchisee shall pay Franchisor a royalty fee on or before the fifth (5^{th}) day of each calendar month equal to the greater of (i) seven percent (7%) of the RockBox Business's "Gross Sales," and (ii) $1,500 (the "Minimum Royalty Fee") (the "Royalty"). "Gross Sales" shall include all revenue from the sale of all products and performance of services from the RockBox Business, whether in the form of cash, credit, barter or rebates, and regardless of collection in the case of credit, and income of every kind and nature related to the Franchised Business, including any consideration that you receive from third-party vendors/suppliers. "Gross Sales" from customers shall not include monies that are collected and submitted by Franchisee for transmittal to the appropriate taxing authority. In computing Gross Sales, Franchisee shall be permitted to deduct the amount of cash refunds if such amounts have been included in Gross Sales of the Franchised Business.

3.2.1 **Minimum Royalty Fee.** The Minimum Royalty Fee begins upon the earlier of (i) when Franchisee generates any Gross Sales in connection with the Franchised Business, or (ii) 12 months from the Effective Date of this Agreement.

3.3 **Brand Fund Contribution.** As set forth more fully in Section 12.4 of this Agreement, on the fifth (5^{th}) day of each month (or other day Franchisor designates), Franchisee shall pay to Franchisor a monthly contribution (the "Brand Fund Contribution") to the Brand Fund (as defined in Section 12.4) amounting to the greater of (i) $300 per month, or (ii) 1% of Gross Sales per month (the "Brand Fund Contribution"). We reserve the right to increase the Brand Fund Contribution to either (i) the greater of two percent (2%) of Gross Sales per month or $600 per month, or (ii) the greater of three percent (3%) of Gross Sales per month, or $900 per month. The minimum brand fund contribution is either $300, $600, or $900 per month as set forth above (the "Minimum Brand Fund Contribution"). The Minimum Brand Fund Contribution begins upon the earlier of (i) when you generate Gross Sales, or (ii) 12 months from the effective date of your Franchise Agreement. Please see Item 11 of this Disclosure Document for additional information regarding the Fund and your other advertising/marketing obligations.

3.4 **Local Advertising Requirement.** As set forth more fully in Section 12.6 of this Agreement, Franchisee shall be required to spend a minimum of $1,500 per month on marketing its RockBox Business (the "Local Advertising Requirement"). Franchisee shall use Franchisor or one of Franchisor's Approved Suppliers to conduct Local Advertising. Franchisee shall pay Franchisor or the Approved Supplier the then-current ad management fee ("Ad Management Fee") each month to conduct Local Advertising in addition to the actual amounts spent on Local Advertising. Any fees Franchisee pays to Franchisor or an Approved Supplier to manage the advertising campaign will not count towards Franchisee's Local Advertising Requirement.

3.5 **Computer Hardware and Software Fee**. Franchisee shall pay Franchisor's designated software provider a monthly fee associated with maintaining required computer hardware and software, and such payment shall be made in the manner designated by Franchisor or Franchisor's designated software provider. Franchisor reserves the right to change the amount of this fee and the manner of payment of this fee as changes are made to the System's hardware and software requirements, which are described more fully in Sections 7.8 and 7.9 of this Agreement.

3.6 **Music Licenses.** Franchisee shall pay to Franchisor, a supplier approved by Franchisor, or a third-party the then-current cost to obtain a music licensing fee (the "Music Licensing Fee").

3.7 **Technology Fee.** Franchisee shall pay the then-current technology fee to Franchisor or one of its Approved Suppliers.

3.8 **Bookkeeping Fee.** Franchisor shall pay Franchisor or its Approved Supplier the then-current bokkkeeping fee each month for bookkeeping services (the "Bookkeeping Fee"). Franchisor's Bookkeeping Fee is currently $350 per month.

3.9 **Annual Membership Contract Maintenance Fee.** Franchisee shall pay Franchisor its then-current yearly annual membership contract maintenance fee, which is currently $250 per year (the "Contract Maintenance Fee").

3.10 **Gross Sales Reports**. Franchisee must send Franchisor a signed Gross Sales Report ("Gross Sales Report") on the tenth day of each month for the preceding month ending in the manner and form Franchisor specifies. Each Gross Sales Report must set forth: (i) the Gross Sales generated during the period; (ii) a calculation of the Royalty and if applicable, Brand Fund Contribution; (iii) the profit and loss statement for the prior month; and (iv) any other information Franchisor may require. Franchisor may change the form and content of the Gross Sales Reports from time to time and/or require Franchisee to submit Gross Sales Reports on a different schedule upon notice to you.

3.11 **Manner of Payment**. Payment of Royalties shall be made on a monthly basis, on the fifth (5^{th}) day of each month for proceeding month, and shall be made by an electronic funds transfer program (the "EFT Program") under which Franchisor automatically deducts all payments owed to Franchisor under this Agreement, or any other agreement between Franchisee and Franchisor, from Franchisee's bank account. Franchisor reserves the right to deduct fees at the time of transaction. Franchisee shall deposit all revenues from operation of Franchisee's RockBox Business into Franchisee's bank account within two (2) days of receipt, including all cash, checks, and credit card receipts. Before opening Franchisee's RockBox Business, Franchisee shall provide Franchisor with Franchisee's bank name, address and account number, a voided check from such bank account, and shall sign and give to Franchisor and Franchisee's bank, all documents, including Exhibit E to this Agreement, necessary to effectuate the EFT Program and Franchisor's ability to withdraw funds from such bank account via electronic funds transfer ("EFT"). Franchisee shall immediately notify Franchisor of any change in Franchisee's banking relationship, including changes in account numbers. Franchisor reserves the right to require Franchisee to pay any fees due under this Agreement by such other means as Franchisor may specify from time to time. If any Gross Sales Report has not been received within the time period required by this Agreement, then Franchisor may process an EFT for the subject month based on the most recent Gross Sales Report provided by Franchisee to Franchisor, provided, that if a Gross Sales Report for the subject month is subsequently received and reflects: (i) that the actual amount of the fee due was more than the amount of the EFT, then Franchisor shall be entitled to withdraw additional funds through EFT from Franchisee's designated bank account for the difference; or (ii) that the actual amount of the fee due was less than the amount of the EFT, then Franchisor shall credit the excess amount to the payment of Franchisee's future obligations.

3.12 **Insufficient Funds and Late Payments**. As part of Franchisee's participation in the EFT Program, if the funds in Franchisee's bank account are insufficient to cover any amounts due under this Agreement on the date such funds are due, or if Franchisee makes any late payment or underpayment of the Royalty or any other fee due under this Agreement or any other agreement between Franchisee and Franchisor, or any other charges or fees Franchisee owes Franchisor or Franchisor's affiliates, in addition to the overdue amount, Franchisor has the right to charge Franchisee interest on such amount from the date it was due until all past due amounts are paid, at a rate of the higher of one and a half percent (1.5%) interest per month of the unpaid balance, or the maximum permitted by law plus a penalty fee of one hundred dollars ($100) per occurrence. Should any EFT not be honored by Franchisee's bank for any reason, Franchisee agrees that Franchisee shall be responsible for that payment and any service charge. Nothing contained in this Section shall prevent Franchisor from exercising, in Franchisor's sole judgment, any other rights or remedies available to Franchisor under this Agreement.

3.13 **Taxes on Payments**. In the event any taxing authority, wherever located, imposes any future tax, levy or assessment on any payment Franchisee makes to Franchisor, Franchisee must, in addition to all payments due to Franchisor, pay such tax, levy or assessment.

3.14 **Other Amounts.** Franchisee will also be responsible for other costs associated with establishing and operating the RockBox Business in accordance with System standards and specifications that Franchisee may be required to pay to Franchisor's approved or designated supplier (which may include Franchisor or its affiliates): (a) local advertising and promotion of the RockBox Business; (b) training/tuition fees; and (c) ongoing software licensing fees.

4. PROPRIETARY MARKS

4.1 Franchisee's Use of the Proprietary Marks.

4.1.1 Franchisee shall use only the Proprietary Marks which Franchisor designates, and only in the manner Franchisor authorizes and permits.

4.1.2 Franchisee shall use the Proprietary Marks only in connection with the RockBox Business in advertising for the RockBox Business.

4.1.3 Franchisee shall use all Proprietary Marks without prefix or suffix and in conjunction with the symbols "TM", "SM", "S" or "®", as applicable. Franchisee may not use the Proprietary Marks in connection with the offer or sale of any products or services which Franchisor has not authorized for use in connection with the System. Franchisee may not use the Proprietary Marks as part of Franchisee's corporate or other legal name. Franchisee's corporate name and all fictitious names under which Franchisee proposes to do business must be approved by Franchisor in writing before use. Franchisee must use Franchisee's corporate or limited liability company name either alone or followed by the initials "D/B/A" and the business name "RockBox Fitness". Franchisee must promptly register at the office of the county in which Franchisee's RockBox Business is located, or such other public office as provided for by the laws of the state in which Franchisee's RockBox Business is located, as doing business under such assumed business name.

4.1.4 Franchisee must identify itself as the owner of the RockBox Business (in the manner Franchisor prescribes) in conjunction with any use of the Proprietary Marks including, without limitation, on invoices, order forms, receipts, and business stationery, as well as at such conspicuous locations at the RockBox Business as Franchisor may designate in writing.

4.1.5 Franchisee must prominently display the Proprietary Marks on or in connection with any media advertising, promotional materials, posters, displays, receipts, stationery and forms that Franchisor designates and in the manner that Franchisor prescribes.

4.1.6 Franchisee's right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of Franchisor's rights.

4.1.7 Franchisee shall not use the Proprietary Marks to incur any obligation or indebtedness on Franchisor's behalf.

4.1.8 Franchisee shall execute all documents Franchisor deems necessary to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.

4.1.9 Franchisee must promptly notify Franchisor of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to Franchisor's ownership of, Franchisor's right to use and to license others to use, or Franchisee's right to use, the Proprietary Marks. Franchisee acknowledges that Franchisor has the sole right, though not the obligation to: (i) direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement thereof; (ii) take action against uses by others that may constitute infringement of the Proprietary Marks; or (iii) defend Franchisee against any third-party claim, suit, or demand arising out of Franchisee's use of the Proprietary Marks. In such circumstances, if Franchisor, in Franchisor's sole discretion, determines that Franchisee has used the Proprietary Marks in accordance with this Agreement, Franchisor shall bear the cost of such defense, including the cost of any judgment or settlement. If Franchisor, in Franchisor's sole discretion, determines that Franchisee has not used the Proprietary Marks in accordance with this Agreement, Franchisee shall bear the cost of such defense, including the cost of any judgment or settlement. In the event of any litigation relating to Franchisee's use of the Proprietary Marks, Franchisee shall execute any and all documents and do such acts as may, in Franchisor's opinion, be necessary to carry out such defense or prosecution including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of Franchisee's use of the Proprietary Marks in a manner not in accordance with this Agreement, Franchisor agrees to reimburse Franchisee for Franchisee's out-of-pocket costs in performing such acts.

4.1.10 Franchisee expressly understands and acknowledges that:

4.1.10.1 Franchisor owns all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them, and Franchisor has the right to use, and license others to use, the Proprietary Marks;

4.1.10.2 The Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System;

4.1.10.3 During the term of this Agreement and after its expiration or termination, Franchisee shall not directly or indirectly contest the validity of, or Franchisor's ownership of, or right to use and to license others to use, the Proprietary Marks;

4.1.10.4 Franchisee's use of the Proprietary Marks does not give Franchisee any ownership interest or other interest in or to the Proprietary Marks;

4.1.10.5 All goodwill arising from Franchisee's use of the Proprietary Marks shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Proprietary Marks;

4.1.10.6 Except as specified in Sections 1.3 and 1.4 hereof, the license of the Proprietary Marks granted to Franchisee hereunder is nonexclusive and Franchisor retains the right, among others, (i) to use the Proprietary Marks itself in connection with selling products and services, (ii) to grant other licenses for the Proprietary Marks, and (iii) to develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses thereto without providing Franchisee any rights therein; and

4.1.10.7 Franchisor reserves the right, in Franchisor's sole discretion, to substitute different proprietary marks for use in identifying the System and the RockBox Businesses operating thereunder. Franchisee shall discontinue using all Proprietary Marks which Franchisor has notified Franchisee, in writing, have been modified or discontinued within ten (10) days of receiving written notice and, at Franchisee's sole cost and expense, shall promptly begin using such additional, modified or substituted Proprietary Marks.

5. CONFIDENTIAL INFORMATION

5.1 **Nondisclosure**. During the term of this Agreement, Franchisee will receive information which Franchisor considers its trade secrets and confidential information, including but not limited to methods of fitness instruction; information about proprietary services or products; any proprietary software Franchisor may now or in the future create; Franchisor's operational manual (as described in more detail in Section 6.1 of this Agreement); trade secrets; price marketing mixes related to the sale services offered or authorized for sale by System franchisees; standards and specifications for gym equipment; systems and training manuals; instructor training systems; compensation systems; marketing strategies; online social marketing systems; merchandise sales systems; sales training; location identification and acquisition systems; ongoing instructor training; general operations; Franchisor's copyrighted materials; and methods and other techniques and know-how concerning the of operation of the RockBox Business which may be communicated to Franchisee or of which Franchisee may be apprised by virtue of Franchisee's operation of a RockBox Business (collectively, the "Confidential Information"). Franchisee agrees that Franchisee shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any Confidential Information except to Franchisee's employees that must have access to it in order to operate the RockBox Business. Franchisee acknowledges and agrees that certain information, including (i) current customer and prospective customer names and addresses, (ii) information about credit extensions to customers, (iii) customer service purchasing histories, (iv) rates charged to customers, and (v) sources of suppliers and purchasing arrangements with suppliers, are the sole property of Franchisor and also constitute the trade secrets and Confidential Information of Franchisor. Any and all information, knowledge, know-how, techniques, and other data which Franchisor designates as confidential will be deemed Confidential Information for purposes of this Agreement. Franchisee acknowledges and agrees that Franchisor has expended considerable time, effort, and money to develop the System, that the enumerated Confidential Information is not well known outside of the System, that the Confidential Information is of great value to the Franchisor, and that Franchisor is implementing this non-disclosure policy in an effort to protect its trade secrets and Confidential Information. Franchisee acknowledges that in the event of the actual or threatened breach of this Section 5.1, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm.

5.2 **Personnel**. Franchisee shall ensure that Franchisee's Designated Manager (as defined in Section 7.6.5 below) and other employees who have access to Franchisor's Confidential Information execute a Confidentiality and Noncompete Agreement, in the form attached hereto as Exhibit D, or as Franchisor, in Franchisor's sole discretion, otherwise prescribes. Franchisee must furnish Franchisor with a copy of each executed agreement.

5.3 **New Concepts**. If Franchisee, Franchisee's employees, or Franchisee's principals develop any new concept, process or improvement in the operation or promotion of the RockBox Business, Franchisee shall promptly notify Franchisor and provide Franchisor with all necessary related information, without compensation. Any such concept, process or improvement shall become Franchisor's sole property and Franchisor shall be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related thereto. Franchisee and Franchisee's principals hereby assign to Franchisor any rights Franchisee may have or acquire therein, including the right to modify such concept, process or improvement, and otherwise waive and/or release all rights of restraint and moral rights therein and thereto. Franchisee and Franchisee's principals agree to assist Franchisor in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries, and further agree to execute and provide Franchisor with all necessary documentations for obtaining and enforcing such rights. Franchisee and Franchisee's principals hereby irrevocably designate and appoint Franchisor as Franchisee's agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process or improvement. In the event that the foregoing provisions of this Section 5.3 are found to be invalid or otherwise unenforceable, Franchisee and Franchisee's principals hereby grant to Franchisor a worldwide, perpetual, nonexclusive, fully-paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe Franchisee's rights therein.

6. FRANCHISOR'S OBLIGATIONS

6.1 **Operations Manual**. Franchisor will loan or provide portal access to Franchisee of Franchisor's proprietary and confidential operations and training manual, as well as any other confidential manuals and writings prepared by Franchisor for Franchisee's use in operating a RockBox Business (collectively referred to as the "Operations Manual"). Franchisee shall operate the RockBox Business in strict compliance with the Operations Manual, as it may be reasonably changed from time to time. The Operations Manual shall remain confidential and Franchisor's exclusive property. Franchisee shall not disclose, duplicate or make any unauthorized use of any portion of the Operations Manual. The provisions of the Operations Manual constitute provisions of this Agreement as if fully set forth herein. Franchisee shall ensure that Franchisee's copy of the Operations Manual is current and up to date. If there is a dispute relating to the contents of the Operations Manual, the master copy which Franchisor maintains at Franchisor's corporate headquarters will control.

6.2 **Specifications for Equipment and Supplies**. To the extent Franchisor deems necessary in its sole discretion, Franchisor will provide written specifications for and designate sources of supply from which Franchisee agrees to purchase equipment and supplies necessary for the start-up and ongoing operations of Franchisee's RockBox Business. Franchisee shall keep all such equipment and supplies in a clean, working order and repair such equipment and supplies within a reasonable time period.

6.3 **Local Advertising Requirement**. Franchisee has the option of choosing Franchisor to conduct its Advertising Requirement. If Franchisee chooses Franchisor to conduct its Local Advertising, Franchisor will conduct Local Advertising on Franchisee's behalf. If Franchisee elects to have Franchisor conduct its Local Advertising, Franchisor reserves the right to charge its then-current ad campaign fee each month as a campaign management fee. Any fees Franchisee pays to an

Approved Supplier or other third-party will not count towards Franchisee's Local Advertising Requirement.

6.4 **Ongoing Assistance**. Franchisor will provide Franchisee continuing consultation and advice, to the extent that Franchisor deems necessary and appropriate in its sole discretion, regarding the management and operation of the RockBox Business. Franchisor will provide such assistance, in Franchisor's discretion, by telephone, facsimile, intranet communication and on-site visits. If Franchisee requires and requests additional on-site assistance from Franchisor, subject to the availability of Franchisor's personnel, Franchisor will provide Franchisee with such assistance at Franchisor's then-current rate for providing such assistance, plus expenses, including but not limited to, Franchisor's travel and lodging expenses.

6.5 **Additional Training**. Franchisor may, in Franchisor's sole discretion, hold refresher and ongoing training courses, training courses upon a significant change to the System, or to assist Franchisee in the operation of Franchisee's RockBox Business, in order to provide additional assistance to franchisees. Such additional training may be provided online, or in any other manner as Franchisor determines. Up to five (5) days per year, Franchisor may require Franchisee, Franchisee's Designated Manager (as defined in Section 7.6.5 of this Agreement), and/or Franchisee's personnel to attend or participate in such training at Franchisor's then-current tuition rate for providing such training. All expenses, including Franchisee's, Franchisee's Designated Manager's, and Franchisee's personnel's transportation, meal, and lodging expenses to attend such training, if applicable, shall be Franchisee's sole responsibility.

6.6 **Toll Free Telephone Number**. Franchisor has the right, but not the obligation, to establish and maintain a toll free telephone number for the purpose of improving customer service and conducting customer follow-up and satisfaction surveys. If Franchisor establishes a toll free number, Franchisee must comply with Franchisor's procedures for implementing the nationwide service as Franchisor specifies in the Operations Manual or otherwise in writing.

6.7 **Annual Conference**. Franchisor may, in Franchisor's discretion, hold an annual conference at a location to be selected by Franchisor (the "Annual Conference"). Franchisor shall determine the topics and agenda for such conference to serve the purpose, among other things, of updating franchisees on new developments affecting franchisees, exchanging information between franchisees and Franchisor's personnel regarding RockBox Business operations and programs, and recognizing franchisees for their achievements. Franchisor may require Franchisee to attend the Annual Conference and to pay Franchisor's then-current registration fee, which is currently $950, for 2 people to attend the Annual Conference. All expenses, including Franchisee's and Franchisee's employees' transportation to and from the Annual Conference, and lodging, meals, and salaries during the Annual Conference, are Franchisee's sole responsibility. Franchisor may use expenditures from the National Brand Fund (as defined in Section 12.4 of this Agreement) for purposes related to the Annual Conference, including costs related to programs and materials.

6.8 **Business Plan Review.** If requested by Franchisee, Franchisor will review and advise on Franchisee's pre-opening business plan and financial projection. Franchisee acknowledges that Franchisor accepts no responsibility for the performance of the RockBox Business.

6.9 **Marketing Introduction Plan.** Franchisor shall advise Franchisee regarding the planning and execution of Franchisee's marketing introduction plan.

6.10 **On-Site Opening Assistance.** Franchisor shall provide support and assistance for Franchisee's business opening.

7. FRANCHISEE'S OBLIGATIONS

7.1 **Approved Location**. Franchisee shall secure real estate, by purchase or lease, for the operation of the Franchised Business within ninety (90) days of signing this Agreement, and execute a Lease as described below within ninety (90) days of signing this Agreement. If Franchisor has not approved a location for Franchisee to operate the Franchised Business as of the date Franchisee signs this Agreement, the parties will enter into the Site Selection Addendum attached as Exhibit B to this Agreement, the terms of which will govern the parties' site selection obligations. If Franchisor designates an agent for site selection assistance, Franchisor reserves the right to require Franchisee to use Franchisor's designated agent, or another real estate agent that Franchisor approves in writing, for site selection assistance. Franchisor has the right to review, evaluate and approve Franchisee's proposed lease for the Approved Location ("Lease") prior to execution. Franchisor may condition Franchisor's approval of any proposed Lease on, among other things, Franchisee's and Franchisee's landlord's execution of a Collateral Assignment of Lease in the form attached as Exhibit F to this Agreement. Franchisee must deliver an executed copy of the Lease and the Collateral Assignment of Lease to Franchisor within ten (10) days of execution of the Lease. Neither Franchisor's review of the Lease nor Franchisor's acceptance of the site Franchisee has selected constitutes a representation or guarantee that Franchisee will succeed at the selected Approved Location or an expression of Franchisor's opinion regarding the terms of the Lease. Franchisor encourages Franchisee to seek independent counsel from a lawyer or business adviser to assist Franchisee in selecting a location and negotiating a lease for the Approved Location.

7.1.1 *Relocation*. Under no circumstances can Franchisee relocate the Franchised Business without Franchisor's prior written consent. If, for any reason, the Lease cannot be renewed or extended, or Franchisee cannot continue for any other reason to occupy the Approved Location, Franchisee must notify Franchisor and request the right to relocate Franchisee's Franchised Business. Franchisee must relocate Franchisee's Franchised Business to a mutually acceptable site within Franchisee's Designated Territory to complete the unexpired portion of the term of this Agreement. Franchisee must notify Franchisor of Franchisee's intention to relocate, procure a site acceptable to Franchisor at least ninety (90) days prior to closing operations at Franchisee's current Approved Location, and open for business at the new Approved Location within thirty (30) days of closing business at Franchisee's existing Approved Location. Franchisee shall reimburse Franchisor for the actual costs it incurs in connection with approving the relocation of the Franchised Business.

7.1.2 *Store Appearance and Construction*. The Franchised Business must conform to Franchisor's standards and specifications for the appearance, layout, and design of the Franchised Business. Franchisor shall provide Franchisee with a prototype layout for Franchisee's architect to use in the construction and buildout of the Franchised Business. Franchisee must ensure that plans comply with applicable ordinances, building codes, permit requirements, and any other applicable local, state, or federal law. All construction and floor plans, and amendments thereto, must be approved by Franchisor prior to implementation. Franchisor reserves the right to approve of all of Franchisee's additional vendors for buildout and construction of the Franchised Business prior to commencement of their services. Each vendor must be properly licensed and insured to do business in the state where the Franchised Business is located.

7.1.3 *Opening Approval*. Franchisor shall have the right to inspect the Franchised Business prior to the opening of the Franchised Business to determine whether all construction or modification has been substantially completed, and that such construction or modification conforms to Franchisor's standards and specifications, including, but not limited to, standards and specifications regarding materials, quality of work, signage, décor, paint, and equipment. Franchisee shall obtain Franchisor's written approval prior to opening the Franchised Business, which approval shall not be unreasonably withheld. Franchisee shall provide at least thirty (30) days' prior notice to Franchisor of the date on which Franchisee proposes to first open the Franchised Business for business.

7.2 **Training**. Franchisee (or Franchisee's principal, as applicable) and Franchisee's Designated Manager (if one has been designated pursuant to Section 7.6.5 of this Agreement) must attend and successfully complete Franchisor's initial training program as set forth in Section 8.1 below.

7.3 **Opening Requirements; Pre-Opening Sales Activity**.

7.3.1 Franchisee shall open the RockBox Business within five (5) to nine (9) months from the date the parties sign this Agreement. Franchisee shall open the RockBox Business within ninety (90) days from when Franchisee completes the Initial Training Program. Notwithstanding the foregoing, Franchisor reserves the right to extend such deadline by 120 days in its sole discretion, upon Franchisee's reasonable request and payment the then-current extension deadline fee, which is currently $1,500. Franchisee shall not be permitted to open Franchisee's RockBox Business unless and until Franchisee receives written notice from Franchisor approving Franchisee's proposed opening date.

7.3.2 Before Franchisor grants Franchisee permission to open the RockBox Business to the public, Franchisee must have pre-sold the minimum number of paid memberships Franchisor requires, with the intent and effect that such pre-sold memberships will commence immediately on the opening date of the RockBox Business ("Pre-Sale Memberships").

7.4 **Purchasing Requirements**.

7.4.1 Compliance with Standards. Franchisee acknowledges and agrees that Franchisee's obligations set forth in this Agreement and the Operations Manual are reasonable and necessary for the operation of the RockBox Business and to maintain uniformity throughout the System. Franchisee shall adhere to the standards and specifications set forth in this Agreement and the Operations Manual or otherwise in writing, as they may be revised or amended from time to time. Franchisee shall use signs, furnishings, supplies, fixtures, gym equipment and inventory which comply with Franchisor's then-current standards and specifications (including, without limitation, standards and specifications for products, services, equipment, furnishings, audio and video materials, fixtures and signage), which Franchisor establishes from time to time. Franchisor has the right to change Franchisor's standards and specifications in Franchisor's discretion. Franchisee acknowledges that Franchisee may be required to incur an increased cost to comply with any such changes at Franchisee's expense.

7.4.2 Designated and Approved Suppliers. Recognizing that preservation of the System depends upon uniformity and the maintenance of Franchisor's trade dress, Franchisee agrees to purchase certain signs, furnishings, supplies, fixtures, signage, equipment, and inventory from Franchisor or from approved or designated third party suppliers as Franchisor shall specify, from time to time, in the Operations Manual and otherwise in writing. Franchisee hereby acknowledges that Franchisor, Franchisor's affiliates and/or a third party may be one of several, or the only, approved supplier of any item. Franchisee further acknowledges and agrees that Franchisor and/or Franchisor's affiliates have the right to realize a profit on any items that Franchisor, Franchisor's affiliates or Franchisor's approved suppliers supply to Franchisee.

7.4.3 Supplier Approval. In the event Franchisee wishes to purchase any unapproved item, including equipment and supplies, and/or acquire approved items from an unapproved supplier, Franchisee must provide Franchisor the name, address and telephone number of the proposed supplier, a description of the item Franchisee wishes to purchase, and the purchase price of the item, if known. At Franchisor's request, Franchisee must provide Franchisor, for testing purposes, a sample of the item Franchisee wishes to purchase. Franchisee must pay Franchisor its then-current fee for reviewing an alternate supplier or product, which is currently $1,000. Nothing in the foregoing shall be construed to require Franchisor to approve any particular supplier. Franchisor may base Franchisor's approval of any such proposed item or supplier on considerations relating not only directly to the item or supplier itself, but also indirectly to the uniformity, efficiency, and quality of operation Franchisor deems necessary or desirable in Franchisor's System as a whole. Franchisor has the right to receive payments from suppliers on account of their dealings with Franchisee and other franchisees and to use all amounts Franchisor receives without restriction (unless instructed otherwise by the supplier), for any purposes Franchisor deems appropriate. Nothing herein shall require Franchisor to approve an unreasonable number of suppliers for a given item, which approval might, in Franchisor's reasonable judgment, result in higher costs or prevent the effective or economical supervision of approved suppliers. Franchisor may revoke Franchisor's approval of particular products or suppliers when Franchisor determines, in Franchisor's sole discretion, that such products or suppliers no longer meet Franchisor's standards. Upon receipt of written notice of such revocation, Franchisee must cease purchasing products from such supplier. Franchisee must use products purchased from approved suppliers solely in connection with the operation of Franchisee's RockBox Business and not for any competitive business purpose.

7.4.4 System Suppliers. Franchisor may establish business relationships, from time to time, with suppliers who may provide services or produce, among other things, certain furnishings, supplies, fixtures, and gym equipment according to Franchisor's proprietary standards and specifications ("System Suppliers"). Franchisee recognizes that such products and services are essential to the operation of the RockBox Business and to the System generally. Franchisee further recognizes that Franchisee's failure to pay System Suppliers may interfere with such suppliers' willingness to supply the System, which may result in other System franchisees' inability to obtain product or ability to obtain product only on less favorable credit terms. Accordingly, Franchisee expressly agrees to pay System Suppliers as and when due.

7.5 **Authorized Services**. Franchisee shall offer for sale all services which Franchisor prescribes and only those services which Franchisor prescribes. Franchisee may not offer any services or products for sale, rent or lease without having received Franchisor's prior written authorization.

7.6 **Operations**.

7.6.1 Franchisee must operate Franchisee's RockBox Business for at least those months, hours and days that Franchisor specifies in the Operations Manual or otherwise in writing.

7.6.2 Franchisee must maintain the Approved Location in a clean, safe and attractive manner, and in accordance with all applicable requirements of law, including all federal, state and local regulations, and the Operations Manual.

7.6.3 Franchisee must employ a sufficient number of qualified, competent personnel, offer prompt, courteous and efficient service to the public, and otherwise operate the RockBox Business in compliance with the System so as to preserve, maintain and enhance the reputation and goodwill of the System. All employees engaged in the operation of the RockBox Business during working hours shall dress conforming to Franchisor's standards, shall present a neat and clean appearance (including wearing Franchisor's uniform, if required) in conformance with Franchisor's reasonable standards, and shall render competent, efficient service to the customers of the RockBox Business.

7.6.4 Franchisee agrees to operate the RockBox Business in accordance with the Operations Manual. Franchisee shall immediately train and instruct Franchisee's personnel in accordance with the Operations Manual, and shall continue such training and instruction as long as each employee is employed. The Operations Manual shall set forth the practices, procedures and methods to be utilized at Franchisee's RockBox Business.

7.6.5 Franchisee (or at least one of Franchisee's principals if Franchisee is an entity or partnership) must personally supervise the day-to-day operations of the RockBox Business and devote Franchisee's personal full-time attention to the management and operation of the RockBox Business. Franchisee may, however, delegate the day-to-day management of Franchisee's RockBox Business to a manager (a "Designated Manager"). Franchisor must approve any Designated Manager and any Designated Manager must successfully complete Franchisor's initial training program before assuming any managerial responsibility. Each Approved Location must be staffed by Franchisee or a Designated Manager at all times. Franchisee shall keep Franchisor informed at all times of the identity of any employee acting as a Designated Manager. Designated Managers shall devote their full time and best efforts to the day-to-day operation and management of the RockBox Business and shall not engage in any other business activity without Franchisor's prior written consent.

7.6.6 Franchisee must at all times maintain such working capital as may be reasonably necessary to enable Franchisee to properly and fully carry out and perform all of Franchisee's duties, obligations and responsibilities hereunder and to operate the RockBox Business in a businesslike, proper and efficient manner.

7.6.7 Franchisee will obtain and use all equipment required by Franchisor, and will refrain from using any equipment prohibited or not approved by Franchisor.

7.6.8 Franchisee will use only Franchisor's approved method of instruction in all sessions and classes it provides to any patron of the business ("Client"), which shall be outlined, and updated as Franchisor deems necessary, by Franchisor's director of training. Franchisee will only provide such classes in the manner Franchisor specifies.

7.7 **RockBox Business Evaluation**. Franchisee agrees, that in order to maintain the high quality and uniform standards associated with the System and to protect its goodwill and reputation, to permit Franchisor, during business hours, to inspect Franchisee's Approved Location, and, if applicable, office space, confer with Franchisee and Franchisee's personnel and customers, check methods, instruction, and techniques, and perform any other inspection which Franchisor deems necessary to protect the standards of quality and uniformity of the System and Franchisee's performance under this Agreement. Franchisee is obligated to make changes to Franchisee's operations based upon any inspections by Franchisor.

7.8 **Computer Software and Hardware**. Franchisee shall purchase and use any and all computer software programs ("Software") which Franchisor has developed or may develop and/or designate for use for the System, and shall purchase such computer hardware as may be necessary for the efficient operation of the Software, which may include, without limitation, desktop computer, printer, fax machine, mobile phone and a wireless router. Franchisor has the right to require Franchisee to update or upgrade computer hardware components and/or Software as Franchisor deems necessary from time to time. In addition, Franchisor has the right to require Franchisee to enter into a separate maintenance agreement for such computer hardware and/or Software. Notwithstanding the fact that Franchisee must buy, use and maintain the computer hardware and Software meeting Franchisor's standards and specifications, Franchisee will have the sole and complete responsibility for: (i) the acquisition, operation, maintenance and upgrading of the computer hardware and Software; and (ii) any and all consequences that may arise if the computer hardware and Software is not properly operated, maintained and upgraded.

7.8.1 Franchisee must use the proprietary software that Franchisor designates (the "Designated Software") pay the associated monthly fee for the Designated Software. Franchisor reserves the right to change the amount of this fee as changes are made to the System's hardware and software requirements. Franchisee, at its own expense, must obtain the computer hardware required to implement the Designated Software, and Franchisee must comply with all specifications and standards prescribed by Franchisor regarding the Designated Software as provided from time to time in the Operations Manual or otherwise in writing. Franchisee shall only utilize the Designated Software as prescribed by Franchisor and the Designated Software will be considered to be a part of Franchisor's Confidential Information. Franchisee expressly acknowledges that Franchisor shall have the unlimited right to access all data contained in the Designated Software, as well as any other Software used by Franchisee in the operation of the RockBox Business, and accordingly, Franchisee must take any and all actions specified by Franchisor to ensure that Franchisor has said access to the Designated Software and/or other Software.

7.9 **Area Computer Network, Intranet or Extranet Participation**. Franchisee is required to participate in any System-wide area computer network, intranet system or extranet system that Franchisor implements and may be required by Franchisor to use such area computer network, intranet system or extranet system to, among other things: (i) submit Franchisee's reports due under this Agreement to Franchisor online; (ii) view and print portions of the Operations Manual; (iii) download approved local advertising and promotions materials; (iv) communicate with Franchisor and other System franchisees; and (v) participate in online training. Franchisee agrees to use the facilities of any such area computer network, intranet system or extranet system in strict compliance with the standards, protocols, and restrictions that Franchisor includes in the Operations Manual, including those related to the encryption of Confidential Information and prohibitions against the transmission of libelous, derogatory or defamatory statements.

7.10 **Personal Conduct**. Franchisee agrees to refrain from committing any act or pursuing any course of conduct that tends to bring Franchisor's Proprietary Marks or System into disrepute.

7.11 **Best Efforts**. Franchisee must use best efforts to promote and increase the demand for the goods and services of the RockBox Business. All of Franchisee's advertising and promotion shall be completely factual and shall conform to the highest standards of ethical advertising. Franchisee agrees to refrain from any business or advertising practice which may be injurious to the RockBox Business or the goodwill associated with the Proprietary Marks and System.

7.12 **Telephone, Facsimile, and Domain Names**. Franchisee expressly agrees to execute the Conditional Assignment of Franchisee's Telephone Numbers, Facsimile Numbers and Domain Names attached hereto as Exhibit C, which provides that, upon the expiration, transfer or termination of this Agreement for any reason, Franchisee shall terminate Franchisee's use of such telephone number and listing, as well as any other facsimile numbers and listings and domain names and Internet listings, and assign same to Franchisor or Franchisor's designee.

7.13 **Payment of Debts**. Franchisee is solely responsible for selecting, retaining and paying Franchisee's personnel; the payment of all invoices for the purchase of goods for use in the RockBox Business; and determining whether, and on what terms, to obtain any financing or credit which Franchisee deems advisable or necessary for the conduct of the RockBox Business. Franchisee agrees to pay all current obligations and liabilities to suppliers, lessors and creditors on a timely basis. Franchisee agrees to indemnify Franchisor in the event that Franchisor elects to pay any of Franchisee's obligations in order to preserve the relationship between System Suppliers and System franchisees. Franchisee agrees to make prompt payment of all federal, state and local taxes, including individual and corporate taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, FICA taxes, and personal property and real estate taxes, arising from Franchisee's operation of the RockBox Business. Franchisee agrees to indemnify Franchisor in the event that Franchisor is held responsible for these taxes.

7.14 **Compliance with Applicable Laws**. Franchisee must comply with all applicable federal, state and local laws, ordinances and regulations regarding the construction, design and operation of the RockBox Business (including, without limitation, all regulations relating to health club membership agreements and fitness centers generally, occupational hazards and health, consumer protection, trade regulation, worker's compensation, unemployment insurance, withholding and payment of federal and state income taxes, social security taxes and sales, use and property taxes, and the applicable provisions of the Americans with Disabilities Act ("ADA")). Franchisee expressly acknowledges that Franchisor has not researched the specific laws and regulations applicable to Franchisee's RockBox Business, and that Franchisee is solely responsible for compliance with such laws and regulations. Franchisee will have sole authority and control over the day-to-day operations of the RockBox Business and Franchisee's employees and/or independent contractors. Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the RockBox Business, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. At no time will Franchisee or Franchisee's personnel be deemed to be employees of Franchisor or Franchisor's affiliates.

7.15 **Trade Secrets and Confidential Information**. Franchisee must maintain the confidentiality of all Confidential Information as set forth in Section 5 of this Agreement.

7.16 **Image**. Franchisee acknowledges that Franchisor has developed the System to offer services which will distinguish the RockBox Business from other fitness RockBox Businesses and chains that offer different fitness services or similar services at different prices and with less attention paid to the quality of fitness instructor training and knowledge and customer service. Franchisee agrees to offer services and to conduct the RockBox Business in such a manner which will serve to emulate and enhance the image Franchisor intended for the System. Franchisee further acknowledges and agrees that each aspect of the System is important not only to Franchisee but also to Franchisor and to other System franchisees in order to maintain the highest operating standards, achieve system wide uniformity and increase the demand for the services rendered by System franchisees. Franchisee agrees to comply with the standards, specifications and requirements Franchisor sets forth in order to uniformly convey the distinctive image of a RockBox Business. Franchisee shall, in the operation of the RockBox Business, use only displays, forms and other specified materials imprinted with the Proprietary Marks and colors as prescribed from time to time by Franchisor.

7.17 **Pending Actions**. Franchisee shall notify Franchisor, in writing, within five (5) days of the commencement of any action, suit or proceeding or the issuance of any order, suit or proceeding of any court, agency or other government instrumentality, including the receipt of any notice or citation, which may adversely affect the operation or financial condition of Franchisee or the RockBox Business.

7.18 **Standard Maintenance**. Franchisee agrees to repair, refinish, repaint, replace, and/or otherwise maintain the Approved Location and the contents thereof, including its signs, fitness equipment, fixtures, and any other tangible part or property associated with the RockBox Business, at Franchisee's sole expense and at such times as Franchisor may reasonably direct. Franchisee agrees that Franchisor has the right to direct Franchisee to repair, refinish, repaint, replace, and/or otherwise maintain the Approved Location in the manner necessary to bring it/them into conformance with other RockBox Businesses opening at the time of such direction.

7.19 **Agreements with Clients**. Prior to providing any services to any Client, Franchisee will provide to that Client any information or disclosures required by Franchisor or otherwise by law. Franchisee will fully comply with any Client warranty or guarantee program implemented by Franchisor, and Franchisee will not misrepresent or omit to state any required warranty or guarantee. Franchisee will resolve all Client complaints and disputes directly with Clients, and will make every reasonable effort not to involve Franchisor in those disputes.

7.20 **Forms of Client Payment**. Franchisee will maintain agreements or arrangements with any financial institution or credit/debit card issuer or sponsor designated by Franchisor, so that the RockBox Business may accept Clients' credit cards, debit cards, checks, and other methods of payment designated by Franchisor.

8. TRAINING

8.1 **Initial Training Program**. Franchisee shall attend (if Franchisee is a partnership, corporation or limited liability company, Franchisee's general partner, principal shareholder, or principal member/manager, as appropriate, shall attend) and complete to Franchisor's satisfaction, Franchisor's initial tuition-free training program (the "Initial Training Program"). If Franchisee has a Designated Manager, as described in Section 7.6.5 of this Agreement, then he/she/they shall also attend the initial tuition-free training program. Franchisor provides the Initial Training Program for up to four people, including Franchisee, tuition free so long as both individuals attend at the same time. If all individuals do not attend the Initial Training Program at the same time, Franchisor reserves the right to charge its then-current tuition fee. All training shall be held at Franchisor's headquarters in Charlotte, NC or another site designated by Franchisor. All training related expenses, including Franchisee's and and its employees' transportation to and from the training site, as well as their lodging, meals, and wages during training, are Franchisee's sole responsibility. Franchisee shall complete the Initial Training Program to Franchisor's satisfaction no later than forty five (45) days prior to commencing operations of the RockBox Business. Should Franchisee or another individual fail to complete the initial training program to Franchisor's satisfaction, at Franchisor's option, the respective person may repeat the course. Franchisor may charge its then-current tuition fee for such repeat training. Failure by Franchisee to complete the initial training program to Franchisor's satisfaction is a cause for termination of this Agreement and Franchisor may terminate this Agreement.

8.2 **Training of Additional Personnel**. Franchisee's other employees may be trained by Franchisee, or at Franchisee's request, and subject to the availability of Franchisor's personnel, Franchisor will train Franchisee's additional personnel at Franchisor's then-current tuition rate. Franchisee is responsible for all expenses, including transportation to and from the training site, as well as lodging, meals, and wages during training, incurred in training Franchisee's additional personnel. Only Franchisor-provided training materials may be used by Franchisee in training Franchisee's personnel. Updated training materials will be provided to Franchisee by Franchisor as they are developed. All training materials provided to Franchisee by Franchisor shall at all times remain Franchisor's property and Confidential Information, and Franchisee agrees not to challenge Franchisor's or Franchisor's affiliates' title or rights in or to the training materials. Franchisee may not make any disclosure, duplication or other unauthorized use of any portion of the training materials.

9. INSURANCE

Franchisee agrees to purchase/procure and maintain such insurance covering the operation and location of the RockBox Business as Franchisor may designate from time to time, prior to signing the lease for the RockBox Business. Franchisor's present insurance requirements are as follows: (i) "Special" causes of loss coverage forms, including fire and extended coverage, crime, vandalism, and malicious mischief, on all property of the Studio, for full repair and replacement value (subject to a reasonable deductible); (ii) Business interruption insurance covering at least 12 months of income; (iii) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an "occurrence" policy form in an amount of not less than $1,000,000 single limit per occurrence and $2,000,000 aggregate limit, with umbrella coverage of $2,000,000; and (iv) Workers Compensation coverage as required by state law. Franchisee must maintain these insurance levels throughout the term of your Franchise Agreement, or otherwise obtain the insurance that we specify in our Operations Manual or otherwise in writing from time to time.

Franchisee agrees to provide Franchisor with proof of coverage on demand. Franchisee agrees to obtain these insurance policies from insurance carriers that are rated "A" or better by Alfred M. Best & Company, Inc. and that are licensed and admitted in the state in which Franchisee operates its RockBox Business. All insurance policies must: (i) name Franchisor (and Franchisor's members, officers, directors, and employees) as additional insureds; and (ii) contain a waiver by the insurance carrier of all subrogation rights against Franchisor. Furthermore, Franchisee shall be required to provide ten (10) days prior written notice of the termination, expiration, cancellation or modification of any insurance policy. Franchisor's acceptance of an insurance carrier does not constitute

Franchisor's representation or guarantee that the insurance carrier will be capable of meeting claims during the term of the insurance policy. Franchisee also expressly agrees to carry such insurance as may be required by any of Franchisee's lenders or equipment lessors. Franchisee must annually submit a certification of insurance which demonstrates compliance with this Section. If Franchisee fails to comply with the minimum insurance requirements set forth herein, Franchisor has the right to obtain such insurance and keep same in force and effect and Franchisee shall pay Franchisor, on demand, the premium cost thereof and administrative costs of ten percent (10%) in connection with Franchisor's obtaining the insurance. Franchisor has the right to increase or otherwise modify the minimum insurance requirements upon prior written notice to Franchisee, and Franchisee shall comply with any such modification within the time specified in said notice.

10. FINANCIAL RECORDS AND REPORTS

Franchisee must maintain for at least seven (7) fiscal years from their preparation complete financial records for the operation of the RockBox Business in accordance with U.S. generally accepted accounting principles and must provide Franchisor with: (i) a monthly Gross Sales Report signed by Franchisee and in the form Franchisor specifies, which contains the sales information pertaining to the preceding month including, without limitation, a summary of all monies received during the relevant period categorized by service, as well as counts of clients, leads, new member sales and overall members, and such other additional information which Franchisor deems necessary to properly evaluate Franchisee's progress; (ii) a quarterly income statement and profit and loss statement, within fifteen (15) days following the end of each quarter, in a format specified by Franchisor, including a standard chart of accounts; (iii) annual financial reports and operating statements in the form Franchisor specifies, prepared by a certified public accountant or state licensed public accountant, within ninety (90) days after the close of each of Franchisee's fiscal years; (iv) state and local sales tax returns or reports and federal, state and local income tax returns for each year in which Franchisee's RockBox Business is operated, within thirty (30) days after their timely completion; and (v) such other reports as Franchisor may from time to time require, in the form and at the time Franchisor prescribes. Franchisee's fiscal year must be on a calendar year basis. To assist Franchisee in recording and keeping accurate and detailed financial records for reports and tax returns, Franchisor, at Franchisor's discretion, may specify the form in which the business records are to be maintained, provide a uniform set of business records for Franchisee to use, and specify the type of equipment to be used in connection with the RockBox Business. Franchisor shall have full access to all of Franchisee's data, system, and related information by means of direct access.

11. BOOKS AND RECORDS

Franchisee must maintain accurate business records, reports, accounts, books and data relating to the operation of Franchisee's RockBox Business. Franchisor and Franchisor's designees have the right to inspect and/or audit Franchisee's business records, which includes Franchisee's call logs related to the RockBox Business, at any time during normal business hours, to determine whether Franchisee is current with suppliers and is otherwise operating in compliance with the terms of this Agreement and the Operations Manual. If any audit reveals that Franchisee has understated Franchisee's Royalty or any other payments due to Franchisor, or Franchisee's local advertising expenditures, by more than two percent (2%) Franchisee must pay the reasonable cost of such audit and/or inspection, including the cost of outside auditors and attorneys (to the extent Franchisor incurs such costs), together with any amounts due for Royalty and other fees as a result of such underreporting and/or failure to submit reports, along with all late fees and interest which may otherwise be due under this Agreement.

12. ADVERTISING

Recognizing the value of advertising and promotion, and the importance of the standardization of advertising and promotion programs to the furtherance of the goodwill and public image of the System, the parties agree as follows:

12.1 **Generally**. With regard to advertising generally for the RockBox Business, Franchisee shall place or display on the Approved Location only such signs, emblems, lettering, logos, displays and advertising materials as Franchisor approves in writing from time to time. Franchisee shall submit to Franchisor, at least fifteen (15) days prior to publication or use, samples of all sales, promotional, and advertising materials Franchisee desires to use and which Franchisor has not previously approved, including, but not limited to, print, radio and television advertising, signage, supplies and packaging. Franchisor's failure to approve or disapprove the materials within fifteen (15) days of receipt shall be deemed a rejection. All advertising shall prominently display the Proprietary Marks and shall comply with any standards for use of the Proprietary Marks Franchisor establishes as set forth in the Operations Manual or otherwise in writing. Franchisor may require Franchisee to discontinue the use of any advertising or marketing material, within time frames prescribed by Franchisor, at Franchisee's sole cost and expense. Franchisee will ensure that its local advertising and promotions reflect favorably on and do not disparage the Proprietary Marks, Franchisor, and any other franchisee.

12.2 **Territorial Advertising Restriction**. Franchisee is permitted to market and advertise solely within Franchisee's Territory. Notwithstanding the foregoing, Franchisee may provide services to customers from outside Franchisee's Territory if they are within a 25 minute drive from Franchisee's Territory. Franchisee may not advertise the RockBox Business or any products or services offered by the RockBox Business via the Internet or any other means of e-commerce, except as permitted in Section 12.3 below.

12.3 **Internet Website**. Franchisee must have and maintain adequate hardware and software in order to access high speed Internet, such that Franchisee is able to access Franchisor's designated Software. Franchisee is prohibited, however, from establishing any website or other presence on the Internet, except as provided herein.

12.3.1 Franchisor has established an Internet website that provides information about the System and the services offered by RockBox Businesses. Franchisor shall have sole discretion and control over the website (including timing, design, contents and continuation).

12.3.2 Franchisor may provide an interior page on its website(s) or a separate Franchisor-created website that contains information about Franchisee's RockBox Business. Franchisor reserves the right to require Franchisee to prepare and maintain all of the information, links, videos, images, etc. needed for Franchisee's page, at Franchisee's expense, using a template that Franchisor provides. All such information will be subject to Franchisor's approval prior to posting.

12.3.3 Franchisee is permitted to create directory webpages (including Yelp and Google Places), and social media websites designated by Franchisor (including Facebook and

Instagram), to contain Franchisee's RockBox Business-related content for distribution to Franchisee's community ("Permitted Webpages"). Franchisor must approve, in advance, any posts made to Permitted Webpages. Franchisee must submit any proposed to Franchisor three (3) hours prior to publication or use. Franchisor's failure to approve or disapprove the materials within three (3) hours of receipt shall be deemed an approval. Notwithstanding the foregoing, Franchisee may post Instagram and/or Facebook "stories" without submitting to Franchisor for prior approval so long as the "stories" are solely related to nutrition and/or training. Franchisee's Permitted Webpages should only contain content relevant to Franchisor's mission and must meet Franchisor's standards and otherwise support Franchisor's brand, image and methodologies. Franchisor reserves the right to demand that Franchisee remove any nonconforming Permitted Webpages or blog post(s), to delete the link to Franchisee's Permitted Webpage(s) from Franchisor's website, and/or to revoke Franchisee's right to continue using such Permitted Webpage, if Franchisor determines in its sole discretion that the content of Franchisee's Permitted Webpage(s) is detrimental to Franchisor's brand and image.

12.3.4 Except Franchisee's Permitted Webpages, or as approved in advance in writing by Franchisor, Franchisee must not establish or maintain a separate website, splash page, profile or other presence on the Internet, or otherwise advertise on the Internet or any other public computer network in connection with the RockBox Business. All additional websites for RockBox Businesses will be centrally managed from the corporate website to maintain consistency, consolidate views/likes/etc. and reduce the expense and time required by Franchisee to create and manage individual websites and pages. If such approval is granted by Franchisor, Franchisee must: (i) establish and operate such Internet site or listing in accordance with System standards and any other policies Franchisor designates in the Operations Manual or otherwise in writing from time to time, including but not limited to Franchisor's Internet privacy policies; and (ii) utilize any templates that Franchisor provides to Franchisee to create and/or modify such site(s).

12.3.5 Franchisor reserves the right to require Franchisee to include links for customers or the public at large to buy products for sale online, one or more of one of Franchisee's Permitted Webpages. Franchisee may not receive any consideration as a result of such sales. The terms of any consideration will be set forth in the Operations Manual, which we may change from time to time.

12.3.6 Franchisor shall have the right to modify the provisions of this Section 12.3 relating to Internet websites as Franchisor deems necessary or appropriate in the best interest of the System.

12.3.7 Franchisee acknowledges that Franchisor and/or Franchisor's affiliates are the lawful, rightful and sole owner of the Internet domain name www.rockboxfitness.com and any other Internet domain names registered by Franchisor, and Franchisee unconditionally disclaims any ownership interest in such domain names and any Internet domain names colorably similar thereto. Franchisee agrees not to register any Internet domain name in any class or category that contains words used in or similar to any brand name owned by Franchisor or Franchisor's affiliates, or any abbreviation, acronym, phonetic variation or visual variation of those words.

12.4 **National Brand Fund**. Franchisor has established a national advertising fund (the "National Brand Fund"). Franchisor has the right to require Franchisee to participate in and contribute monthly to the National Brand Fund in an amount equal to the greater of (i) the then-current Brand Fund Contribution rate, which is currently one percent (1%) of Franchisee's Gross Sales, and (ii) $300 (the "Minimum Brand Fund Contribution"). Franchisor reserves the right to increase the Brand Fund Contribution rate up to three percent (3%) of Franchisee's Gross Sales. Franchisee must pay the Brand Fund Contribution in the same manner and time as the Royalty fees due under this Agreement.

12.4.1 Franchisor will use contributions to the National Brand Fund, in Franchisor's sole discretion, to develop, produce and distribute national, regional and/or local advertising and to create advertising materials and public relations programs which promote, in Franchisor's sole judgment, the products and services offered by the System. Franchisor has the sole right to determine contributions and expenditures of the National Brand Fund, or any other advertising program, and the sole authority to determine, without limitation, the selection of the advertising materials and programs; provided, however, that Franchisor will make a good faith effort to spend the National Brand Fund's contributions in the general best interests of the System on a national or regional basis. Nevertheless, Franchisee acknowledges that not all System Franchisees will benefit directly or on a pro rata basis from the National Brand Fund's expenditures. Franchisor may use the National Brand Fund to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertising, social media, public relations, including the cost of preparing and producing television, radio, magazine and newspaper advertising campaigns, the cost of direct mail and outdoor billboard advertising; the cost of public relations activities, social media activities, and advertising agencies; the cost of developing and maintaining an Internet website and managing social media and other online advertising; the cost of holding an Annual Convention, and personnel and other departmental costs for advertising that Franchisor internally administers or prepares. While Franchisor does not anticipate that any part of the National Brand Fund's contributions will be used for advertising which is principally a solicitation for franchisees, Franchisor reserves the right to use the National Brand Fund's contributions for public relations or recognition of the RockBox Fitness brand and for the creation and maintenance of Franchisor's website, a portion of which can be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating "Franchises Available." Sales materials, if developed, may be sold to franchisees at a reasonable cost.

12.4.2 Franchisor may periodically assist franchisees in maintaining high quality standards by conducting customer surveys, customer interviews, and other similar initiatives ("Surveys"). The cost of such programs will be paid from the National Brand Fund. The cost of these programs may be charged directly to Franchisee if Franchisee's results from a Survey fall below System-established minimum standards for such Surveys.

12.4.3 Franchisor has the right to reimburse itself from the National Brand Fund contributions for such reasonable costs, overhead, and personnel salaries, if any, as Franchisor may incur in activities reasonably related to the direction and implementation of the National Brand Fund.

12.4.4 Franchisor will prepare on an annual basis, and will have available for Franchisee within ninety (90) days of the end of the fiscal year, a statement of contributions and expenditures for the National Brand Fund, which will be provided to Franchisee upon Franchisee's written request. The National Brand Fund is not required to be independently audited.

12.4.5 Franchisor is under no obligation to conduct any advertising in Franchisee's Territory, however, Franchisor reserves the right to conduct such advertising if it chooses to do so in its sole discretion.

12.4.6 Franchisor will use commercially reasonable efforts to operate effectively all advertising, marketing, and promotions activities, including the National Brand Fund, but Franchisor will have no direct or indirect liability or obligation to Franchisee with respect to the maintenance, direction or administration of the National Brand Fund. Franchisee is not a third-party beneficiary of any other franchise agreement and will have no right to require or enforce any contributions from other franchisees to, or with respect to the administration of, the National Brand Fund. Franchisee has no proprietary right in the National Brand Fund or the media created for it, and Brand Fund Contribution funds are not held in trust and do not create any trust or fiduciary duties on behalf of Franchisor.

12.5 **Regional Advertising and Promotional Cooperative**. Franchisor shall have the right, in Franchisor's sole discretion, to designate any geographical area for purposes of establishing a regional advertising and promotional cooperative ("Cooperative"), and to determine whether a Cooperative is applicable to Franchisee's Business. Franchisor has the right to require that a Cooperative and/or franchisee advisory council be formed, changed, dissolved, or merged. If a Cooperative has been established applicable to Franchisee's RockBox Business at the time Franchisee begins operating under this Agreement, Franchisee must immediately become a member of such Cooperative. If a Cooperative applicable to the RockBox Business is established at any later time during the term of this Agreement, Franchisee must become a member of such Cooperative no later than thirty (30) days after the date on which the Cooperative begins operation. If the RockBox Business is within the territory encompassed by more than one Cooperative, Franchisee is required to be a member of only one such Cooperative. The following provisions will apply to each Cooperative:

12.5.1 Each Cooperative will be organized and governed in a form and manner, and will commence operation on a date, approved in advance by Franchisor;

12.5.2 Each Cooperative will be organized for the exclusive purpose of administering regional advertising programs and standardizing advertising materials for use by the members in local advertising;

12.5.3 No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without Franchisor's prior approval. All such plans and materials shall be submitted to Franchisor in accordance with the procedure set forth in Section 12.1 hereof;

12.5.4 All contributions (which may exceed the Local Advertising and Promotions Requirement described in Section 12.6, however Franchisee will receive credit for Cooperative contributions against the Local Advertising and Promotions Requirement) to the Cooperative shall be determined by a majority vote of the member franchisees in the Cooperative, subject to Franchisor's approval, which shall not be unreasonably withheld;

12.5.5 Each member franchisee must submit to the Cooperative, no later than the 5th of each month, for the preceding month, its respective contribution as provided in this Agreement together with such other statements or reports as Franchisor may require or as may be required by the Cooperative with Franchisor's approval;

12.5.6 All activities and decisions of the Cooperative shall be determined by a majority vote of the member franchisees in the Cooperative; and

12.5.7 Franchisor may grant to any franchisee, in Franchisor's sole discretion, an exemption for any length of time from the requirement of membership in a Cooperative, upon written request of such franchisee stating reasons supporting such exemption. Franchisor's decision concerning such request for exemption will be final.

12.6 **Local Advertising**. In addition to the Brand Fund Contribution described above in Section 12.4, Franchisor will require Franchisee to spend at least $1,500 each month on local advertising and promotions in accordance with an annual local advertising plan developed by Franchisee (the "Local Advertising and Promotions Requirement"). Franchisee must use one of Franchisor's Approved Suppliers to conduct Local Advertising. In addition to the expenditure above, Franchisee shall pay Franchisor or its Approved Supplier the then-current ad management fee ("Ad Management Fee") each month. Franchisee acknowledges and agrees that Franchisee's Local Advertising and Promotion Requirement must be expended regardless of the amount(s) spent by other System franchisees on local advertising. Franchisee may spend any additional sums Franchisee wishes on local advertising and promotions. Franchisee must use only such advertising and promotional materials as have been previously approved by Franchisor. Franchisee must send Franchisor proof of these expenditures along with Franchisee's Gross Sales Reports, as specified in Section 3.8 of this Agreement. Franchisee's local advertising and promotions efforts will include advertisement of the RockBox Business in any print or online directory listings required by Franchisor, which advertisements Franchisee will submit to Franchisor for approval prior to placement.

12.7 **Initial Advertising Spend.** Franchisee shall be obligated to expend between $20,000 - $32,000 in order to implement an initial advertising and promotional campaign. Franchisee will be required to select Franchisor or an Approved Supplier to conduct the initial advertising and promotional campaign.

13. INDEPENDENT CONTRACTOR; INDEMNIFICATION

13.1 **Independent Contractor Status**. Franchisee is an independent contractor responsible for full control over the internal management and daily operation of Franchisee's RockBox Business, and neither party to this Agreement is the agent, principal, partner, employee, employer or joint venture partner of the other party. Franchisee may not act or represent itself, directly or by implication, as Franchisor's agent, partner, employee or joint venture partner, and Franchisee may not incur any obligation on Franchisor's behalf or in Franchisor's name. All stationery, business cards and contractual agreements entered into by Franchisee shall contain Franchisee's corporate or fictitious name and a conspicuously displayed notice, in the place Franchisor designates, that Franchisee operates Franchisee's RockBox Business as an independently owned and operated RockBox Business and that Franchisee independently owns and operates the RockBox Business as a System franchisee. At Franchisor's request, Franchisee must prominently display a "Franchises Available" sign in the form Franchisor prescribes and in the place that Franchisor designates. Nothing in this Agreement authorizes Franchisee 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 Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall Franchisor be liable by reason of any of Franchisee's acts or omissions in the operation of the RockBox Business or for any claim or judgment arising therefrom against Franchisee or Franchisor. Neither this Agreement nor Franchisor's course of conduct is intended, nor may anything in this Agreement (nor Franchisor's course of conduct) be construed to state or imply that Franchisor is the employer of Franchisee's employees and/or independent contractors.

13.2 **Indemnification**. Franchisee and Franchisee's principals agree to indemnify, defend and hold Franchisor, Franchisor's affiliates and their respective shareholders, directors, officers, employees, agents, successors and assignees ("Indemnitees") harmless against and to reimburse them for all claims, obligations, liabilities and damages ("Claims"), including any and all taxes, directly or indirectly arising out of, in whole or in part: (i) the operation of Franchisee's RockBox Business, including the use, condition, construction, equipping, decorating, maintenance or day-to-day operations of the RockBox Business, the sale of any service or merchandise sold from the RockBox Business, and Franchisee's advertising; (ii) Franchisee's use of the Proprietary Marks; (iii) the transfer of any interest in this Agreement or Franchisee's RockBox Business in any manner not in accordance with this Agreement; (iv) the infringement, alleged infringement, or any other violation or alleged violation by Franchisee or any of Franchisee's principals of any patent, mark or copyright or other proprietary right owned or controlled by third parties; or (v) 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 Franchisee's principals. For purposes of this indemnification, "Claims" shall mean and include all obligations, actual, consequential, punitive and other damages, and costs reasonably incurred in the defense of any action, including attorneys', attorney assistants' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether or not such claims exceed the amount of insurance coverage available through Franchisee to Franchisor. Franchisor shall have the right, though not the obligation, to defend any such Claim against it in such manner as Franchisor deems appropriate or desirable in Franchisor's sole discretion. Such an undertaking by Franchisor shall, in no manner or form, diminish Franchisee's and each of Franchisee's principals' obligation to indemnify the Indemnitees and to hold them harmless. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

14. SALE OR TRANSFER

14.1 **Transfer**. Franchisee's rights under this Agreement are personal, and Franchisee shall not sell, transfer, assign or encumber Franchisee's interest in the RockBox Business without Franchisor's prior written consent, as described more fully in Section 14.3 below. Any sale, transfer, assignment or encumbrance made without Franchisor's prior written consent shall be voidable at Franchisor's option and shall subject this Agreement to termination as specified herein.

14.2 **Death or Disability**.

14.2.1 <u>Transfer Upon Death or Disability</u>. Upon Franchisee's or any of its Designated Manager's death or disability, Franchisee's or the Designated Manager's executor, administrator, conservator, guardian, or other personal representative must transfer Franchisee's interest in this Agreement, or the Designated Manager's ownership interest in Franchisee, if any, to a third party (which may be Franchisee's or the Designated Manager's heirs, beneficiaries, or devisees) that Franchisor must approve, in Franchisor's sole discretion. That transfer must be completed within a reasonable time, not to exceed six (6) months from the date of death or disability, and is subject to all of the terms and conditions in this Section 14. If Franchisee is an entity and has more than one (1) principal, upon a principal's death, the remaining living principals may continue operation of the RockBox Business while the transfer is being finalized (but is still subject to the transfer provisions of Section 14). A failure to transfer Franchisee's interest in this Agreement or the Designated Manager's ownership interest in Franchisee within this time period is a breach of this Agreement. The term "disability" means a mental or physical disability, impairment, or condition that is reasonably expected to prevent or actually does prevent Franchisee or the Designated Manager from supervising the management and operation of the RockBox Business.

14.2.2 Operation Upon Death or Disability. If, upon Franchisee's or the Designated Manager's death or disability, a certified manager is not managing the RockBox Business, Franchisee's or the Designated Manager's executor, administrator, conservator, guardian, or other personal representative must within a reasonable time, not to exceed fifteen (15) days from the date of death or disability, appoint a manager. The manager must complete Franchisor's standard training program at Franchisee's expense. A new Designated Manager acceptable to Franchisor also must be appointed within thirty (30) days. If, in Franchisor's judgment, the RockBox Business is not being managed properly any time after Franchisee's or the Designated Manager's death or disability, Franchisor may, but need not, assume the RockBox Business's management (or appoint a third party to assume its management). Franchisor may charge Franchisee (in addition to the Royalty, Brand Fund Contribution, and other amounts due under this Agreement) a reasonable amount of compensation, plus Franchisor's (or the third party's) direct out-of-pocket costs and expenses, if Franchisor (or a third party) assumes the RockBox Business's management under this subparagraph. Provided Franchisor is not grossly negligent and does not commit an act of willful misconduct, Franchisor will not be liable to Franchisee or its owners for any debts, losses, or obligations the RockBox Business incurs, or to any of Franchisee's creditors for any products, other assets, or services the RockBox Business purchases, while Franchisor (or a third party) manages it. Franchisor's assumption of the RockBox Business's management will be for no more than ninety (90) day intervals. Franchisor will reevaluate the situation at the end of each such interval in consultation with Franchisee.

14.3 **Ownership Changes**. A sale, transfer or assignment requiring Franchisor's prior written consent shall be deemed to occur if Franchisee is: (i) a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of Franchisee's voting stock or any increase in the number of outstanding shares of Franchisee's voting stock which results in a change of ownership; (ii) a partnership, upon the assignment, sale, pledge or transfer of any fractional partnership ownership interest; or (iii) a limited liability company, upon the assignment, sale, pledge or transfer of any interest in the limited liability company. Any new partner, shareholder, or member or manager will be required to personally guarantee Franchisee's obligations under this Agreement. A transfer pursuant to (i) and (iii) in accordance with Section 14.4 below shall not be subject to Franchisor's right of first refusal described herein in Section 14.3.1.

14.3.1 Right of First Refusal. If Franchisee proposes to transfer either this Agreement or all, or substantially all, of the assets used in connection with the RockBox Business or any interest in Franchisee's lease to any third party (other than a corporation or limited liability company as set forth in Section 14.4 below), Franchisee shall first offer to sell such interest to Franchisor on the same terms and conditions as offered by such third party. Franchisee shall obtain from the third party and provide Franchisor a statement in writing, signed by the third party and Franchisee, of the terms of the offer ("Letter of Intent"). If Franchisor elects not to accept the offer within a thirty (30) day period, Franchisee shall have a period not to exceed sixty (60) days to complete the transfer described in the Letter of Intent subject to the conditions for approval set forth in Section 14.3.2 below. Franchisee shall effect no other sale or transfer as contemplated under the Letter of Intent without first complying with this Section 14.3.1. Any material change in the terms of the Letter of Intent shall be deemed a new proposal subject to Franchisor's right of first refusal. So long as Franchisee has obtained Franchisor's prior written consent, which shall not be unreasonably withheld, a transfer to an existing partner or shareholder, or a transfer as a result of the death, disability or incapacitation of a shareholder or partner, in accordance with the provisions set forth below, is not subject to Franchisor's first right of refusal.

14.3.2 Conditions for Approval. Franchisor may condition Franchisor's approval of any proposed sale or transfer of the RockBox Business or of Franchisee's interest in this Agreement upon satisfaction of the following occurrences:

14.3.2.1 All of Franchisee's accrued monetary obligations to Franchisor, Franchisor's affiliates, and Franchisor's designated suppliers and vendors, are satisfied;

14.3.2.2 Franchisee must cure all existing defaults under this Agreement, or any other agreement between Franchisee and Franchisor, Franchisor's affiliates, or Franchisor's designated suppliers and vendors, within the period permitted for cure, and must have substantially complied with such agreements during their respective terms;

14.3.2.3 Franchisee and Franchisee's principals (if Franchisee is a partnership, corporation or limited liability company), and the transferee (if it has had any previous relationship with Franchisor or Franchisor's affiliates), must execute a general release under seal, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's affiliates and their respective officers, directors, shareholders and employees, in their corporate and individual capacities; provided, however, the release shall not be inconsistent with any applicable state statute regulating franchising;

14.3.2.4 Franchisee or transferee shall provide Franchisor a copy of the executed purchase agreement relating to the proposed transfer with all supporting documents and schedules, including transferee's assumption of and agreement to faithfully perform all of Franchisee's obligations under this Agreement;

14.3.2.5 The transferee shall demonstrate to Franchisor's satisfaction that he or she meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the business to be transferred; and has adequate financial resources and capital to meet the performance obligations under this Agreement; provided, however, transferee shall not be in the same business as Franchisor either as licensor, franchisor, independent operator or licensee of any other fitness studio or franchise system which is similar in nature or in competition with Franchisor, except that the transferee may be an existing System franchisee;

14.3.2.6 The transferee shall execute Franchisor's then-current form of franchise agreement for the unexpired term of this Agreement;

14.3.2.7 Franchisee or transferee shall pay Franchisor a transfer fee equal to fifteen thousand dollars ($15,000);

14.3.2.8 The transferee shall satisfactorily complete Franchisor's training program at the transferee's sole expense within the time frame required by Franchisor;

14.3.2.9 Franchisee (and Franchisee's principals if Franchisee is a partnership, corporation or limited liability company), and the members of their respective families must comply with the post-termination provisions of this Agreement;

14.3.2.10 The transferee must obtain, within the time limits set by Franchisor, and maintain thereafter, all permits and licenses required for the operation of the RockBox Business;

14.3.2.11 To the extent required by the terms of any leases or other agreements, the lessors or other parties must have consented to the proposed transfer;

14.3.2.12 The transfer must be made in compliance with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises;

14.3.2.13 The purchase price and terms of the proposed transfer are not so burdensome to the prospective transferee as to impair or materially threaten its future operation of the RockBox Business and the transferee's performance under its franchise agreement;

14.3.2.14 Franchisee must request that Franchisor provide the prospective transferee with Franchisor's current form of franchise disclosure document;

14.3.2.15 Franchisor's approval of the transfer shall not constitute a waiver of any claims Franchisor may have against Franchisee;

14.3.2.16 Franchisor may disclose to any prospective transferee such revenue reports and other financial information concerning Franchisee and Franchisee's RockBox Business that Franchisee supplied to Franchisor;

14.3.2.17 In any event, Franchisor may withhold or condition Franchisor's consent to any transfer as Franchisor deems appropriate based on the circumstances of the transfer or otherwise; and

14.3.2.18 Franchisee is responsible for payment of all commissions or other monies due from the sale of the RockBox Business if: (i) Franchisee listed the RockBox Business with a broker; or (ii) transferee is referred to Franchisor by a broker lead referral network or otherwise.

14.4 **Transfer to a Corporation or Limited Liability Company**. If Franchisee is an individual and desires to assign its rights under this Agreement to a corporation or limited liability company, and if all of the following conditions are met, Franchisor will consent to the transfer without assessing the transfer fee set forth in Section 14.3.2.7 hereof, and such assignment will not be subject to Franchisor's right of first refusal set forth in Section 14.3.1 hereof if:

14.4.1 The corporation or limited liability company is newly organized and its activities are confined to operating the RockBox Business;

14.4.2 Franchisee is, and at all times remains, the owner of fifty-one percent (51%) of the outstanding shares of the corporation or a controlling interest in the limited liability company;

14.4.3 The corporation or limited liability company agrees in writing to assume all of Franchisee's obligations hereunder; and

14.4.4 All shareholders of the corporation, or members and managers of the limited liability company, as applicable, personally guarantee prompt payment and performance by the corporation or limited liability company of all its obligations to Franchisor and Franchisor's affiliates, under this Agreement and any other agreement between Franchisee and Franchisor and/or Franchisor's affiliates, and such persons execute a confidentiality and noncompetition agreement as set forth in Section 17.2 hereof.

14.5 **Franchisor's Right to Transfer**. Franchisor has the right to sell, transfer, assign and/or encumber all or any part of Franchisor's assets and Franchisor's interest in, and rights and obligations under, this Agreement in Franchisor's sole discretion.

15. BREACH AND TERMINATION

15.1 **Automatic Termination**. This Agreement shall automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following:

15.1.1 Voluntary Bankruptcy. If Franchisee makes an assignment for the benefit of creditors, files a voluntary petition in bankruptcy, is adjudicated bankrupt or insolvent, files or acquiesces in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consents to or acquiesces in the appointment of a trustee or receiver for Franchisee or the RockBox Business.

15.1.2 Involuntary Bankruptcy. If proceedings are commenced to have Franchisee adjudicated bankrupt or to seek Franchisee's reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within sixty (60) days, or a trustee or receiver is appointed for Franchisee or the RockBox Business without Franchisee's consent, and the appointment is not vacated within sixty (60) days.

15.1.3 Unauthorized Transfer. If Franchisee purports to sell, transfer or otherwise dispose of Franchisee or any interest in the RockBox Business in violation of Section 14 hereof.

15.2 **With Notice and Without Opportunity to Cure**. Franchisor has the right to terminate this Agreement upon notice without providing Franchisee an opportunity to cure for any of the following breaches or defaults:

15.2.1 Criminal Acts. If Franchisee or Franchisee's principals are convicted of or plead guilty or no contest to any felony, or take part in any criminal misconduct relevant to the operation of Franchisee's RockBox Business.

15.2.2 Fraud. If Franchisee or Franchisee's principals commit any fraud or misrepresentation in the operation of Franchisee's RockBox Business.

15.2.3 Misrepresentation. If Franchisee or Franchisee's principals make any misrepresentation or omission in connection with Franchisee's franchise application, including but not limited to any financial misrepresentation.

15.2.4 Failure to Complete Training. If Franchisee fails to successfully complete initial training as provided in Section 8.1 hereof.

15.2.5 Repeated Breaches. If Franchisor sends Franchisee two (2) or more written notices to cure pursuant to Sections 15.3 or 15.4 hereof in any twelve (12) month period.

15.2.6 Breach of Other Agreements. If Franchisee or Franchisee’s principals materially breach any other agreement with Franchisor or any of Franchisor’s affiliates or the lease or finance agreement for the Approved Location, or threaten any material breach of any such agreement, and fail to cure such breach within any permitted period for cure.

15.2.7 Misuse of the Proprietary Marks or Confidential Information. If Franchisee or Franchisee’s principals materially violate any provision hereof pertaining to Proprietary Marks or Confidential Information or misuse the Proprietary Marks or Confidential Information.

15.2.8 Violation of Health Code. If Franchisee violates any health, safety or sanitation law, ordinance or regulation, including those regulating health and fitness centers, or operates the RockBox Business in a manner that presents a health or safety hazard to customers, or the general public.

15.2.9 Violation of In-term Restrictive Covenant. If Franchisee violates the in-term restrictive covenant contained in Section 17.1 hereof.

15.2.10 Liens. If a levy of writ of attachment or execution or any other lien is placed against Franchisee or any of Franchisee’s principals or any of their assets which is not released or bonded against within thirty (30) days.

15.2.11 Insolvency. If Franchisee or any of Franchisee’s principals become insolvent.

15.2.12 Abandonment. If Franchisee voluntarily or otherwise abandons the RockBox Business. The term “abandon” includes any conduct which indicates a desire or intent to discontinue the RockBox Business in accordance with the terms of this Agreement and shall apply in any event Franchisee fails to operate the RockBox Business for a period of two (2) or more consecutive days without Franchisor’s prior written approval.

15.2.13 Unauthorized Products or Services. If Franchisee offers any unauthorized and unapproved training or other products or services at or from the RockBox Business.

15.2.14 Unapproved Purchases. If Franchisee orders or purchases supplies, signs, services, furnishings, fixtures, equipment or inventory from any currently unapproved supplier.

15.2.15 Proprietary Software. If Franchisee misuses or makes unauthorized use of Franchisor’s Proprietary Software Program, if any.

15.2.16 Insurance. If Franchisee fails to maintain insurance or to repay Franchisor for insurance paid for by it, or otherwise fails to adhere to the requirements of Section 9 hereof.

15.2.17 Government Regulations. If Franchisee fails, within fifteen (15) days after notification of non-compliance by federal, state or local government authorities, to comply with any law or regulation applicable to the RockBox Business.

15.2.18 Government Actions. If any government action is taken against Franchisee that results in any obligation upon Franchisor which in Franchisor's sole judgment is uneconomical, not in the best interests of Franchisor, or would result in Franchisor having an unintended relationship or obligation.

15.2.19 Anti-Terrorist Activities. If Franchisee fails to comply with the provisions of Section 22.7 hereof.

15.2.20 Personal Use of RockBox Business Property. If Franchisee takes for Franchisee's own personal use any assets or property of the RockBox Business, including the Approved Location, employee taxes, FICA, insurance or benefits.

15.2.21 Insufficient Funds. If there are insufficient funds in Franchisee's bank account to cover a check or EFT payment to Franchisor three (3) or more times within any twelve (12) month period.

15.3 **Upon 15 Days' Notice to Cure**. Franchisor has the right to terminate this Agreement if any of the following defaults remain uncured after providing notice and expiration of the fifteen (15) day cure period:

15.3.1 Nonpayment. If Franchisee fails to pay as and when due any sums owed to Franchisor, any of Franchisor's affiliates, or any of Franchisor's designated suppliers.

15.3.2 Under-reporting of Gross Sales. If any audit reveals that Franchisee has understated Franchisee's Royalty or advertising payments, or Franchisee's local advertising expenditures, by more than two percent (2%), or if Franchisee has failed to submit timely reports and/or payments for any two (2) reporting periods within any twelve (12) month period, as described in Section 11 hereof.

15.3.3 Endorsement of Checks. If Franchisee fails to immediately endorse and deliver to Franchisor any payments due to Franchisor from any third party that is erroneously remitted to Franchisee.

15.3.4 Failure to Open. If Franchisee fails to commence operations of Franchisee's RockBox Business within the time prescribed in Section 7.3 hereof.

15.3.5 Interruption of Service. If Franchisee fails to maintain the prescribed days or hours of operation at the RockBox Business.

15.3.6 Failure to Personally Supervise Operations or Employ Adequately Trained Personnel. If Franchisee fails, in Franchisor's sole discretion, to personally supervise the day-to-day operation of the RockBox Business or fails to employ one or more Designated Manager(s) to supervise the day-to-day operation of the RockBox Business as required under this Agreement.

15.3.8 Quality Control. If Franchisee fails to maintain the strict quality controls reasonably required by this Agreement and/or the Operations Manual.

15.3.9 Other Conduct Reflecting Adversely on System. If Franchisee conducts itself in a manner that, although not criminal, reflects adversely on the System, the Proprietary Marks, or the services or products offered through the System.

15.3.10 Licenses and Permits. If Franchisee fails to procure or maintain any licenses, certifications, or permits necessary for the operation of Franchisee's RockBox Business.

15.3.11 Failure to Secure Approved Location. If Franchisee fails to secure an Approved Location within ninety (90) days from the date of this Agreement.

15.4 **Upon 30 Days' Notice to Cure**. Franchisor has the right to terminate this Agreement after providing notice and a thirty (30) day cure period if Franchisee fails to perform or comply with any one or more of the terms or conditions of this Agreement or any ancillary agreements between Franchisee and Franchisor or Franchisor's affiliates.

15.5 **Step-In Rights**. In addition to Franchisor's right to terminate this Agreement, and not in lieu of such right or any other rights Franchisor may have against Franchisee, upon a failure to cure any default within the applicable time period (if any), Franchisor has the right, but not the obligation, exercise complete authority with respect to the operation of the RockBox Business until such time as Franchisor determines, in Franchisor's sole discretion, that the default has been cured and Franchisee is otherwise in compliance with this Agreement. In the event Franchisor exercises the rights described in this Section, Franchisee must reimburse Franchisor for all reasonable costs and overhead, if any, incurred in connection with Franchisor's operation of Franchisee's RockBox Business including, without limitations, costs of personnel for supervising and staffing the RockBox Business and their travel and lodging accommodations. If Franchisor undertakes to operate the RockBox Business pursuant to this Section, Franchisee agrees to indemnify and hold Franchisor (and Franchisor's representative(s) and employees) harmless from and against any fines, claims, suits or proceedings which may arise out of Franchisor's operation of the RockBox Business.

15.6 **Nonwaiver**. Franchisor's delay in exercising or failing to exercise any right or remedy under this Agreement or Franchisor's acceptance of any late or partial payment due hereunder shall not constitute a waiver of any of Franchisor's rights or remedies against Franchisee.

15.7 **Final Charges**. In the event of termination for any default by Franchisee, Franchisee shall promptly pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of franchisee's personal property, furnishings, equipment, signs, fixtures and inventory related to the operation of the RockBox Business.

16. RIGHTS AND DUTIES UPON TERMINATION OR EXPIRATION

16.1 **Franchisee's Obligations**. Upon termination of this Agreement, regardless of the cause, and upon expiration and nonrenewal or transfer of this Agreement, Franchisee must, at Franchisee's cost and expense:

16.1.1 Cease immediately all operations under this Agreement;

16.1.2 Immediately pay Franchisor all unpaid fees and pay Franchisor, Franchisor's affiliates, and Franchisor's designated suppliers and vendors all other monies owed;

16.1.3 Immediately discontinue the use of the Proprietary Marks;

16.1.4 Immediately return the Operations Manual to Franchisor, along with all other manuals and Confidential Information Franchisor loaned to Franchisee, and immediately and permanently cease use of any Confidential Information;

16.1.5 Immediately cease using all telephone numbers and listings, facsimile numbers and listings, and Internet listings used in connection with the operation of the RockBox Business and direct the applicable company to transfer all such numbers and listings to Franchisor or Franchisor's designee pursuant to the Conditional Assignment of Telephone Numbers attached hereto as Exhibit B or, if Franchisor directs, to disconnect the numbers and delete the listings;

16.1.6 Promptly surrender all stationery, printed matter, signs, advertising materials and other items containing the Proprietary Marks, and all items which are a part of the trade dress of the System, as Franchisor directs;

16.1.7 Cease to hold itself out as Franchisor's franchisee;

16.1.8 Take such action as shall be necessary to amend or cancel any assumed name, business name or equivalent registration which contains any trade name or other Proprietary Mark Franchisor licensed to Franchisee, and furnish Franchisor evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after the termination, expiration or transfer of this Agreement;

16.1.9 Permit Franchisor to make final inspection of Franchisee's financial records, books, and other accounting records at any time within six (6) months of the effective date of termination, expiration, or transfer;

16.1.10 Comply with the post-termination covenants set forth in Section 17 hereof, all of which shall survive the transfer, termination or expiration of this Agreement;

16.1.11 Cease to use in advertising or in any other manner, any methods, procedures or techniques associated with Franchisor or the System;

16.1.12 Transfer all rights and access to any proprietary software program used in connection with the RockBox Business;

16.1.13 Immediately vacate the Franchised Business, and if Franchisor exercised Franchisor's rights pursuant to the Collateral Assignment of Lease attached as Exhibit F, arrange for the transfer of the Lease to Franchisor within fifteen (15) days of termination or expiration of this Agreement; and

16.1.14 Execute from time to time any necessary papers, documents, and assurances to effectuate the intent of this Section 16.

16.2 **Power of Attorney**. Franchisee hereby irrevocably appoints Franchisor as Franchisee's attorney-in-fact to execute in Franchisee's name and on Franchisee's behalf all documents necessary to discontinue Franchisee's use of the Proprietary Marks and the Confidential Information.

16.3 **Option to Purchase Personal Property**.

16.3.1 Upon the termination or expiration of this Agreement, Franchisor or Franchisor's designee shall also have the option, but not the obligation, to purchase any personal property used in connection with operation of Franchisee's RockBox Business by providing Franchisee written notice of Franchisor's election within sixty (60) days after such termination or expiration and paying Franchisee the book value for such personal property within sixty (60) days of such notice. For purposes of this paragraph, "book value" means the amount Franchisee actually paid for the personal property less depreciation (calculated by using the straight-line depreciation method on a five (5) year depreciation schedule, irrespective of the depreciation method or schedule Franchisee uses for accounting purposes). Notwithstanding the foregoing, to the extent that Franchisor exercises its right to purchase any personal property that is subject to a lease or finance agreement, the purchase price of such personal property shall equal the amount of Franchisee's remaining obligations under the lease or finance agreement, as applicable. Franchisor shall be entitled to offset the purchase price by the amount of money owed by Franchisee to Franchisor for any payments necessary to acquire clear title to property or for any other debt. If Franchisor exercises Franchisor's option to purchase, pending the closing of such purchase, Franchisor has the right to appoint a manager to maintain operation of the RockBox Business, or Franchisor may require that Franchisee close the RockBox Business during such period without removing any assets. Franchisee is required to maintain in force all insurance policies required under this Agreement until the date of such closing. Franchisor has the unrestricted right to assign this option to purchase personal property. Franchisor will be entitled to all customary warranties and representations in connection with Franchisor's purchase of Franchisee's property, including, without limitation, representations and warranties as to ownership and condition of and title to the property; liens and encumbrances on the property; validity of contracts and agreements; and liabilities affecting the property, contingent or otherwise.

16.3.2 Exclusions. Franchisor may exclude from the personal property purchased hereunder cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the RockBox Business's operation or that Franchisor has not approved as meeting standards for the RockBox Business.

17. COVENANTS

Franchisee acknowledges that as a member of Franchisor's System, Franchisee will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which Franchisor has developed. Therefore to protect Franchisor and all Franchisor's franchisees, Franchisee agrees as follows:

17.1 **During the Term of This Agreement**. During the term of this Agreement, neither Franchisee, Franchisee's officers, directors, principals, or Designated Manager, nor any member of the immediate family of Franchisee or Franchisee's officers, directors, principals, or Designated Manager may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

17.1.1 Own, maintain, engage in, be employed by, lend money to, extend credit to or have any interest in any gym, fitness center, health club, personal training center, weight loss center, martial arts studio, corporate wellness or corporate fitness program, or any other business involved in group fitness or any other business offering products and services offered or authorized for sale by System franchisees (a "Competing Business"); provided, however, that this Section does not apply to Franchisee's operation of any other RockBox Business; or

17.1.2 Divert or attempt to divert any business or customer or prospect of the RockBox Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks or the System.

17.2 **After the Term of This Agreement.**

17.2.1 For a period of two (2) years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, Franchisee's officers, directors, or principals, nor any member of the immediate family of Franchisee or Franchisee's officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation enter into any business that is competing in whole or in part with Franchisor by granting franchises or licenses to operate a Competing Business.

17.2.2 For a period of two (2) years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, Franchisee's officers, directors, or principals, nor any member of the immediate family of Franchisee or Franchisee's officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

17.2.2.1 Own, maintain, engage in, be employed by, or have any interest in any Competing Business located: (i) within the Territory granted to Franchisee hereunder; or (ii) within a radius of fifteen (15) miles of the perimeter of, (a) the Territory being granted hereunder, or (b) any other territory licensed by Franchisor as of the date of expiration, termination or transfer of this Agreement; or

17.2.2.2 Interfere with our business relationships or with anyone or any entity with which we have a business relationship.

17.3 **Intent and Enforcement**. It is the parties' intent that the provisions of this Section 17 be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein shall not render any other part unenforceable. In the event of the actual or threatened breach of this Section 17, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. Franchisee agrees that in the event of the actual or threatened breach of this Section 17, Franchisor's harm will be irreparable, and that Franchisor has no adequate remedy at law to prevent such harm. Franchisee acknowledges and agrees on Franchisee's own behalf and on behalf of the persons who are liable under this Section 17 that each has previously worked or been gainfully employed in other careers and that the provisions of this Section 17 in no way prevent any such person from earning a living. Franchisee further acknowledges and agrees that the time limitation of this Section 17 shall be tolled during any default under this Section.

17.4 **No Defense**. Franchisee hereby agrees that the existence of any claim Franchisee may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to Franchisor's enforcement of the covenants contained in this Section 17. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) which Franchisor incurs in connection with the enforcement of this Section 17.

18. DISPUTE RESOLUTION

18.1 **Choice of Law**. This Agreement shall be governed by the laws of the State of North Carolina.

18.2 **Internal Dispute Resolution**. Franchisee must first bring any claim or dispute between Franchisee and Franchisor to Franchisor's Managing Member, after providing notice as set forth in Section 18.6 below. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

18.3 **Mediation**. At Franchisor's option, all claims or disputes between Franchisee and Franchisor or its affiliates arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisee and Franchisor or its affiliates, or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure sent forth in Section 18.2 above, must be submitted first to non-binding mediation, in or near Huntersville, North Carolina under the auspices of the American Arbitration Association ("AAA"), in accordance with the AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Franchisee must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty (30) days following receipt of such notice within which to notify Franchisee as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. Franchisee may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party shall bear its own cost of mediation and Franchisor and Franchisee shall share mediation costs equally. This agreement to mediate shall survive any termination or expiration of this Agreement.

18.3.1 The parties shall not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 18.3 if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating):

18.3.1.1 Any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information;

18.3.1.2 Any claims pertaining to or arising out of any warranty issue; or

18.3.1.3 Any of the restrictive covenants contained in this Agreement.

18.4 **Selection of Venue**. The parties expressly agree to the jurisdiction and venue of any court of general jurisdiction in Mecklenburg County, North Carolina and the jurisdiction and venue of the United States District Court for the Western District of North Carolina. Franchisee acknowledges that this Agreement has been entered into in the State of North Carolina, and that Franchisee is to receive valuable and continuing services emanating from Franchisor's headquarters in Huntersville, North Carolina. In recognition of such services and their origin, Franchisee hereby irrevocably consents to the personal jurisdiction of the state and federal courts of North Carolina set forth above. Nothing contained in this Agreement shall prevent Franchisor from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interests.

18.5 **Third Party Beneficiaries**. Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the provisions of this Agreement, including the mediation provision set forth in this Section 18, each having authority to specifically enforce the right to mediate claims asserted against such person(s) by Franchisee.

18.6 **Prior Notice of Claims**. As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, Franchisee must notify Franchisor within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.

18.7 **No Right to Offset**. Franchisee shall not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of Franchisor's alleged nonperformance or as an offset against any amount Franchisor or any of Franchisor's affiliates allegedly may owe Franchisee under this Agreement or any related agreements.

18.8 **Injunctive Relief**. Nothing in this Agreement shall prevent Franchisor from seeking to obtain injunctive relief, without posting a bond, against threatened conduct that will cause Franchisor loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions. If injunctive relief is granted, Franchisee's only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Franchisee expressly waives all claims for damages Franchisee incurred as a result of the wrongful issuance.

18.9 **Limitation of Action**. Franchisee further agrees that no cause of action arising out of or under this Agreement may be maintained by Franchisee against Franchisor unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after the Franchisee becomes aware of facts or circumstances reasonably indicating that Franchisee may have a claim against Franchisor hereunder, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off.

18.9.1 Franchisee hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.

18.10 **Waiver of Punitive Damages**. Franchisee hereby waives, to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, Franchisee's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

18.11 THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, OPERATION OF THE ROCKBOX BUSINESS AND/OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY PRODUCTS OR SERVICES. THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE SALE OF THE ROCKBOX BUSINESS, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S GUARANTORS AND FRANCHISOR OR ITS AFFILIATES/OFFICERS/EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

19. REPRESENTATIONS

19.1 **No Authority**. NO SALESPERSON, REPRESENTATIVE OR OTHER PERSON HAS THE AUTHORITY TO BIND OR OBLIGATE FRANCHISOR EXCEPT FRANCHISOR'S AUTHORIZED OFFICER BY A WRITTEN DOCUMENT. FRANCHISEE ACKNOWLEDGES THAT NO REPRESENTATIONS, PROMISES, INDUCEMENTS, GUARANTEES OR WARRANTIES OF ANY KIND WERE MADE BY FRANCHISOR OR ON FRANCHISOR'S BEHALF WHICH HAVE LED FRANCHISEE TO ENTER INTO THIS AGREEMENT. FRANCHISEE UNDERSTANDS THAT WHETHER FRANCHISEE SUCCEEDS AS A FRANCHISEE IS DEPENDENT UPON FRANCHISEE'S EFFORTS, BUSINESS JUDGMENTS, THE PERFORMANCE OF FRANCHISEE'S EMPLOYEES, MARKET CONDITIONS AND VARIABLE FACTORS BEYOND FRANCHISOR'S CONTROL OR INFLUENCE. FRANCHISEE FURTHER UNDERSTANDS THAT SOME FRANCHISEES ARE MORE OR LESS SUCCESSFUL THAN OTHER FRANCHISEES AND THAT FRANCHISOR HAS MADE NO REPRESENTATION THAT FRANCHISEE WILL DO AS WELL AS ANY OTHER FRANCHISEE.

19.2 **Opportunity for Review by Franchisee's Advisors**. FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR HAS RECOMMENDED, AND THAT FRANCHISEE HAS HAD THE OPPORTUNITY TO OBTAIN, REVIEW OF THIS AGREEMENT AND FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT BY FRANCHISEE'S LAWYER, ACCOUNTANT OR OTHER BUSINESS ADVISOR PRIOR TO EXECUTION.

19.3 **Execution of Agreement**. EACH OF THE UNDERSIGNED PARTIES WARRANTS THAT IT HAS THE FULL AUTHORITY TO SIGN AND EXECUTE THIS AGREEMENT. IF FRANCHISEE IS A PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY, THE PERSON EXECUTING THIS AGREEMENT ON BEHALF OF SUCH PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY WARRANTS TO FRANCHISOR, BOTH INDIVIDUALLY AND IN HIS OR HER CAPACITY AS PARTNER OR OFFICER, THAT ALL OF THE PARTNERS OF THE PARTNERSHIP, ALL OF THE SHAREHOLDERS OF THE CORPORATION OR ALL OF THE MEMBERS/MANAGERS OF THE LIMITED LIABILITY COMPANY, AS APPLICABLE, HAVE READ AND APPROVED THIS AGREEMENT, INCLUDING ANY RESTRICTIONS WHICH THIS AGREEMENT PLACES UPON RIGHTS TO TRANSFER INTERESTS IN THE PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY.

20. GUARANTY

If Franchisee is a corporation, or subsequent to execution hereof, Franchisee assigns this Agreement to a corporation, all shareholders of Franchisee's outstanding shares (or if Franchisee is a partnership, or subsequent to execution hereof, Franchisee assigns this Agreement to a partnership, all partners, or if Franchisee is a limited liability company, or subsequent to execution hereof Franchisee assigns this Agreement to a limited liability company, all members and managers) hereby personally and unconditionally guarantee without notice, demand, or presentment, the payment of all of Franchisee's monetary obligations under this Agreement, and any other agreement between Franchisee and Franchisor and/or Franchisor's affiliates, as if each were an original party to this or any other agreement in his or her individual capacity. All such personal guarantors further agree to be bound by the restrictions of Franchisee's activities upon transfer, termination, or expiration and nonrenewal of this Agreement as if each were an original party to this Agreement in his or her individual capacity. All such personal guarantors must execute a continuing personal guarantee in the form attached hereto as Exhibit A. Any owner of Franchisee must have their spouse execute the form of Spousal Confidentiality and Non-Compete Agreement attached hereto as Exhibit G.

21. NOTICES

All notices and requests to be given under this Agreement are to be in writing, and delivered by either certified mail, or via a recognized courier service offering a delivery receipt (e.g., UPS or FedEx), to the following addresses (which may be changed by written notice):

Franchisee: ______________________________

____

Franchisor: SLLR Enterprises, LLC
13620 Reese Blvd., #300
Huntersville, NC 28078

With a copy to: Lane Fisher, Esq.
Fisher Zucker, LLC
21 South 21st Street
Philadelphia, PA 19103

22. MISCELLANEOUS

22.1 **Entire Agreement**. This Agreement contains the entire Agreement of the parties. There are no representations, either oral or written, except those contained in this Agreement. This written Agreement includes all representations between the parties. This Agreement may not be modified except by a written document signed by both parties. Nothing in the Agreement is intended to disclaim the representations made in the franchise disclosure document that was furnished to Franchisee.

22.2 **Construction of Language**. The language of this Agreement shall be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Franchisee, their obligations and liabilities shall be joint and several. Headings are for reference purposes and do not control interpretation. Reference to “immediate family” means spouse, parents, children and siblings and spouse’s parents, children and siblings. Reference to Franchisee’s “principals” means Franchisee’s partners, officers, directors, shareholders, members and managers, as applicable. References to “Franchisor” and “Franchisee” include the party’s successors, assigns or transferees.

22.3 **Severability**. If any provision of this Agreement is deemed invalid or inoperative for any reason, that provision shall be deemed modified to the extent necessary to make it valid and operative or, if it cannot be so modified, it shall then be severed, and the remainder of that provision shall continue in full force and effect as if this Agreement had been signed with the invalid portion so modified or eliminated; provided, however, that if any part of this Agreement relating to payments to Franchisor or any of its affiliates, or protection of the Proprietary Marks or the Confidential Information, including the Operations Manual and Franchisor’s other trade secrets, is declared invalid or unenforceable, then Franchisor at Franchisor’s option may terminate this Agreement immediately upon written notice to Franchisee.

22.4 **State Law Applies**. If any provision of this Agreement, including but not limited to its provisions for transfer, renewal, termination, notice of termination, or cure rights, is inconsistent with any valid law or regulation of the state in which Franchisee’s RockBox Business is located, then the valid law or regulation of that state applicable to the franchise shall supersede any provision of this Agreement that is less favorable to Franchisee.

22.5 **Additional Documentation**. Franchisee must from time to time, subsequent to the date first set forth above, at Franchisor’s request and without further consideration, execute and deliver such other documentation or agreement and take such other action as Franchisor reasonably may require in order to effectuate the transactions contemplated herein. In the event that Franchisee fails to comply with the provisions of this Section, Franchisee hereby appoints Franchisor as Franchisee's attorney-in-fact to execute all such documents on Franchisee's behalf.

22.6 **Force Majeure**. Neither Franchisee, Franchisor, nor Franchisor's affiliates will be liable for loss or damage or deemed to be in breach of this Agreement or any related agreement if its failure to perform its obligations is not the fault nor within the reasonable control of the person due to perform but results from, without limitation, fire, flood, natural disasters, acts of God, governmental acts or orders, or civil disorders. Any delay resulting from any such cause will extend the time of performance for the period of such delay or for such other reasonable period of time as the parties agree in writing or will excuse performance, in whole or in part, as Franchisor deems reasonable.

22.7 **Anti-Terrorist Activities**. Franchisee certifies that neither Franchisee, nor Franchisee's owners, principals, employees nor anyone associated with Franchisee is listed in the Annex to Executive Order 13224 (the "Annex"). Franchisee agrees not to hire or have any dealings with a person listed in the Annex. Franchisee certifies that Franchisee has no knowledge or information that, if generally known, would result in Franchisee, Franchisee's owners, principals, employees, or anyone associated with Franchisee being listed in the Annex. Franchisee agrees to comply with and/or assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee certifies, represents, and warrants that none of Franchisee's property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and Franchisee's owners or principals are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that Franchisee's indemnification responsibilities as provided in Section 13.2 of this Agreement pertain to Franchisee's obligations under this Section 22.7. Any misrepresentation by Franchisee under this Section or any violation of the Anti-Terrorism Laws by Franchisee, Franchisee's owners, principals or employees shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered into with Franchisor or one of Franchisor's affiliates in accordance with the terms of Section 15.2.19 of this Agreement. As used herein, "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies lists and any other requirements of any Governmental Authority (including without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts or acts of war.

22.8 **Attorneys' Fees**. If Franchisee is in breach or default of any monetary or nonmonetary material obligation under this Agreement or any related agreement between Franchisee and Franchisor and/or Franchisor's affiliates, and Franchisor engages an attorney to enforce Franchisor's rights (whether or not formal judicial proceedings are initiated), Franchisee must pay all reasonable attorneys' fees, court costs and litigation expenses Franchisor incurs, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of Franchisee's personal property, furnishings, equipment, signs, fixtures and inventory related to the operation of the RockBox Business. If Franchisee institutes any legal action to interpret or enforce the terms of this Agreement, and Franchisee's claim in such action is denied or the action is dismissed, Franchisor is entitled to recover Franchisor's reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

23. ACKNOWLEDGMENTS

23.1 **Independent Investigation**. Franchisee acknowledges that Franchisee has conducted an independent investigation of the RockBox Business contemplated by this Agreement and recognizes that it involves business risks which make the success of the venture largely dependent upon Franchisee's business abilities and efforts. Franchisee acknowledges that Franchisee has been given the opportunity to clarify any provision of this Agreement that Franchisee may not have initially understood and that Franchisor has advised Franchisee to have this Agreement reviewed by an attorney.

23.2 **No Guarantees or Representations of Earnings**. Franchisee understands that Franchisor and any of Franchisor's representatives and/or agents with whom Franchisee has met have not made and are not making any guarantees or representations as to the extent of Franchisee's success in operating a RockBox Business, and have not and are not in any way representing or promising any specific amounts of earnings or profits associated with Franchisee's operation of the RockBox Business.

23.3 **Receipt of Disclosure Document**. Franchisee acknowledges that this Agreement and Franchisor's Franchise Disclosure Document, or "FDD", have been in Franchisee's possession for at least fourteen (14) days before Franchisee signed this Agreement and before Franchisee's payment of any monies to Franchisor, refundable or otherwise, and that any material changes to this Agreement were memorialized in writing in this Agreement for at least seven (7) days before Franchisee signed this Agreement.

23.4 **No Personal Liability**. Franchisee agrees that fulfillment of any and all of Franchisor's obligations written in this Agreement or based on any oral communications which may be ruled to be binding in a court of law shall be Franchisor's sole responsibility and none of Franchisor's agents, representatives, nor any individuals associated with Franchisor's franchise company shall be personally liable to Franchisee for any reason. Franchisee agrees that nothing that Franchisee believes Franchisee has been told by Franchisor or Franchisor's representatives shall be binding unless it is written in this Agreement. This is an important part of this Agreement. <u>Do not sign this Agreement if there is any question concerning its contents or any representations made</u>.

[Signatures to appear on the following page.]

IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.

FRANCHISEE:

____
(Individual, Partnership or Corporation Name)

By: _____________________________________

Title: ____________________________________

By: _____________________________________

Title: ____________________________________

PERSONAL GUARANTORS

____

____

FRANCHISOR:

SLLR ENTERPRISES, LLC

By: _____________________________________

Title: ____________________________________

EXHIBIT A
to
SLLR ENTERPRISES, LLC
FRANCHISE AGREEMENT

PERSONAL GUARANTY

PERSONAL GUARANTY

NOTE: IF FRANCHISEE IS A CORPORATION, EACH OF FRANCHISEE'S SHAREHOLDERS MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A PARTNERSHIP, EACH OF FRANCHISEE'S PARTNERS MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A LIMITED LIABILITY COMPANY, EACH OF FRANCHISEE'S MEMBERS AND MANAGERS MUST EXECUTE THE FOLLOWING UNDERTAKING.

ARTICLE I
PERSONAL GUARANTY

The undersigned persons (individually and collectively "you") hereby represent to SLLR ENTERPRISES, LLC ("Franchisor") that you are all of the shareholders of __________________ ("Franchisee"), or all of the partners of Franchisee, or all of the members and managers, general partners, of any individual Franchisee. In consideration of the grant by Franchisor to the Franchisee as herein provided, each you hereby agree, in consideration of benefits received and to be received by each of you, jointly and severally, and for yourselves, your heirs, legal representatives and assigns, to be firmly bound by all of the terms, provisions and conditions of the foregoing SLLR Enterprises, LLC franchise agreement (the "Franchise Agreement"), and any other agreement between Franchisee and Franchisor and/or its affiliates, and do hereby unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the aforesaid Franchise Agreement or other agreement between Franchisor and Franchisee, including, without limitation, any indebtedness of Franchisee arising under or by virtue of the aforesaid Franchise Agreement and that you (jointly and severally) will not permit or cause any change in the percentage of Franchisee owned, directly or indirectly, by any person, without first obtaining the written consent of Franchisor prior to said proposed transfer, which consent must not be unreasonably withheld, and without first paying or causing to be paid to Franchisor the transfer fee provided for in said Franchise Agreement, if applicable, and without otherwise complying with the transfer provisions of the foregoing Franchise Agreement. You agree to be bound by the dispute resolution procedures set forth in the Franchise Agreement. You further agree to be bound by the in-term and post-term covenants against competition of the aforesaid Franchise Agreement.

ARTICLE II
CONFIDENTIALITY

During the initial and any renewal terms of the Franchise Agreement and this personal guaranty (the "Guaranty"), you will receive information, which Franchisor considers its trade secrets and confidential information. You shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any "Confidential Information", as such term is defined in the Franchise Agreement. Any and all information, knowledge, know-how, techniques, and other data, which Franchisor designates as confidential, will be deemed Confidential Information for purposes of this Guaranty.

ARTICLE III
NON-COMPETITION

You acknowledge that as a participant in the Franchisor's franchise System, you will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which Franchisor has developed. Therefore, to protect Franchisor and all Franchisor's franchisees, you agree as follows:

1) **During the Term of the Franchise Agreement and this Guaranty.** During the term of the Franchise Agreement and this Guaranty, neither your, nor your principals, officers, or directors, nor any members of your immediate family or the immediate family of your principals, officers, or directors may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

a) Own, maintain, engage in, be employed by, lend money to, extend credit to or have any interest in any gym, fitness center, health club, personal training center, weight loss center, martial arts studio, corporate wellness or corporate fitness program, or any other business involved in group fitness or any other business offering products and services offered or authorized for sale by System franchisees (a "Competing Business"); provided, however, that this Section does not apply to your operation of any other RockBox Business under the RockBox Fitness Proprietary Marks and System;

b) Employ or seek to employ any person who is at that time employed by Franchisor, Franchisor's affiliates or any other System franchisee, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment thereat; or

c) Divert or attempt to divert any business or customer of the RockBox Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks or the System.

2) **After the Term of This Agreement.**

a) For a period of 2 years after the expiration and nonrenewal, transfer or termination of the Franchise Agreement, regardless of the cause, neither you, your officers, directors, or principals, nor any member of your immediate family or the immediate family of your officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation enter into any business competing in whole or in part with Franchisor in granting franchises or licenses to operate a Competing Business at the time the Franchise Agreement is terminated or otherwise expires and is not renewed.

b) For a period of 2 years after the expiration, transfer or termination of the Franchise Agreement, regardless of the cause, neither you, your officers, directors, or principals, nor any member of your immediate family or the immediate family of your officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

(i) Own, maintain, engage in, be employed by, or have any interest in any Competing Business at the time of termination or expiration and nonrenewal (i) at the RockBox Business; (ii) within the territory (the "Territory"); or (iii) within a radius of 15 miles of the perimeter of (a) the Territory being granted hereunder or (b) any other territory licensed by Franchisor as of the date of expiration or termination of this Agreement;

(ii) Solicit business from customers of Franchisee's former RockBox Business;

(iii) Contact any of Franchisor's suppliers or vendors for any competitive business purpose; or

(iv) Interfere with our business relationships or with anyone or any entity with which we have a business relationship.

3) **Intent and Enforcement**. It is the parties' intent that the provisions of this Article III be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein shall not render any other part unenforceable. In the event of the actual or threatened breach of this Article III by you, any of your principals, or any members of their immediate family, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. You agree that in the event of the actual or threatened breach of this Article III, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. You acknowledge and agree that you have previously worked or been gainfully employed in other careers and that the provisions of this Article III in no way prevents you from earning a living. You further acknowledge and agree that the time limitation of this Article III shall be tolled during any default under the Franchise Agreement and this Guaranty.

ARTICLE IV
MISCELLANEOUS

1) **Acknowledgment**. You acknowledge that this Guaranty is not a franchise agreement and does not confer upon you any rights to use the Franchisor's Proprietary Marks or its System.

2) **Governing Law.** This Guaranty shall be deemed to have been made in and governed by the laws of the State of North Carolina.

3) **Internal Dispute Resolution.** You must first bring any claim or dispute arising out of or relating to the Franchise Agreement or this Guaranty to Franchisor's Managing Member and/or President. You agree to exhaust this internal dispute resolution procedure before bringing any dispute before a third party. This agreement to engage in internal dispute resolution first shall survive the termination or expiration of this Guaranty.

4) **Mediation.** At Franchisor's option, all claims or disputes between you and Franchisor arising out of, or in any way relating to, this Guaranty or the Franchise Agreement or any other agreement by and between you and the Franchisor, or any of the parties' respective rights and obligations arising from such agreements, must be submitted first to non-binding mediation, in Huntersville, North Carolina, under the auspices of the American Arbitration Association ("AAA"), in accordance with the AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, you must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of 30 days following receipt of such notice within which to notify you as

to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. You may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party shall bear its own cost of mediation and the parties shall share the cost of mediator. This agreement to mediate at our option shall survive the termination or expiration of the Franchise Agreement.

a) The parties shall not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 4 if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating):

(i) Any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information;

(ii) Any claims arising out of or pertaining to any warranty issued; or

(iii) Any of the restrictive covenants contained in this agreement.

5) **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the Franchise Agreement and this Guaranty, and the mediation provisions contained herein, each having authority to specifically enforce the right to mediate and arbitrate claims asserted against such person(s) by you.

6) **Injunctive Relief.** Nothing contained in this Guaranty shall prevent Franchisor from applying to or obtaining from any court having jurisdiction, without bond, a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interests prior to the filing of any mediation proceeding or pending the trial or handing down of a decision or award pursuant to any mediation or judicial proceeding conducted hereunder.

7) **Jurisdiction and Venue.** With respect to any proceeding not subject to mediation, the parties expressly agree submit to the jurisdiction and venue of any court of general jurisdiction in Huntersville, North Carolina, and the jurisdiction and venue of the United States District Court for the Western District of North Carolina.

8) **Jury Trial Waiver.** THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS PERSONAL GUARANTY OR THE FRANCHISE AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR YOUR PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES.

9) **Waiver of Punitive Damages.** You waive, to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) which you may have against us arising out of any cause whatsoever

(whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, your recovery shall be limited to actual damages. If any other term of this Personal Guaranty is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

10) **Limitation on Action.** You agree that no cause of action arising out of or under this Guaranty or the Franchise Agreement may be maintained by you unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after you become aware of facts or circumstances reasonably indicating that you may have a claim against the Franchisor, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense or set-off.

11) **Attorneys' Fees**. If either party institutes any mediation action or judicial proceeding to enforce any monetary or nonmonetary obligation or interpret the terms of this Guaranty and the Franchise Agreement, and Franchisor prevails in such action, you shall be liable to Franchisor for all costs, including reasonable attorneys' fees, incurred in connection with such proceeding.

12) **Nonwaiver.** Franchisor's failure to insist upon strict compliance with any provision of this Guaranty and the Franchise Agreement shall not be a waiver of Franchisor's right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Franchisor respecting any breach or default shall not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Guaranty shall be cumulative. Franchisor's election to exercise any remedy available by law or contract shall not be deemed a waiver or preclude exercise of any other remedy.

13) **Severability.** The parties agree that if any provisions of this Guaranty may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision shall have the meaning which renders it valid and enforceable. The provisions of this Guaranty are severable, and this Guaranty shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions shall be enforced to the extent that they are valid and enforceable. If any material provision of this Guaranty shall be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Guaranty.

14) **Construction of Language.** Any term defined in the Franchise Agreement which is not defined in this Guaranty will be ascribed the meaning given to it in the Franchise Agreement. The language of this Guaranty will be construed according to its fair meaning, and not strictly for or against either party. All words in this Guaranty refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

15) **Successors**. References to "Franchisor", "the undersigned," or "you" include the respective parties' successors, assigns or transferees.

16) **No Personal Liability**. You agree that fulfillment of any and all of Franchisor's obligations

written in this Guaranty or in the Franchise Agreement or based on any oral communications which may be ruled to be binding in a Court of Law shall be Franchisor's sole responsibility and none of Franchisor's agents, representatives, nor any individuals associated with Franchisor's franchise company shall be personally liable to Franchisee or you for any reason.

PERSONAL GUARANTORS

______________________________ ______________________________________

______________________________ ______________________________________

______________________________ ______________________________________

EXHIBIT B
to
SLLR ENTERPRISES, LLC
FRANCHISE AGREEMENT

SITE SELECTION ADDENDUM

SITE SELECTION ADDENDUM

SLLR Enterprises, LLC, a North Carolina limited liability company with a principal business address at 13620 Reese Blvd., #300, Huntersville, NC 28078 ("Franchisor") and _________________________________ ("Franchisee"), have this _____ day of ______, 20___, entered into the foregoing Franchise Agreement for the operation of a ROCKBOX FITNESS franchised business using Franchisor's Proprietary Marks and System (the "Franchised Business") and desire to supplement its terms, as set forth below. The parties therefore agree as follows:

1. Within ninety (90) days after the parties execute the Franchise Agreement, Franchisee must obtain a site, at Franchisee's expense, for the Franchised Business, which Franchisor will approve as hereinafter provided. The site must be within the following non-exclusive site selection territory:
____
____.

2. Franchisee's failure to obtain a site for the Franchised Business within the time required in Paragraph 1 will constitute a default under the Franchise Agreement and this Site Selection Addendum. Time is of the essence.

3. Prior to Franchisee's acquisition by lease or purchase of a site for the Franchised Business, Franchisee must submit to Franchisor, in the form Franchisor specifies, a completed site review form, such other information or materials as Franchisor may reasonably require, and a letter of intent or other evidence satisfactory to Franchisor that confirms Franchisee's favorable prospects for obtaining the proposed site. Recognizing that time is of the essence, Franchisee must submit a proposed site, together with the information and materials required by this Paragraph 3, to Franchisor for Franchisor's approval within ninety (90) days after execution of this Site Selection Addendum. Franchisor will have thirty (30) days after receipt of such information and materials from Franchisee to approve or disapprove, in Franchisor's sole discretion, the site as a location for the Franchised Business. No proposed site will be deemed approved unless Franchisor has expressly approved it in writing.

4. Franchisor will furnish to Franchisee such site selection guidelines, consultation and on-site evaluation as Franchisor deems advisable as part of Franchisor's evaluation of Franchisee's request for site approval. Franchisor will not, however, provide on-site evaluation for any proposed site prior to Franchisor's receipt of the information and materials required by Paragraph 3 hereof. If Franchisor deems on-site evaluation necessary and appropriate, Franchisor will conduct up to one (1) on-site evaluation at Franchisor's cost. For each additional on-site evaluation (if any), Franchisee will reimburse Franchisor for Franchisor's reasonable expenses including, without limitation, the costs of travel, lodging, and meals. If Franchisor designates an agent for site selection assistance, Franchisor reserves the right to require Franchisee to use Franchisor's designated agent, or another real estate agent that Franchisor approves in writing, for site selection assistance.

5. If Franchisee will be occupying the Approved Location under a lease, Franchisee shall, upon Franchisor's request, prior to the execution of the lease, submit the lease to Franchisor for Franchisor's approval. Franchisor's approval of the lease may be conditioned upon Franchisee's execution of a Collateral Assignment of Lease in the form Franchisor prescribes, as well as the

inclusion or exclusion of certain required provisions. Franchisee must furnish Franchisor with a copy of any executed lease within ten (10) days after execution thereof.

6. After Franchisor has approved a site for the Franchised Business in writing and Franchisee has acquired the site, the site will constitute the Approved Location referred to in Section 1.2 of the Franchise Agreement.

7. Franchisee hereby acknowledges and agrees that Franchisor's approval of a site does not constitute an assurance, representation or warranty of any kind, express or implied, as to the suitability of the site for the Franchised Business or for any other purpose. Franchisor's approval of the site indicates only that Franchisor believes the site complies with acceptable minimum criteria established by Franchisor solely for Franchisor's purposes as of the time of the evaluation. Both parties to this Agreement acknowledge the application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to Franchisor's approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from Franchisor's criteria could change thereby altering the potential of a site. Such factors are unpredictable and are beyond Franchisor's control. Franchisor will not be responsible for the failure of a site approved by Franchisor to meet Franchisee's expectations as to revenue or operational criteria. Franchisee further acknowledges and agrees that Franchisee's acceptance of a franchise for the operation of the Franchised Business at the site is based on Franchisee's own independent investigation of the suitability of the site.

8. This Site Selection Addendum constitutes an integral part of the Franchise Agreement between the parties hereto, and terms of this Site Selection Addendum will be controlling with respect to the subject matter hereof. Except as modified or supplemented by this Site Selection Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

REMAINDER OF PAGE IS LEFT INTENTIONALLY BLANK
SIGNATURES APPEAR ON FOLLOWING PAGE

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum on the day and year first above written.

FRANCHISEE

____
(Individual, Partnership or Corporation Name)

By: _________________________________

Name: ______________________________

Title: _______________________________

FRANCHISOR

SLLR ENTERPRISES, LLC

By: _________________________________

Name: ______________________________

Title: _______________________________

EXHIBIT C
to
SLLR ENTERPRISES, LLC
FRANCHISE AGREEMENT

CONDITIONAL ASSIGNMENT OF FRANCHISEE'S TELEPHONE NUMBERS, FACSIMILE NUMBERS AND DOMAIN NAMES

CONDITIONAL ASSIGNMENT OF FRANCHISEE'S TELEPHONE NUMBERS, FACSIMILE NUMBERS AND DOMAIN NAMES

1. ______________________________ ("Assignor"), in exchange for valuable consideration provided by SLLR Enterprises, LLC ("Assignee"), receipt of which is hereby acknowledged, hereby conditionally assigns to Assignee all telephone numbers, facsimile numbers, domain names, as well as any listings associated therewith, utilized by Assignor in the operation of its RockBox Business (the "Assigned Property"). The Assigned Property includes the following:

Telephone Number(s): ____

Facsimile Number(s): ____

Domain Name(s) (as permitted by Franchisor under the Franchise Agreement): ____.

2. The conditional agreement will become effective automatically upon termination or expiration of Assignor's franchise agreement. Upon the occurrence of that condition, Assignor must do all things required by the telephone company, domain name registrar, or other applicable entity to assure the effectiveness of the assignment of Assigned Property as if the Assignee had been originally issued such Assigned Property and the usage thereof.

3. Assignor agrees to pay the telephone company, domain name registrar, and/or other applicable entity, on or before the effective date of assignment, all amounts owed for the use of the Assigned Property up to the date this Assignment becomes effective. Assignor further agrees to indemnify Assignee for any sums Assignee must pay to effectuate this Assignment, and agrees to fully cooperate with the telephone company, domain name registrar, and/or any other applicable entity, as well as the Assignee, in effectuating this assignment.

ASSIGNOR:

____

BY: ____________________________________ Date: ___________

TITLE:_________________________________

ASSIGNEE:

SLLR ENTERPRISES, LLC

BY: ____________________________________ Date: ___________

TITLE:_________________________________

EXHIBIT D
to
SLLR ENTERPRISES, LLC
FRANCHISE AGREEMENT

CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT

CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT

(for trained employees, shareholders, officers, directors, general partners, members and managers and Designated Manager of Franchisee)

In consideration of my being a ____ of _______________________________ (the "Franchisee"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that Franchisee has acquired the right from SLLR Enterprises, LLC (the "Company") to establish and operate a RockBox Fitness (the "RockBox Business") and the right to use in the operation of the RockBox Business the Company's trade names, trademarks and service marks (the "Proprietary Marks") and the Company's unique and distinctive format and system relating to the establishment and operation of RockBox Businesses (the "System"), as they may be changed, improved and further developed from time to time in the Company's sole discretion.

1. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes but is not limited to methods of fitness instruction; information about proprietary services or products; any proprietary software Franchisor may now or in the future create; Franchisor's operational manual; trade secrets; price marketing mixes related to the sale services offered or authorized for sale by System franchisees; standards and specifications for gym equipment; systems and training manuals; instructor training systems; compensation systems; marketing strategies; online social marketing systems; merchandise sales systems; sales training; location identification and acquisition systems; ongoing instructor training; general operations; Franchisor's copyrighted materials; and methods and other techniques and know-how concerning the of operation of the RockBox Business which may be communicated to Franchisee or of which Franchisee may be apprised by virtue of Franchisee's operation of a RockBox Business (collectively, the "Confidential Information").

2. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

3. The Company and Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, the SLLR Enterprises, LLC Operations Manual (the "Manual") and other general assistance during the term of this Agreement.

4. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the RockBox Business during the term hereof, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

5. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties with the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has

become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

6. Except as otherwise approved in writing by the Company, I shall not, while in my position with the Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company, own, maintain, engage in, be employed by, or have any interest in any other business which operates or licenses any other Competing Business, as that term is defined in Section 17.1.1 of the SLLR Enterprises, LLC Franchise Agreement, except a RockBox Business operating under the System and Proprietary Marks.

7. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

8. I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

9. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

10. This Agreement shall be construed under the laws of North Carolina. The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

Signature: ______________________________
Name: ______________________________
Title: ______________________________
Date: ______________________________

ACKNOWLEDGED BY FRANCHISEE

By: ________________________________
Title: ________________________________
Date: ________________________________

EXHIBIT E
to
SLLR ENTERPRISES, LLC
FRANCHISE AGREEMENT

ELECTRONIC FUNDS WITHDRAWAL AUTHORIZATION

ELECTRONIC FUNDS WITHDRAWAL AUTHORIZATION

Bank Name : ___________________________

ABA# : ___________________________

Acct. No. : ___________________________

Acct. Name : ___________________________

Effective as of the date of the signature below, _____________ ("Franchisee") hereby authorizes SLLR Enterprises, LLC ("Company") or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to make the following payments to Company under the Franchise Agreement for the franchise located at ____ __________________________: (1) all Royalty Fees; (2) all contributions to the National Brand Fund; and (3) any fees that the Company may impose under the terms of Franchisee's Franchise Agreement from time to time. Such withdrawals shall occur on a monthly basis, or on such other schedule as Company shall specify in writing. Company is also authorized to deposit funds into the above-referenced account, electronically or otherwise. This authorization shall remain in full force and effect until terminated in writing by Company. Franchisee shall provide Company, in conjunction with this authorization, a voided check from the above-referenced account.

AGREED:

ATTEST:	**FRANCHISEE**
______________________________	By:_____________________________________
	Print name:_______________________________
	Its:_____________________________________

EXHIBIT F
to
SLLR ENTERPRISES, LLC
FRANCHISE AGREEMENT

COLLATERAL ASSIGNMENT OF LEASE

COLLATERAL ASSIGNMENT OF LEASE

Landlord: ___________________________

Notice Address:_____________________
____
____

Telephone: _________________________

Tenant: _____________________________

Franchisor: SLLR Enterprises, LLC
Notice Address: 13620 Reese Blvd., #300
Huntersville, NC 28078
Email: rmartin@RockBoxFitness.com

Leased Premises: ____

1. Use. Tenant is a franchisee of Franchisor. The Leased Premises shall be used only for the operation of a RockBox Fitness business (or any name authorized by Franchisor).

2. Notice of Default and Opportunity To Cure. Landlord shall provide Franchisor with copies of any written notice of default ("Default") given to Tenant under the Lease, and Landlord grants to Franchisor the option (but not the obligation) to cure any Default under the Lease (should Tenant fail to do so) within 10 days after the expiration of the period in which Tenant may cure the Default.

3. Termination of Lease. Landlord shall copy Franchisor on any notice of termination of the Lease. If Landlord terminates the Lease for Tenant's Default, Franchisor shall have the option to enter into a new Lease with Landlord on the same terms and conditions as the terminated Lease. To exercise this option, Franchisor must notify Landlord within 15 days after Franchisor receives notice of the termination of the Lease.

4. Termination of Franchise Agreement. If the Franchise Agreement between Franchisor and Tenant is terminated during the term of the Lease, then upon the written request of Franchisor, Tenant shall assign the Lease to Franchisor. Landlord hereby consents to the assignment of the Lease to Franchisor.

5. Assignment and Subletting. Notwithstanding any provision of the Lease to the contrary, Tenant shall have the right to assign or sublet the Lease to Franchisor, provided that no such assignment or sublease shall relieve Tenant or any guarantor of liability under the Lease. If Franchisor becomes the lessee of the Lease Premises, then Franchisor shall have the right to assign or sublease its lease to a franchisee of the RockBox Fitness brand.

6. Authorization. Tenant authorizes Landlord and Franchisor to communicate directly with each other about Tenant and Tenant's business.

7. Right to Enter. Upon the expiration or termination the Franchise Agreement or the Lease, or the termination of Tenant's right of possession of the Leased Premises, Franchisor or its designee may, after giving reasonable prior notice to Landlord, enter the Leased Premises to remove signs and other material bearing Franchisor's brand name, trademarks, and commercial symbols, provided that Franchisor will be liable to Landlord for any damage Franchisor or its designee causes by such removal.

8. No Liability. By executing this Collateral Assignment, Franchisor does not assume any liability with respect to the Lease Premises or any obligation as Tenant under the Lease.

Executed by:

LANDLORD:

____

By: ___________________________
Name: _________________________
Title: _________________________
Date: _________________________

TENANT:

____

By: ____________________________
Name: __________________________
Title: __________________________
Date: __________________________

FRANCHISOR:

SLLR ENTERPRISES, LLC

By: ____________________________
Name: __________________________
Title: __________________________
Date: __________________________

EXHIBIT G
to
SLLR ENTERPRISES, LLC
FRANCHISE AGREEMENT

SPOUSAL CONFIDENTIALITY AND NON-COMPETE AGREEMENT

SPOUSAL CONFIDENTIALITY AND NON-COMPETE AGREEMENT

NOTE: IF FRANCHISEE IS A CORPORATION, EACH OF FRANCHISEE'S SHAREHOLDERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A PARTNERSHIP, EACH OF FRANCHISEE'S PARTNERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A LIMITED LIABILITY COMPANY, EACH OF FRANCHISEE'S MEMBERS AND MANAGERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING. IF THE FRANCHISEE IS AN INDIVIDUAL, FRANCHISEE'S SPOUSE MUST EXECUTE THE FOLLOWING UNDERTAKING.

The undersigned persons (individually and collectively "you") hereby represent to SLLR ENTERPRISES, LLC ("Franchisor") that you are all the spouse of any individual Franchisee, or the spouse of any such shareholder, general partner, or member or manager of Franchisee, as the case may be, of ________________________ ("Franchisee"). In consideration of the grant by Franchisor to the Franchisee as herein provided, each you hereby agree, in consideration of benefits received and to be received by each of you, jointly and severally, and for yourselves, your heirs, legal representatives and assigns, to be firmly bound by certain terms, provisions and conditions of the foregoing SLLR ENTERPRISES, LLC franchise agreement (the "Franchise Agreement"). You agree to be bound by the dispute resolution procedures set forth in the Franchise Agreement. You further agree to be bound by the in-term and post-term covenants against competition of the aforesaid Franchise Agreement.

ARTICLE I
CONFIDENTIALITY

During the initial and any renewal terms of the Franchise Agreement and this Spousal Confidentiality and Non-Competition Agreement (the "Agreement"), you will receive information, which Franchisor considers its trade secrets and confidential information. You shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any "Confidential Information", as such term is defined in the Franchise Agreement. Any and all information, knowledge, know-how, techniques, and other data, which Franchisor designates as confidential, will be deemed Confidential Information for purposes of this Agreement.

ARTICLE II
NON-COMPETITION

You acknowledge that as a participant in the Franchisor's franchise System, you will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which Franchisor has developed. Therefore to protect Franchisor and all Franchisor's franchisees, you agree as follows:

3) **During the Term of the Franchise Agreement and this Agreement.** During the term of the Franchise Agreement and this Agreement, neither your, nor your principals, officers, or directors, nor any members of your immediate family or the immediate family of your principals, officers, or directors may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

a) Own, maintain, engage in, be employed by, lend money to, extend credit to or have any interest in any infrared sauna studio, light therapy business, spa, salon, or business utilizing infrared or light therapy, weight loss center, nutritional supplements including MLM, or any other business offering products and services offered or authorized for sale by System franchisees (a "Competing Business"); provided, however, that this Section does not apply to your operation of any other Franchised Business under the beem® Light Sauna Proprietary Marks and System;

b) Employ or seek to employ any person who is at that time employed by Franchisor, Franchisor's affiliates or any other System franchisee, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment thereat; or

c) Divert or attempt to divert any business or customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks or the System.

4) **After the Term of This Agreement.**

a) For a period of 2 years after the expiration and nonrenewal, transfer or termination of the Franchise Agreement, regardless of the cause, neither you, your officers, directors, or principals, nor any member of your immediate family or the immediate family of your officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation enter into any business competing in whole or in part with Franchisor in granting franchises or licenses to operate a Competing Business at the time the Franchise Agreement is terminated or otherwise expires and is not renewed.

b) For a period of 2 years after the expiration, transfer or termination of the Franchise Agreement, regardless of the cause, neither you, your officers, directors, or principals, nor any member of your immediate family or the immediate family of your officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

(i) Own, maintain, engage in, be employed by, or have any interest in any Competing Business at the time of termination or expiration and nonrenewal (i) at the Franchised Business; (ii) within the territory (the "Territory"); or (iii) within a radius of 15 miles of the perimeter of (a) the Territory being granted hereunder or (b) any other territory licensed by Franchisor as of the date of expiration or termination of this Agreement;

(ii) Solicit business from customers of Franchisee's former Franchised Business;

(iii) Contact any of Franchisor's suppliers or vendors for any competitive business purpose; or

(iv) Interfere with our business relationships or with anyone or any entity with which we have a business relationship.

3) **Intent and Enforcement**. It is the parties' intent that the provisions of this Article II be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein shall not render any other part unenforceable. In the event of the actual or threatened

breach of this Article II by you, any of your principals, or any members of their immediate family, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. You agree that in the event of the actual or threatened breach of this Article II, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. You acknowledge and agree that you have previously worked or been gainfully employed in other careers and that the provisions of this Article II in no way prevents you from earning a living. You further acknowledge and agree that the time limitation of this Article II shall be tolled during any default under the Franchise Agreement and this Agreement.

ARTICLE III
MISCELLANEOUS

17) **Acknowledgment**. You acknowledge that this Agreement is not a franchise agreement and does not confer upon you any rights to use the Franchisor's Proprietary Marks or its System.

18) **Governing Law.** This Agreement shall be deemed to have been made in and governed by the laws of the State of North Carolina.

19) **Internal Dispute Resolution.** You must first bring any claim or dispute arising out of or relating to the Franchise Agreement or this Agreement to Franchisor's Managing Member and/or President. You agree to exhaust this internal dispute resolution procedure before bringing any dispute before a third party. This agreement to engage in internal dispute resolution first shall survive the termination or expiration of this Agreement.

20) **Mediation.** At Franchisor's option, all claims or disputes between you and Franchisor arising out of, or in any way relating to, this Agreement or the Franchise Agreement or any other agreement by and between you and the Franchisor, or any of the parties' respective rights and obligations arising from such agreements, must be submitted first to non-binding mediation, in Huntersville, North Carolina, under the auspices of the American Arbitration Association ("AAA"), in accordance with the AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, you must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of 30 days following receipt of such notice within which to notify you as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. You may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party shall bear its own cost of mediation and the parties shall share the cost of mediator. This agreement to mediate at our option shall survive the termination or expiration of the Franchise Agreement.

a) The parties shall not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 4 if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating):

(i) Any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information;

(ii) Any claims arising out of or pertaining to any warranty issued; or

(iii) Any of the restrictive covenants contained in this agreement.

21) **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the Franchise Agreement and this Agreement, and the mediation provisions contained herein, each having authority to specifically enforce the right to mediate and arbitrate claims asserted against such person(s) by you.

22) **Injunctive Relief.** Nothing contained in this Agreement shall prevent Franchisor from applying to or obtaining from any court having jurisdiction, without bond, a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interests prior to the filing of any mediation proceeding or pending the trial or handing down of a decision or award pursuant to any mediation or judicial proceeding conducted hereunder.

23) **Jurisdiction and Venue.** With respect to any proceeding not subject to mediation, the parties expressly agree submit to the jurisdiction and venue of any court of general jurisdiction in Huntersville, North Carolina, and the jurisdiction and venue of the United States District Court for the Western District of North Carolina.

24) **Jury Trial Waiver.** THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT OR THE FRANCHISE AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR YOUR PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES.

25) **Waiver of Punitive Damages.** You waive, to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) which you may have against us arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, your recovery shall be limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

26) **Limitation on Action.** You agree that no cause of action arising out of or under this Agreement or the Franchise Agreement may be maintained by you unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after you become aware of facts or circumstances reasonably indicating that you may have a claim against the Franchisor, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense or set-off.

27) **Attorneys' Fees**. If either party institutes any mediation action or judicial proceeding to enforce any monetary or nonmonetary obligation or interpret the terms of this Agreement and the Franchise Agreement, and Franchisor prevails in such action, you shall be liable to Franchisor for all

costs, including reasonable attorneys' fees, incurred in connection with such proceeding.

28) **Nonwaiver.** Franchisor's failure to insist upon strict compliance with any provision of this Agreement and the Franchise Agreement shall not be a waiver of Franchisor's right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Franchisor respecting any breach or default shall not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Agreement shall be cumulative. Franchisor's election to exercise any remedy available by law or contract shall not be deemed a waiver or preclude exercise of any other remedy.

29) **Severability.** The parties agree that if any provisions of this Agreement may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision shall have the meaning which renders it valid and enforceable. The provisions of this Agreement are severable, and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions shall be enforced to the extent that they are valid and enforceable. If any material provision of this Agreement shall be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Agreement.

30) **Construction of Language.** Any term defined in the Franchise Agreement which is not defined in this Agreement will be ascribed the meaning given to it in the Franchise Agreement. The language of this Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

31) **Successors**. References to "Franchisor", "the undersigned," or "you" include the respective parties' successors, assigns or transferees.

32) **No Personal Liability**. You agree that fulfillment of any and all of Franchisor's obligations written in this Agreement or in the Franchise Agreement or based on any oral communications which may be ruled to be binding in a Court of Law shall be Franchisor's sole responsibility and none of Franchisor's agents, representatives, nor any individuals associated with Franchisor's franchise company shall be personally liable to Franchisee or you for any reason.

SPOUSES

____

____

____

EXHIBIT E
TO THE SLLR ENTERPRISES, LLC
FRANCHISE DISCLOSURE DOCUMENT

DEVELOPMENT AGREEMENT

DEVELOPMENT AGREEMENT

This Development Agreement ("Agreement") entered into on ______________________ (the "Effective Date"), by and between: (i) SLLR Enterprises, LLC, a North Carolina limited liability company, with its principal business address at 13620 Reese Blvd., #300, Huntersville, North Carolina 28078 (hereafter "Franchisor"); and (ii) _______________, a/an ________________ with an address at ____________________ (hereinafter "Developer").

Background

A. Franchisor and its affiliate/principals, as a result of the expenditure of time, skill, effort, and money, have developed and own a unique system (the "System") related to the development and operation of a group fitness business (each, a "Franchised Business") focused on providing an array of fitness training services including functional fitness training regimens for a boxing and kickboxing based workout (collectively, the "Approved Services"), utilizing the System and the Proprietary Marks (as hereinafter defined).

B. Franchisor's System is comprised of various proprietary and, in some cases, distinguishing elements, including without limitation: proprietary methodologies and procedures for the establishment and operating procedures of the Franchised Business; proprietary methodologies for certain of the Approved Services; standards and specifications for the purchase of certain materials and components necessary for providing the Approved Services; standards and specifications for the design, layout and construction of the interior and exterior of the premises used in the operation of the Franchised Businesses; standards and specifications associated with the certain proprietary artwork, décor and trade dress of the Franchised Business; specific suppliers and providers of proprietary equipment in connection with Franchised Businesses, if and as applicable; standards and specifications for the furniture, fixtures and/or equipment used in connection with the Franchised Business; established relationships with approved or designated suppliers for certain inventory and other supplies necessary to provide the Approved Services; and standards and specifications for advertising, bookkeeping, sales and other aspects of operating a Franchised Business. The parties agree and acknowledge that Franchisor may change, improve, further develop, or otherwise modify the System from time to time as it deems appropriate in its discretion. Franchisee hereby acknowledges and agrees that: (i) while the System and Franchisor's related materials contain information that, in isolated form, could be construed as being in the public domain, they also contain significant proprietary and confidential information which makes the System unique as a whole; and (ii) the combined methods, information, procedures, and theories that make up the total System or are contained in the relevant manuals that are proprietary and confidential.

C. The System and Franchised Businesses are identified by the mark ROCKBOX FITNESS, as well as certain other trade names, trademarks, service marks and trade dress that Franchisor designates for use in connection with each Franchised Business (collectively, the "Proprietary Marks"), all of which Franchisor may modify, update, supplement or substitute in the future as Franchisor deems appropriate. The parties agree and acknowledge that Franchisor has established substantial goodwill and business value in its Proprietary Marks, expertise, and System.

D. Franchisor grants qualified third parties the right to develop multiple Franchised Businesses within a defined non-exclusive geographical area (the "Development Area") in accordance with a development schedule to which Developer must strictly adhere (the "Development Schedule"), with each Franchised Business within the Development Area being opened and operating utilizing the Proprietary Marks and System pursuant to the terms and conditions set forth in a separate form of Franchisor's then-current franchise agreement (each, a "Franchise Agreement").

E. Developer recognizes the benefits from receiving the right to operate a Franchised Business and desires to: (i) become a multi-unit Franchised Business operator subject to the terms of this Agreement; and (ii) receive the benefits provided by Franchisor under this Agreement.

F. Developer has applied for the right to develop multiple Franchised Businesses within the Development Area as set forth in this Agreement, and Franchisor has approved such application in reliance on Developer's representations made therein.

G. Developer hereby acknowledges that adherence to the terms of this Agreement, including Franchisor's operations manual and other System standards and specifications, are essential to the operation of all Franchised Businesses and our System as a whole.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

Agreement

1. **Development Area**. Franchisor grants Developer the right, and Developer undertakes the obligation, to develop and establish ______ Franchised Businesses within the Development Area defined in Exhibit "A" hereto, provided Developer opens and commences operations of such Franchised Businesses in strict accordance with the mandatory Development Schedule also set forth in Exhibit "A" and otherwise subject to the terms and conditions set forth herein.

2. **Development Fee**. Developer shall pay Franchisor a Development Fee equal to $________ (the "Development Fee") for the right to develop the foregoing Franchised Businesses within the Development Area under this Agreement, which is: (i) deemed fully earned upon payment and is not refundable under any circumstances; and (ii) payable upon execution of this Agreement. Developer will not be required to pay any additional initial franchise fee for each Studio opened pursuant to this Agreement upon executing a Franchise Agreement for that Studio.

3. **Initial Franchise Agreement**. Contemporaneous with the execution of this Agreement, Developer must enter into Franchisor's current form of Franchise Agreement for the first Franchised Business that Developer is required to open within the Development Area. In the event Developer is a business entity of any kind, then Developer's principals/owners must each execute the form of personal guaranty attached to the foregoing Franchise Agreement, as well as any additional Franchise Agreements described in Section 4 of this Agreement.

4. **Additional Franchise Agreements**. Developer agrees and acknowledges that it must: (i) enter into Franchisor's then-current form of Franchise Agreement for each additional Franchised Business that Developer is required to open under this Agreement; and (ii) enter into such Franchise Agreements at such times that are required for Developer to timely meet, and strictly adhere to, its obligations under the agreed upon Development Schedule.

5. **Development Obligations**.

5.1 *Generally*. Developer must ensure that, at a minimum, Developer: (i) opens and commences operations of the required number of new Franchised Businesses during each development period set forth in the Development Schedule (each, a "Development Period"); and (ii) has the minimum cumulative number of Franchised Businesses open and operating at the expiration of each Development Period. The parties agree and acknowledge that time is of the essence with respect to the foregoing development obligations, and that Developer's failure to comply with the Development Schedule is grounds for immediate termination of this Agreement (and any future development rights granted hereunder).

5.2 *Extension Deadline Fee.* If Developer fails to develop a Franchised Business in accordance with the Development Schedule, then Developer may apply for a 120-day extension to the opening deadline by submitting a written extension request detailing the efforts Developer took to meet the Development Schedule and the reason for the delayed opening. If Franchisor grants the 120-day extension, Developer will be required to pay the then-current extension deadline fee, which is $1,500 per Franchised Business (the "Extension Deadline Fee").

6. **Term and Termination**.

6.1 This Agreement will commence as of the date it is fully executed and, unless earlier terminated by Franchisor, will end on the earlier of (a) the last day of the calendar month that the final Franchised Business is required to be opened and operating under the Development Schedule, or (b) the day the final Franchised Business is open. Upon expiration or termination of this Agreement for any reason, Developer will not have any rights within the Development Area other than the territorial rights granted in connection with any Franchised Businesses that Developer has opened and commenced operating as of the date this Agreement is terminated or expires (under the respective Franchise Agreement(s) that Developer entered into for such Franchised Business(es)).

6.2 Franchisor will have the right, at its option, to terminate this Agreement and all rights granted to Developer hereunder, without affording Developer any opportunity to cure such default, effective upon written notice to Developer, upon the occurrence of any of the following events: (i) if Developer ceases to actively engage in development activities in the Development Area or otherwise abandons its development business for three (3) consecutive months, or any shorter period that indicates an intent by Developer to discontinue development of the Franchised Businesses within the Development Area; (ii) if Developer becomes insolvent or is adjudicated bankrupt, or if any action is taken by Developer, or by others against the Developer, under any insolvency, bankruptcy or reorganization act, or if Developer makes an assignment for the benefit of creditors or a receiver is appointed by the Developer; (iii) if Developer fails to meet its development obligations under the Development Schedule for any single Development Period, including any failure to pay any portion of the Development Fee and fails to cure such default within 30 days of receiving notice thereof; or (iv) if any Franchise Agreement that is entered into in order to fulfill Developer's development obligations under this Agreement is terminated or subject to termination by Franchisor, pursuant to the terms of that Franchise Agreement.

6.3 In the event this Agreement is terminated prior to its natural expiration, then the geographic scope of the non-compete set forth in Section 17.2 of the initial Franchise Agreement shall be revised to also include the (a) Development Area, and (b) a 20-mile radius around that Development Area.

7. **Reservation of Rights**. Except as provided in Section 1 of this Agreement, the parties agree and acknowledge that the rights granted in this Agreement are non-exclusive and that Franchisor and its affiliates reserve all other rights not expressly granted to Developer herein.

8. **Sale or Assignment**. Developer's rights under this Agreement are personal and Developer may not sell, transfer, or assign any right granted herein without Franchisor's prior written consent, which may be withheld in its sole discretion. Notwithstanding, if Developer is an individual or a partnership, Developer has the right to assign its rights under this Agreement to a corporation or limited liability company that is wholly owned by Developer according to the same terms and conditions as provided in Developer's initial Franchise Agreement. Franchisor has the right to assign this Agreement in whole or in part in its sole discretion.

9. **Acknowledgment**. Developer acknowledges that this Agreement is not a Franchise Agreement and does not confer upon Developer any rights to use the Franchisor's Proprietary Marks or System.

10. **Notices**. All notices, requests and reports to be given under this Agreement are to be in writing, and delivered by either hand, overnight mail, or certified mail, return receipt requested, prepaid, to the addresses set forth above (which may be changed by written notice).

11. **Choice of Law**. This Agreement will be governed by the laws of the State of North Carolina (without reference to its conflict of laws principles.

12. **Internal Dispute Resolution**. Developer must first bring any claim or dispute between Developer and Franchisor to Franchisor, after providing Franchisor with notice of and a reasonable opportunity to cure an alleged breach hereunder. Developer must exhaust this internal dispute resolution procedure before bringing a dispute before a third party. This agreement to first attempt resolution of disputes internally will survive termination or expiration of this Agreement.

13. **Mediation**. At Franchisor's option, all claims or disputes between Franchisor and Developer or its affiliates arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisor and Developer or its affiliates, or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure sent forth in Section 12 above, must be submitted first to mediation at Franchisor's then-current headquarters under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Developer must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty (30) days following receipt of such notice within which to notify Developer as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. Developer may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. This agreement to mediate will survive any termination or expiration of this Agreement. The parties agree there will be no class action mediation.

14. **Injunctive Relief**. Nothing contained in this Agreement herein will prevent Franchisor from applying to or obtaining from any court having jurisdiction, without bond, a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interests prior to the filing of any mediation proceeding or pending the trial or handing down of a decision or award pursuant to any mediation proceeding conducted hereunder.

15. **Jurisdiction and Venue**. Subject to Sections 13 and 14 above, the parties expressly agree to the jurisdiction and venue of any state court of general jurisdiction or, if applicable, federal court closest to (a) Huntersville, North Carolina, or (b) Franchisor's then-current corporate headquarters. Developer acknowledges that this Agreement has been entered into in the State of North Carolina, and that Developer will receive valuable and continuing services emanating from Franchisor's headquarters in North Carolina, including but not limited to training, assistance, support and the development of the System. In recognition of such services and their origin, Developer hereby irrevocably consents to the personal jurisdiction of the state and federal courts of North Carolina set forth above.

16. **Third-Party Beneficiaries**. Franchisor's officers, directors, shareholders, agents and/or employees are express third-party beneficiaries of this Agreement and the dispute resolution procedures contained herein, each having authority to specifically enforce the right to mediate claims asserted against such person(s) by Developer.

17. **Jury Trial Waiver**. With respect to any proceeding not subject to mediation, the parties hereby agree to waive trial by jury in any action, proceeding or counterclaim, whether at law or equity, regardless of which party brings suit. This waiver will apply to any matter whatsoever between the parties hereto which arises out of or is related in any way to this Agreement, the performance of either party, and/or Developer's purchase from Franchisor of the development rights described herein.

18. **Waiver of Punitive Damages**. Developer waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) which Developer may have against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, Developer's recovery will be limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions will continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

19. **Attorneys' Fees**. If either party institutes any judicial or mediation proceeding to enforce any monetary or nonmonetary obligation or interpret the terms of this Agreement and Franchisor prevails in the action or proceeding, Developer will be liable to Franchisor for all costs, including reasonable attorneys' fees, incurred in connection with such proceeding.

20. **Nonwaiver**. Franchisor's failure to insist upon strict compliance with any provision of this Agreement will not be a waiver of Franchisor's right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Franchisor respecting any breach or default will not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Agreement will be cumulative. Franchisor's election to exercise any remedy available by law or contract will not be deemed a waiver or preclude exercise of any other remedy.

21. **Severability**. The parties agree if any provisions of this Agreement may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision will have the meaning, which renders it valid and enforceable. The provisions of this Agreement are severable, and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions will be enforced to the extent that they are valid and enforceable. If any material provision of this Agreement will be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Agreement.

22. **Construction of Language**. The language of this Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Developer, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

23. **Successors**. References to "Franchisor" or "Developer" include the respective parties' successors, assigns or transferees, subject to the limitations of Section 8 of this Agreement.

24. **Additional Documentation**. You must from time to time, subsequent to the date first set forth above, at Franchisor's request and without further consideration, execute and deliver such other documentation or agreements and take such other action as Franchisor may reasonably require in order to effectuate the transactions contemplated in this Agreement. In the event that Developer fails to comply with the provisions of this Section, Developer hereby appoints Franchisor as Developer's attorney-in-fact to execute any and all documents on Developer's behalf, as reasonably necessary to effectuate the transactions contemplated herein.

25. **No Right to Offset**. Developer may not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of the alleged nonperformance of Franchisor or any of its affiliates or as an offset against any amount Franchisor or any of its affiliates may owe or allegedly owe Developer under this Agreement or any related agreements.

26. **Entire Agreement**. This Agreement contains the entire agreement between the parties concerning Developers' development rights within the Development Area; no promises, inducements or representations (other than those in the Franchise Disclosure Document) not contained in this Agreement have been made, nor will any be of any force or effect, or binding on the parties. Modifications of this Agreement must be in writing and signed by both parties. Franchisor reserves the right to change Franchisor's policies, procedures, standards, specifications or manuals at Franchisor's discretion. In the event of a conflict between this Agreement and any Franchise Agreement(s), the terms, conditions and intent of this Agreement will control. Nothing in this Agreement, or any related agreement, is intended to disclaim any of the representations Franchisor made to Developer in the Franchise Disclosure Document that Franchisor provided to Developer.

[signatures on following page]

IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.

FRANCHISOR:

SLLR ENTERPRISES, LLC

By: ____________________________________

Print Name: ______________________________

Title: ___________________________________

Date: ___________________________________

DEVELOPER:

____

IF AN INDIVIDUAL:

By: ______________________________

Print Name: ______________________

Date: ____________________________

Spouse Signature: __________________

Spouse Name: _____________________

Date: ____________________________

IF A PARTNERSHIP, CORPORATION, OR OTHER ENTITY:

By: ______________________________

Print Name: ______________________

Title: ____________________________

Date: ____________________________

EXHIBIT A to DEVELOPMENT AGREEMENT

<u>DEVELOPMENT AREA AND DEVELOPMENT SCHEDULE</u>

1. **Development Area.** The Development Area, as referred to in Section 1 of the Development Agreement, is described below (or an attached map) by geographic boundaries and will consist of the following area or areas:

____

____

____

Development Schedule. The Development Schedule referred to in Section 1 of the Development Agreement is as follows:

Development Period	**Expiration Date**	**Number of New Franchised Businesses Developer Must Open in Development Area**	**Cumulative Number of Franchised Businesses Developer Must Have Open Within Development Area**
First	___Months from Effective Date		
Second	___Months from Effective Date		
Third	___ Months from Effective Date		
Fourth	___ Months from Effective Date		
Fifth	___ Months from Effective Date		
Sixth	___ Months from Effective Date		
Seventh	___ Months from Effective Date		
Eighth	___ Months from Effective Date		
Ninth	___ Months from Effective Date		
Tenth	___ Months from Effective Date		

[signatures on following page]

APPROVED BY:

FRANCHISOR	**DEVELOPER**
SLLR ENTERPRISES, LLC	**[INSERT NAME]**
By: ______________________________	By: ______________________________ [Name], [Title]
Name: ____________________________	
Title: _____________________________	

EXHIBIT F
TO THE SLLR ENTERPRISES, LLC
FRANCHISE DISCLOSURE DOCUMENT

SAMPLE TERMINATION AND RELEASE AGREEMENT

SAMPLE TERMINATION OF FRANCHISE AGREEMENT AND RELEASE UPON TRANSFER TO AN AUTHORIZED FRANCHISEE

This Termination of Franchise Agreement and Release (the "Agreement") is made this _______day of _______, 20__ (the "Effective Date"), by and between SLLR ENTERPRISES, LLC, a North Carolina limited liability company, with its principal business address at 13620 Reese Blvd., #300, Huntersville, North Carolina 28078 ("Franchisor") and ______________, a ________________ with an address at ___________________("Transferor").

BACKGROUND

A. On _____________, Transferor entered into a franchise agreement (the "Franchise Agreement") with Franchisor for the right to operate a franchised business at _________________________________("Franchised Business").

B. Transferor has satisfied all conditions of transfer as specified in the Franchise Agreement and now desires to sell the Franchised Business to ___________, who has been approved by Franchisor as an authorized transferee.

C. In order to complete Transferor's sale of the business, Transferor now desires to terminate the Franchise Agreement and all rights and obligations between the parties relating to the Franchise Agreement, and Franchisor desires to accept such termination, pursuant to the terms of this Agreement.

AGREEMENT

In consideration of the mutual promises and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, and intending to be legally bound, the parties agree as follows:

1. Subject to the terms and conditions contained in this Agreement, the Franchise Agreement and all rights and obligations between Franchisor and Transferor arising from or related to the Franchise Agreement are terminated, effective as of the date of this Agreement.

2. Notwithstanding anything in this Agreement to the contrary, the parties agree that Transferor will remain bound by all of the post-term covenants and obligations contained in the Franchise Agreement including, without limitation, those relating to Confidential Information and Non-competition.

3. Transferor represents and warrants that all of Transferor's monetary obligations to Franchisor and its subsidiaries and affiliates have been satisfied in full as of the date of this Agreement.

4. Transferor, for itself and all persons and entities claiming by, through or under it, releases, acquits and forever discharges Franchisor and its present and former officers, employees, shareholders, directors, agents, servants, representatives, affiliates, successors and assigns (the "Franchisor Releases") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorneys' fees, actions or causes of action whatsoever, whether known or unknown, which it, by itself, on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had or claim to have against the Franchisor Releases arising out of or related to the offer, sale and operation of the Franchised Business, and the parties' rights or obligations under the Franchise Agreement.

5. Excluding the indemnification obligations set forth in the Franchise Agreement, and Transferor's obligations as set forth in paragraph 2 of this Agreement, Franchisor, for itself and all persons and entities claiming by, through or under it, releases, acquits and forever discharges Transferor and Transferor's employees, agents, servants, representatives, affiliates, successors and assigns (the "Transferor Releases") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorneys' fees, actions or causes of action whatsoever, whether known or unknown, which it, by itself, on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had or claim to have against the Transferor Releases arising out of or related to the offer, sale and operation of the business, and the parties' rights or obligations under the Franchise Agreement.

6. This Agreement constitutes the entire integrated agreement of the parties with respect to the subject matter contained in this Agreement, and may not be subject to any modification without the written consent of the parties.

7. This Agreement will be construed under the laws of the State of North Carolina, which laws will control in the event of any conflict of law.

8. This Agreement will be for the benefit of and binding upon the parties and their respective representatives, successors and assigns.

9. Each party acknowledges that the terms of this Agreement have been completely read and are fully understood and voluntarily accepted by each party, after having a reasonable opportunity to retain and confer with counsel. This Agreement is entered into after a full investigation by the parties, and the parties are not relying upon any statements or representations not embodied in this Agreement.

10. In the event that Franchisor retains the services of legal counsel to enforce the terms of this Agreement, it will be entitled to recover all costs and expenses, including reasonable attorneys' fees, incurred in enforcing the terms of this Agreement.

11. Transferor agrees that Transferor has and had a relationship with Franchisor at its offices in Huntersville, North Carolina and that, with the exception of Franchisor's right to seek injunctive relief in any appropriate jurisdiction, any action by or against Franchisor arising out of or relating to this Agreement will be commenced and concluded in Huntersville, North Carolina pursuant to the dispute resolution provisions of the Franchise Agreement.

12. This Agreement may be executed in multiple counterparts by the various parties and the failure to have the signatures of all parties on a single Agreement will not affect the validity or enforceability of any part of this Agreement against any party who executes any counterpart of the Agreement. Executed facsimile copies of this Agreement will be deemed to be effective as original signatures.

I HAVE READ THE ABOVE AGREEMENT AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS AGREEMENT IF I DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

SLLR ENTERPRISES, LLC	**TRANSFEROR**
By:_______________________________	By:_______________________________

EXHIBIT G
TO THE SLLR ENTERPRISES, LLC
FRANCHISE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES

LIST OF FRANCHISEES

Entity Name	First Name	Last Name	Address	City	State	Zip	Phone Number
B&B Fitness Corp.	Brian Brittney	Mecomber	5000 Whitesburg Dr., Suite 190-194	Huntsville	AL	35802	(256) 715-3377
KJR Fit, Co.	Kim	Ryan	1896 Garnet Avenue	San Diego	CA	92109	(858) 886-7114
CLEVEFIT CORP*	Yves Jael	Lamothe	3809 Murrell Rd.	Rockledge	FL	32955	(321) 234-6565
Mitchell Authentic Inc.	DJ Beth	Mitchell	4880 Lower Roswell Rd. Suite 460	Marietta	GA	30068	(770) 284-9090
ROCKIN IT, LLC	Seaton	Sheldon	1831 Cavemill Road	Bowling Green	KY	42104	(270) 421-4537
LRZ3 Fitness, LLC	Leslie Richard	Zimmerman	101 Saloom Farm Road, Suite B	Lafayette	LA	70508	(337) 349-7301
JDSE Enterprises , LLC	Jim	Stanton	111 Civic Center Dr., Suite 200	Rochester	MN	55901	(507) 322-6422
McK's Fitness Centers, LLC*	Jeff	McFarlane	8204 Tryon Woods Drive, Suite 108	Cary	NC	27518	(919) 890-5206
McK's Fitness Centers, LLC*	Jeff	McFarlane	2041 South Blvd	Charlotte	NC	28203	(704) 654-7811
McK's Fitness Centers, LLC*	Jeff	McFarlane	14135 Steele Creek Road, Suite 100	Charlotte	NC	28273	(704) 807-1909
McK's Fitness Centers, LLC*	Jeff	McFarlane	230 E.W.T Harris Blvd. Suite C1	Charlotte	NC	28262	(704) 619-8471
F2M Enterprises , LLC*	Mike Shia	Tolbert	4401 Barclay Downs Drive, Suite 120	Charlotte	NC	28209	(704) 313-5729

M&M Greensboro, LLC*	Pedro Christopher	Mojica Morgan	2601 Lawndale Drive	Greensboro	NC	27408	(336) 808-5024
Fastest Way to Fit 1, LLC	Jeff Mike	Dudan Dudan	9615 Sherrill Estates Road	Huntersville	NC	28078	(704) 997-6665
Bull & Barker, LLC	Rene Tim	Sizemore Bullard	287 Williamson Road, Suite E	Mooresville	NC	28117	(704) 929-8036
McK's Fitness Centers, LLC*	Jeff	McFarlane	913 Spring Forrest Road, Suite 120	Raleigh	NC	27609	(919) 813-7770
LET'S ROCK FITNESS, LLC*	Kyle	Hoffman	915 Wrigley Dr	Wake Forest	NC	27587	(919) 200-0917
F2M Enterprises, LLC*	Mike Shia	Tolbert	9929 Rea Road #200	Waxhaw	NC	28173	(704) 924-0470
DKM Partners, Inc.	Daniel Kristyn	Lozoya Robinson	3499 Burke Mill Road	Winston Salem	NC	27103	(336) 920-4160
Jaxsaw Fitness, LLC*	Pedro	Mojica	530 W Mt. Pleasant Ave. Suite 7	Livingston	NJ	7039	(973) 577-6624
Jaxsaw Fitness, LLC*	Pedro	Mojica	1597 Highway 22 West	Watchung	NJ	7069	(908) 588-7711
ROCK ISLAND FITNESS, INC*	Joe Doreen	Colombo	381C Nesconset Hwy.	Hauppauge	NY	11788	(631) 203-7911
The Fowlin Group, LLC	Patricia	Fowlin	11928 Montgomery Road	Cincinnati	OH	45249	(513) 580-1718
HIF Powell LLC*	David	Cook	170 W Olentangy Street, Suite N	Powell	OH	43065	(740) 890-7269
Willpower Enterprises, LLC	Amanda	McCormick	8207 Highland Pointe Dr.	West Chester	OH	45069	(513) 298-9492

RBX Lowcountry, LLC*	Mario Jennifer	Colangelo	3879 West Ashley Circle, Suite 730	Charleston	SC	29414	(843) 414-7694
Hit It Fitness, LLC*	David Sierra	Cook	401 E Stone Avenue, Unit E	Greenville	SC	29601	(864) 558-0800
Georgiades Works Columbia, LLC*	Katie Elia	Georgiades	929 North Lake Drive	Lexington	SC	29072	(803) 356-2150
RBX Lowcountry, LLC*	Mario Jennifer	Colangelo	1168 Basketweave Drive	Mount Pleasant	SC	29466	(843) 405-4800
Sells Enterprises, LLC	Nathan	Sells	652 Herrons Ferry Road, Suite 108	Rock Hill	SC	29732	(803) 759-7625
Prime Venture Associates, LLC*	Aahlaad Narendra Ajay Varun	Kareddy Devarapalli Mupparaju Thummalappaly	2607 Woodruff Rd Suite A	Simpsonville	SC	29681	(864) 688-9004
MLJ Investments, LLC*	Michael Leslie	Jones	9500 Dorchester Rd Suite 340	Summerville	SC	29485	(843) 951-9977
Fire and Ice, LLC*	Craig	Capurso	1720 Old Fort Parkway, Suite C130	Murfreesboro	TN	37129	(615) 229-5408
Fit Foster Ventures, LLC	Patricia	Foster	8196 Barker Cypress Road	Cypress	TX	77433	(832) 713-6892
RB Studio Two, LLC*	John Paul	Rouse	1141 Flower Mound Road, Suite 600	Flower Mound	TX	75028	(469) 221-9040
RB Studio Three, LLC*	John Paul	Rouse	6363 Dallas Parkway #111	Frisco	TX	75034	(469) 704-6736
Bolen Lehr Incorporated*	Marshall Stacy	Lehr Bolen	1521 Keller Parkway Suite 500	Keller	TX	76248	(817) 438-6588
West Texas Back Nine Properties, LLC*	Stuart Joe	Riggins Dunn	4505 98th Street #130	Lubbock	TX	79424	(806) 650-4403

Rockin' Mansfield LLC	Trey	Reed	2200 N FM 157 Suite 200	Mansfield	TX	76063	(817) 415-0066
M&M RYAN II, LLC*	Maite Mike	Ryan	1941 Preston Road #1020	Plano	TX	75093	(214) 919-5883
MMRyan, LLC*	Maite Mike	Ryan	100 North Kimball Avenue, Suite 105	Southlake	TX	76092	(940) 279-9109
We Glove Boxing, LLC	Rodney Jundi	Milbourne Williams	5311 N. Loop 1604 W STE 119	San Antonio	TX	78249	(210) 560-0084
B.A. Legacy, LLC	Brian Tracy Anna Joshua Jacob	Bielss	24345 Gosling Rd Suite 200B	Spring	TX	77389	(832) 777-7951
ELEV8 HEALTH, LLC	Cindy Dennis	Houser	500 S Battlefield Blvd Suite 18 & 19	Chesapeake	VA	23322	(757) 239-6914
KS Applied Solutions, Inc.	Kathy	Shives	7641 Somerset Crossing Dr	Gainesville	VA	20155	(703) 719-8289
Sampson, LLC*	Steve	Halloran	401 N Great Neck Road, Suite 121	Virginia Beach	VA	23454	(757) 937-5306
Curry Unlimited, LLC*	Jamila Aaron	Curry	13500 Bel-Red Road Suite 7A	Bellevue	WA	98005	(425) 256-3032

**This franchisee has the right to develop multiple studios.*

LIST OF FRANCHISEES WITH SIGNED FRANCHISE AGREEMENTS, BUT STUDIO NOT OPEN AS OF DECEMBER 31, 2022

First Name	Last Name	State	Phone Number
Steven	Comas	AZ	(917) 698-2639
Jared	Russell	CA	(321) 527-8922
Stephanie Corey	Swiger	CO	(719) 433-4723 (803) 431-0048
Chris	Guidry	CO	(504) 635-9004
David Sierra	Cook	FL	(864) 558-0800
David	Glass	FL	(954) 682-3329
Derek Kelly	Scott	GA	(706) 338-2622 (706) 207-1582
Molly Craig	Phair	ID	(541) 891-9555 (541) 891-9551
Kevin Crystal	Roberts Moulder	MS	(601) 529-1472 (601) 618-0355
Clarence Falon	Carter	NC	(202) 497-5884 (803) 431-0048
Caroline	Dellaway	NC	(704) 964-4123
Jeff	McFarlane	NC	(919) 279-0443
Nick Grace	Stockdale	NC	(540) 226-5654 (202) 255-7409
Nick Jen	Sakaleros	NJ	(215) 290-8003 (856) 419-1267
Joe Doreen	Colombo	NY	(631) 786-0184 (631) 848-4969
Joe Doreen	Colombo	NY	(631) 786-0184 (631) 848-4969
John Paul	Rouse	NY	(631) 275-6427 (516) 659-5621
David	Cook	SC	(864) 558-0800
Craig	Capurso	TN	(615) 229-5408
Greg Renee	Branch	TX	(903) 922-6581
Rodney	Milbourne	TX	(210) 850-3536
Raju	Muppala	TX	(832) 520-8425

Jose Vaneza	Torres	TX	(210) 913-5292 (830) 461-9910
Ryan	Stacy	TX	(972) 571-9374
Rich	Ipaktchian	UT	(801) 556-7757
Nick I Nick II	Arter	VA	(301) 575-4980 (717) 839-3530

*****_This franchisee has the right to develop multiple studios pursuant to a development agreement._

EXHIBIT H
TO THE SLLR ENTERPRISES, LLC
FRANCHISE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM

Entity Name	First Name	Last Name	Address	City	State	Zip	Phone Number	Reason
Olamana, LLC	Christina	Ching	4710 E Cactus Rd	Scottsdale	AZ	85032	(602) 536-7363	Closure
FitCo Ventures, LLC	Allen Hyon	Young Merck	4969 Roswell Rd Ste 140,	Sandy Springs	GA	30342	(404) 800-1576	Transfer
RBX Greensboro, LLC	Mario Jennifer Jeff	Colangelo Dudan	2601 Lawndale Dr	Greensboro	NC	27408	(336) 645-9617	Transfer
Force Fitness, LLC	Jaime Kris	Benson	287 Williamson Rd Suite E2	Mooresville	NC	28117	(704) 769-9906	Transfer
F2M Enterprises, LLC	Mike Shia	Tolbert	288 Williamson Rd Suite E2	Mooresville	NC	28117	(704) 769-9907	Transfer
HALLORAN DANTINNE, LLC	Steve	Halloran	2041 South Blvd Suite 101	Charlotte	NC	28203	(704) 387-3071	Transfer
Carlile Enterprises	Kevin	Carlile	14135 Steele Creek Rd suit n100	Steele Creek	NC	28273	(704) 286-8386	Transfer
QC Frog Fitness, LLC	BJ	Smith	11928 Montgomery Rd	Cincinnati	OH	45249	(513) 823-2592	Transfer
Four Sons Fitness, LLC	JT Kendi	Harp	170 W Olentangy St Suite N	Powell	OH	43065	(740) 226-0195	Transfer
Four Sons Fitness Two, LLC	JT Kendi	Harp	5780 N Hamilton Rd Unit D	New Albany	OH	43230	(740) 309-1459	Transfer
Pinnacle Kickboxing, LLC	Jimmy	Henry	8196 Barker Cypress Rd	Cypress	TX	77433	(832) 637-6583	Transfer

*The franchisee has development rights

EXHIBIT I
TO THE SLLR ENTERPRISES, LLC
FRANCHISE DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDA

CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department Of Financial Protection and Innovation, prior to a solicitation of a proposed material modification of an existing franchise.

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 OFFERING CIRCULAR.

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

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF BUSINESS OVERSIGHT NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

ALL THE OWNERS OF THE FRANCHISE WILL BE REQUIRED TO EXECUTE PERSONAL GUARANTEES. THIS REQUIREMENT PLACES THE MARITAL ASSETS OF THE SPOUSES DOMICILED IN COMMUNITY PROPERTY STATES – ARIZONA, CALIFORNIA, IDAHO, LOUISIANA, NEVADA, NEW MEXICO, TEXAS, WASHINGTON AND WISCONSIN AT RISK IF YOUR FRANCHISE FAILS.

1. The following paragraph is added to the end of Item 3 of the Disclosure Document:

Neither franchisor nor any person or franchise broker in Item 2 of this disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that association or exchange.

2. The following paragraph is added to the end of Item 6 of the Disclosure Document:

With respect to the Late Fee described in Item 6, this Item is amended to disclose that the maximum rate of interest permitted under California law is 10%.

3. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

The Franchise Agreement requires franchisee to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of that law or any rule or order thereunder is void.

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

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

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement requires binding arbitration. The arbitration will occur in Huntersville, North Carolina, with the costs being borne equally by Franchisor and Franchisee. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement requires application of the laws of North Carolina. This provision may not be enforceable under California law.

4. The following paragraph is added at the end of Item 19 of the Disclosure Document:

The earnings claims figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your RockBox Fitness business. Franchisees or former franchisees, listed in the offering circular, may be one source of this information.

CALIFORNIA ADDENDUM TO THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT

The following are revisions to the Franchise Agreement/Development Agreement:

1. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

Agreed to by:

FRANCHISOR	**FRANCHISEE**
SLLR ENTERPRISES, LLC	___________________________
By: _____________________	By: ________________________
Name: ___________________	Name: ______________________
Title: ____________________	Title: _______________________

HAWAII ADDENDUM TO THE DISCLOSURE DOCUMENT

In the State of Hawaii only, this Disclosure Document is amended as follows:

THESE FRANCHISES WILL BE/HAVE 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 HEREIN 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 THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS 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 THE FRANCHISOR AND THE FRANCHISEE.

Registered agent in the state authorized to receive service of process:

Commissioner of Securities
335 Merchant Street
Honolulu, Hawaii 96813

ILLINOIS ADDENDUM TO THE DISCLOSURE DOCUMENT

To the extent the Illinois Franchise Disclosure Act, III. Comp. Stat. §§705/1 – 705/44 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures. The following statements are added to Item 17:

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction of venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

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.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

ADDITIONAL COVER PAGE
FOR THE STATE OF MICHIGAN

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

(A) A PROHIBITION ON THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.

(B) A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER, OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF RIGHTS AND PROTECTIONS PROVIDED IN THIS ACT. THIS SHALL NOT PRECLUDE A FRANCHISEE, AFTER ENTERING INTO A FRANCHISE AGREEMENT, FROM SETTLING ANY AND ALL CLAIMS.

(C) A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A FRANCHISE PRIOR TO THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISION OF THE FRANCHISE AGREEMENT AND TO CURE SUCH FAILURE AFTER BEING GIVEN WRITTEN NOTICE THEREOF AND A REASONABLE OPPORTUNITY, WHICH IN NO EVENT NEED BE MORE THAN 30 DAYS, TO CURE SUCH FAILURE.

(D) A PROVISION THAT PERMITS A FRANCHISOR TO REFUSE TO RENEW A FRANCHISE WITHOUT FAIRLY COMPENSATING THE FRANCHISEE BY REPURCHASE OR OTHER MEANS FOR THE FAIR MARKET VALUE AT THE TIME OF EXPIRATION, OF THE FRANCHISEE'S INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS. PERSONALIZED MATERIALS WHICH HAVE NO VALUE TO THE FRANCHISOR AND INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS NOT REASONABLY REQUIRED IN THE CONDUCT OF THE FRANCHISE BUSINESS ARE NOT SUBJECT TO COMPENSATION. THIS SUBSECTION APPLIES ONLY IF: (i) THE TERM OF THE FRANCHISE IS LESS THAN 5 YEARS; AND (ii) THE FRANCHISEE IS PROHIBITED BY THE FRANCHISE OR OTHER AGREEMENT FROM CONTINUING TO CONDUCT SUBSTANTIALLY THE SAME BUSINESS UNDER ANOTHER TRADEMARK, SERVICE MARK, TRADE NAME, LOGOTYPE, ADVERTISING, OR OTHER COMMERCIAL SYMBOL IN THE SAME AREA SUBSEQUENT TO THE EXPIRATION OF THE FRANCHISE OR THE FRANCHISEE DOES NOT RECEIVE AT LEAST 6 MONTHS ADVANCE NOTICE OF FRANCHISOR'S INTENT NOT TO RENEW THE FRANCHISE.

(E) A PROVISION THAT PERMITS THE FRANCHISOR TO REFUSE TO RENEW A FRANCHISE ON TERMS GENERALLY AVAILABLE TO OTHER FRANCHISEES OF THE SAME CLASS OR TYPE UNDER SIMILAR CIRCUMSTANCES. THIS SECTION DOES NOT REQUIRE A RENEWAL PROVISION.

(F) A PROVISION REQUIRING THAT ARBITRATION OR LITIGATION BE CONDUCTED OUTSIDE THIS STATE. THIS SHALL NOT PRECLUDE THE FRANCHISEE FROM ENTERING INTO AN AGREEMENT, AT THE TIME OF ARBITRATION, TO CONDUCT ARBITRATION AT A LOCATION OUTSIDE THIS STATE.

(G) A PROVISION WHICH PERMITS A FRANCHISOR TO REFUSE TO PERMIT A TRANSFER OF OWNERSHIP OF A FRANCHISE, EXCEPT FOR GOOD CAUSE. THIS SUBDIVISION DOES NOT PREVENT A FRANCHISOR FROM EXERCISING A RIGHT OF FIRST REFUSAL TO PURCHASE THE FRANCHISE. GOOD CAUSE SHALL INCLUDE, BUT IS NOT LIMITED TO:

(i) THE FAILURE OF THE PROPOSED TRANSFEREE TO MEET THE FRANCHISOR'S THEN CURRENT REASONABLE QUALIFICATIONS OR STANDARDS.

(ii) THE FACT THAT THE PROPOSED TRANSFEREE IS A COMPETITOR OF THE FRANCHISOR OR SUBFRANCHISOR.

(iii) THE UNWILLINGNESS OF THE PROPOSED TRANSFEREE TO AGREE IN WRITING TO COMPLY WITH ALL LAWFUL OBLIGATIONS.

(iv) THE FAILURE OF THE FRANCHISEE OR PROPOSED TRANSFEREE TO PAY ANY SUMS OWING TO THE FRANCHISOR OR TO CURE ANY DEFAULT IN THE FRANCHISE AGREEMENT EXISTING AT THE TIME OF THE PROPOSED TRANSFER.

(H) A PROVISION THAT REQUIRES THE FRANCHISEE TO RESELL TO THE FRANCHISOR ITEMS THAT ARE NOT UNIQUELY IDENTIFIED WITH THE FRANCHISOR. THIS SUBDIVISION DOES NOT PROHIBIT A PROVISION THAT GRANTS TO A FRANCHISOR A RIGHT OF FIRST REFUSAL TO PURCHASE THE ASSETS OF A FRANCHISE ON THE SAME TERMS AND CONDITIONS AS A BONA FIDE THIRD PARTY WILLING AND ABLE TO PURCHASE THOSE ASSETS, NOR DOES THIS SUBDIVISION PROHIBIT A PROVISION THAT GRANTS THE FRANCHISOR THE RIGHT TO ACQUIRE THE ASSETS OF A FRANCHISE FOR THE MARKET OR APPRAISED VALUE OF SUCH ASSETS IF THE FRANCHISEE HAS BREACHED THE LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND HAS FAILED TO CURE THE BREACH IN THE MANNER PROVIDED IN SUBDIVISION (C).

(I) A PROVISION WHICH PERMITS THE FRANCHISOR TO DIRECTLY OR INDIRECTLY CONVEY, ASSIGN, OR OTHERWISE TRANSFER ITS OBLIGATIONS TO FULFILL CONTRACTUAL OBLIGATIONS TO THE FRANCHISEE UNLESS PROVISION HAS BEEN MADE FOR PROVIDING THE REQUIRED CONTRACTUAL SERVICES.

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

As to any state law described in this addendum that declares void or unenforceable any provision contained in the Franchise Agreement, Franchisor reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that you have initiated.

MINNESOTA ADDENDUM TO THE DISCLOSURE DOCUMENT

To the extent Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply

State Cover Page and Item 17, Additional Disclosures:

Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief.

Item 6, Additional Disclosure:

NSF checks are governed by Minn. State. 604.113, which puts a cap of $30 on service charges.

Item 13, Additional Disclosures:

The Minnesota Department of Commerce requires that a franchisor indemnify Minnesota Franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's trademark infringes upon the trademark rights of the third party. The franchisor does not indemnify against the consequences of a franchisee's use of a franchisor's trademark except in accordance with the requirements of the franchise agreement, and as the condition to an indemnification, the franchisee must provide notice to the franchisor of any such claim immediately and tender the defense of the claim to franchisor. If the franchisor accepts a tender of defense, the franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Item 17, Additional Disclosures:

Any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of the State of Minnesota or in the case of a partnership or corporation, organized or incorporated under the laws of the State of Minnesota or in the case of a partnership or corporation, organized or incorporated under the laws of the State of Minnesota, or purporting to bind a person acquiring any franchise to be operated in the State of Minnesota to waive compliance or which has the effect of waiving compliance with any provision of the Minnesota Franchise Law is void.

We will comply with Minn. Stat. Sec. 80C.14. subs 3,4 and 5, which requires, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure), 180 days' notice for nonrenewal of the Franchise Agreement, and that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.17, subd. 5.

NEW YORK ADDENDUM TO THE DISCLOSURE DOCUMENT

In the State of New York only, this Disclosure Document is amended as follows:

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. 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.

9. The following is added to the end of Item 19:

REPRESENTATIONS REGARDING EARNINGS CAPABILITY

SLLR ENTERPRISES, LLC DOES NOT FURNISH OR AUTHORIZE ITS SALESPERSONS TO FURNISH ANY ORAL OR WRITTEN INFORMATION CONCERNING THE ACTUAL OR POTENTIAL SALES, COSTS, INCOME OR PROFITS OF A FRANCHISE. ACTUAL RESULTS VARY FROM UNIT TO UNIT AND SLLR ENTERPRISES, LLC CANNOT ESTIMATE THE EARNINGS OF ANY PARTICULAR FRANCHISE.

NORTH DAKOTA ADDENDUM TO THE DISCLOSURE DOCUMENT

In the State of North Dakota only, this Disclosure Document is amended as follows:

THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC SECTION 51-19-09):

1. Restrictive Covenants: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06, without further disclosing that such covenants will be subject to the statute.

2. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.

3. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

4. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

5. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota.

6. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.

7. Waiver of Exemplary & Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.

8. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.

9. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

10. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney’s fees.

RHODE ISLAND ADDENDUM TO THE DISCLOSURE DOCUMENT

In the State of Rhode Island only, this Disclosure Document is amended as follows:

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

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

VIRGINIA ADDENDUM TO THE DISCLOSURE DOCUMENT

In the Commonwealth of Virginia only, this Disclosure Document is amended as follows:

The following statements are added to Item 17(h):

> Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement do not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.
>
> Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to the franchisee under the franchise, that provision may not be enforceable.

Item 17(t) is amended to read as follows:

> Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.

WISCONSIN ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

To the extent the Wisconsin Franchise Investment Law, Wis. State. §§553.01-553.78 or Wisconsin Fair Dealership Law, Wis. Stat. §§135.01 – 135.07 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures:

For all franchisees residing in the State of Wisconsin, we will provide you at least 90 days' prior written notice of termination, cancellation or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation or substantial change in competitive circumstances and will provide you have 60 days in which to cure any claimed deficiency. If this deficiency is cured within 60 days, the notice will be void. If the reason for termination, cancellation or substantial change in competitive circumstances is nonpayment of sums due under the franchise, you will have 10 days to cure the deficiency.

For Wisconsin franchisees, Ch. 135, Stats., the Wisconsin Fair Dealership law, supersedes any provisions of the Franchise Agreement or a related contract which is inconsistent with the law.

ILLINOIS ADDENDUM TO THE FRANCHISE AGREEMENT/DEVELOPMENT AGREEMENT

The following are revisions to the Franchise Agreement/Development Agreement:

1. **Definitions**. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Illinois Act" means the Illinois Franchise Disclosure Act of 1987.

2. **Governing Law and Jurisdiction**. Notwithstanding any provision of the Agreement to the contrary, the Agreement is governed by Illinois law. The parties irrevocably submit to the jurisdiction and venue of the federal and state courts in Illinois, except for matters which the Agreement provides will be resolved by arbitration.

3. **Limitation of Claims**. No action can be maintained to enforce any liability created by the Illinois Act unless brought before the expiration of 3 years from the act or transaction constituting the violation upon which it is based, the expiration of 1 year after Franchisee become aware of facts or circumstances reasonably indicating that Franchisee may have a claim for relief in respect to conduct governed by the Illinois Act, or 90 days after delivery to the Franchisee of a written notice disclosing the violation, whichever shall first expire.

4. **Waivers Void**. Notwithstanding any provision of the Agreement to the contrary, any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois is void. This Section shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

5. **Effective Date**. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR	**FRANCHISEE**
SLLR ENTERPRISES, LLC	___________________________
By: _____________________	By: ________________________
Name: ___________________	Name: ______________________
Title: ___________________	Title: _______________________
Date: ___________________	Date: _______________________

RIDER TO STATE ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, AND DEVELOPMENT AGREEMENT

FOR THE FOLLOWING STATES ONLY: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, WISCONSIN (EACH A "REGULATED STATE" AND COLLECTIVELY, THE "REGULATED STATES")

This Rider to State Addendum to the Franchise Disclosure Document and Franchise Agreement ("Rider") is entered into by and between (i) SLLR Enterprises, LLC, a North Carolina limited liability company with an address at 13620 Reese Blvd., East, Suite 300, Huntersville, NC 28078 ("Franchisor"), and (ii) ______________________, a (individual/limited liability company/corporation) with an address at _______________________________("Franchisee").

A. Concurrently with the execution of this Rider, Franchisor and Franchisee are entering into a franchise agreement (the "Franchise Agreement,") and development agreement (as applicable) ("Development Agreement"), pursuant to which Franchisee will acquire the right and undertake the obligation to own and operate a franchised business (the "Franchised Business") that may be located in, or subject to the regulations of, one of the Regulated States (the "Applicable Franchise Registration State").

B. Franchisor and Franchisee wish to amend the Franchise Agreement and Development Agreement (as applicable) as provided in this Rider.

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Franchise Agreement and Development Agreement are hereby amended as follows:

1. **NASAA SOP Acknowledgment.** Franchisee and Franchisor hereby acknowledge that the Statement of Policy regarding the use of franchise questionnaires and acknowledgments issued by the North American Securities Administrators Association, Inc. ("NASAA"), which went into effect on January 1, 2023, provides that questionnaires and acknowledgments that are used as contractual disclaimers that release or waive a franchisee's rights under a state franchise law violate the anti-fraud and/or anti-waiver provisions of the statutes of the Regulated States. Accordingly, while the SOP remains in effect, or until such time as the regulations in the Regulated States are modified to adopt the restrictions on the use of acknowledgements and questionnaires as set forth in the SOP, for prospective franchisees that reside in or are looking to operate a Franchised Business in any Regulated State, the Franchise Agreement and Development Agreement (as applicable) will be amended to include the following provision:

> "No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving and 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."

2. Except as provided in this Rider, the Franchise Agreement and Development Agreement (as applicable) remains in full force and effect in accordance with its terms. This Rider shall be effective only to the extent that the jurisdictional requirements of the franchise law of the Applicable Franchise Registration State are met independently without reference to this Rider.

3. Section 23 is hereby removed from the Franchise Agreement.

FRANCHISOR	**FRANCHISEE**
SLLR ENTERPRISES, LLC	**[NAME]**
By: ____________________	By: _____________________
Name:__________________	Name: ___________________
Title:___________________	Title:____________________
Date: ___________________	Date: ____________________

EXHIBIT J
TO THE SLLR ENTERPRISES, LLC
FRANCHISE DISCLOSURE DOCUMENT

FRANCHISEE QUESTIONNAIRE

Franchisee Questionnaire

NOTICE FOR PROSPECTIVE FRANCHISEES WHO RESIDE IN, OR WHO INTEND TO OPERATE THE FRANCHISED BUSINESS IN, ANY OF THE FOLLOWING STATES: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI (EACH A REGULATED STATE):

FOR PROSPECTIVE FRANCHISEES THAT RESIDE IN OR ARE SEEKING TO OPERATE THE FRANCHISED BUSINESS IN ANY REGULATED STATE, SUCH PROSPECTIVE FRANCHISEE SHOULD NOT COMPLETE THIS QUESTIONNAIRE OR TO RESPOND TO ANY OF THE QUESTIONS CONTAINED IN THIS QUESTIONNAIRE.

As you know, SLLR Enterprises, LLC ("we", "us"), and you are preparing to enter into a Franchise Agreement for the right to open and operate a franchised business (a "Franchised Business"). The purpose of this Questionnaire is to: (i) determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading; (ii) be certain that you have been properly represented in this transaction; and (iii) be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Franchise Agreement, and pay us the appropriate franchise fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer "No" to any of the questions below, please explain your answer on the back of this sheet.

Yes____ No ____ 1. Have you received and personally reviewed the Franchise Agreement and/or Development Agreement, as well as each exhibit or schedule attached to this agreement, which you intend to enter into with us?

Yes____ No ____ 2. Have you received and personally reviewed the Franchise Disclosure Document we provided?

Yes____ No ____ 3. Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes____ No ____ 4. Do you understand all the information contained in the Disclosure Document and the Franchise Agreement and/or you intend to enter into with us?

Yes____ No ____ 5. Have you reviewed the Disclosure Document and Franchise Agreement and/or Development with a lawyer, accountant or other professional advisor and discussed the benefits and risks of operating the Franchised Business with these professional advisor(s)?

Yes____ No ____ 6. Do you understand the success or failure of your Franchised Business will depend in large part upon your skills, abilities and efforts and those of the persons you employ, as well as many factors beyond your control such as demographics of your Approved Location, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?

Yes____ No ____ 7. Do you understand we have only granted you certain, limited territorial rights under the Franchise Agreement, and that we have reserved certain rights under the Franchise Agreement and Development Agreement?

Yes____ No ____ 8. Do you understand we and our affiliates retain the exclusive unrestricted right to engage, directly or through others, in the providing of services under the Proprietary Marks or any other mark at any location outside your Designated Territory under the Franchise Agreement without regard to the proximity of these activities to the Approved Location of your Franchised Business(es)?

Yes____ No ____ 9. Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement and Development Agreement must be mediated, at our option, in Huntersville, North Carolina?

Yes____ No ____ 10. Do you understand the Franchise Agreement/Development Agreement provide that you can only collect compensatory damages on any claim under or relating to the Franchise Agreement and are not entitled to any punitive, consequential or other special damages?

Yes____ No ____ 11. Do you understand the sole entity or person against whom you may bring a claim under the Franchise Agreement/Development Agreement is us?

Yes____ No ____ 12. Do you understand that the Franchisee (or one of its principals if Franchisee is an organization), as well as any Designated Managers (as defined in the Franchise Agreement), must successfully complete the appropriate initial training program(s) before we will allow the Franchised Business to open or consent to a transfer of that Franchised Business?

Yes____ No ____ 13. Do you understand that we require you to successfully complete certain initial training program(s) and if you do not successfully complete the applicable training program(s) to our satisfaction, we may terminate your Franchise Agreement/Development Agreement?

Yes____ No ____ 14. Do you understand that we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises?

Yes____ No ____ 15. Do you understand that we will send written notices, as required by your Franchise Agreement to either your Franchised Business or home address until you designate a different address by sending written notice to us?

Yes____ No ____ 16. Do you understand that we will not approve your purchase of a franchise from us, or we may immediately terminate your Franchise Agreement/Development Agreement, if we are prohibited from doing business with you under any anti-terrorism law enacted by the United States Government?

Yes____ No ____ 17. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Franchised Business that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

Yes____ No ____ 18. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Franchised Business will generate, that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

Yes____ No ____ 19. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Disclosure Document?

Yes____ No ____ 20. Is it true that no broker, employee or other person providing services to you on our behalf has solicited or accepted any loan, gratuity, bribe, gift or any other payment in money, property or services from you in connection with a Franchised Business purchase with exception of those payments or loans provided in the Disclosure Document?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

________________________________ Signature of Franchise Applicant ________________________________ Name (please print) Dated: _______________, 20_______ ________________________________ Signature of Franchise Applicant ________________________________ Name (please print) Dated: _______________, 20_______	________________________________ Signature of Franchise Applicant ________________________________ Name (please print) Dated: _______________, 20_______ ________________________________ Signature of Franchise Applicant ________________________________ Name (please print) Dated: _______________, 20_______

GIVE A COMPLETE EXPLANATION OF ANY NEGATIVE RESPONSES ON BACK OF THIS PAGE (REFER TO QUESTION NUMBER).

EXHIBIT K
TO THE SLLR ENTERPRISES, LLC
FRANCHISE DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

STATE	EFFECTIVE DATE
CALIFORNIA	Not Registered
ILLINOIS	Pending Registration
INDIANA	Pending Registration
MARYLAND	Pending Registration
MICHIGAN	June 24, 2022
MINNESOTA	Pending Registration
NEW YORK	Pending Registration
NORTH DAKOTA	Pending Registration
RHODE ISLAND	Pending Registration
SOUTH DAKOTA	Pending Registration
VIRGINIA	Pending Registration
WASHINGTON	Not Registered
WISCONSIN	Pending Registration

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT L
TO THE SLLR ENTERPRISES, LLC
FRANCHISE DISCLOSURE DOCUMENT

RECEIPTS

RECEIPTS

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

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or payment of any consideration that relates the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If SLLR Enterprises, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator identified in Exhibit A of this Franchise Disclosure Document. A list of franchisor's agents registered to receive service of process is also included in Exhibit A to this Franchise Disclosure Document.

I have received a Franchise Disclosure Document with an Issuance Date of April 28, 2023, which included the following Exhibits:

Exhibit A -- List of State Administrators/Agents for Service of Process
Exhibit B -- Table of Contents of Operations Manuals
Exhibit C -- Financial Statements
Exhibit D -- Franchise Agreement
Exhibit E – Development Agreement
Exhibit F – Sample Termination and Release Agreement
Exhibit G -- List of Franchisees
Exhibit H – List of Franchisees who have left the system
Exhibit I – State Specific Addenda
Exhibit J – Franchisee Questionnaire
Exhibit K – State Effective Dates
Exhibit L – Receipts

A list of the names, principal business addresses, and telephone numbers of each franchise seller offering this franchise is as follows:

Zachary Celaya, Matthew Cookhorne and Kierstin Lothe, SLLR Enterprises, LLC, 13620 Reese Blvd., #300, Huntersville, North Carolina 28078, (888) 876-2526

[Signatures to appear on the following page]

If an individual:

By: ___________________________________

Name: ________________________________

Date: _________________________________

Telephone Number: _____________________

If a Partnership, Corporation or Limited Liability Corporation:

Name: ______________________________________

Title: _______________________________________

Name of Entity: _____________________________

Address: ____________________________________

Date: ____

RECEIPTS

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[Signatures to appear on the following page]

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Name: ______________________________

Date: _______________________________

Telephone Number: __________________

If a Partnership, Corporation or Limited Liability Corporation:

Name: ___________________________________

Title: ____________________________________

Name of Entity: ___________________________

Address: _________________________________

Date: ____________________________________