

## FRANCHISE DISCLOSURE DOCUMENT



Kline Franchising, Inc.  
a North Carolina corporation  
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Cornelius, North Carolina 28031  
Phone: 1-833-289-2876

[Franchisedevelopment@burnbootcamp.com](mailto:Franchisedevelopment@burnbootcamp.com)  
[www.BurnBootCamp.com](http://www.BurnBootCamp.com)

The franchise offered is for the operation of a fitness boot camp specializing in women-focused fitness programs (but open to everyone), complemented by nutritional and goal setting assistance for members who wish to lose weight, gain muscle and build confidence under the Burn Boot Camp® mark and system.

The total investment necessary to begin the operation of a Burn Boot Camp® franchise ranges from \$239,225 to \$562,979. This includes \$68,030 to \$76,413 that must be paid to the franchisor or an affiliate.

We also offer to qualified persons the right to develop multiple (either 2 or 3) “Burn Boot Camp®” businesses within a specific geographic area under an area development agreement. The total investment necessary to begin the operation of a Burn Boot Camp® area development franchise ranges from \$284,225 to \$714,853. This includes \$113,030 to \$146,413 that must be paid to the franchisor or an affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Jolene Purchia at 17036 Kenton Dr., Suite 100, Cornelius, North Carolina 28031 or at 1-833-289-2876.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read your entire 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](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: April 29, 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
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit F.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit G includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Burn Boot Camp® business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be a Burn Boot Camp® franchisee?</b>	Item 20 or Exhibit F lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

## What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

### Some States Require Registration

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

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 area development agreement require you to resolve disputes with the franchisor by mediation 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, arbitrate, or litigate with the franchisor in North Carolina than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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

**THE FOLLOWING DISCLOSURES APPLY ONLY TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW**

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

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

- (a) A prohibition on the right of a Franchisee to join an association of franchisees.
- (b) A requirement that a Franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this Act. This shall not preclude a Franchisee, after entering into a Franchise Agreement, from settling any and all claims.
- (c) A provision that permits a Franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the Franchisee to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a Franchisor to refuse to renew a franchise without fairly compensating the Franchisee by repurchase or other means for the fair market value at the time of expiration of the Franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the Franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation.

This subsection applies only if:

- (i) the term of the franchise is less than 5 years; and
  - (ii) the Franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the Franchisee does not receive at least 6 months' advance notice of Franchisor's intent not to renew the franchise.
- (e) A provision that permits the Franchisor to refuse to renew a franchise on terms generally available to other Franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
  - (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the Franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
  - (g) A provision which permits a Franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a Franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
    - (i) The failure of the proposed transferee to meet the Franchisor's then current reasonable qualifications or standards.

- (ii) The fact that the proposed transferee is a competitor of the Franchisor or Subfranchisor.
- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (iv) The failure of the Franchisee or proposed transferee to pay any sums owing to the Franchisor or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

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

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

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

**IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE, DIRECT THEM TO THE DEPARTMENT OF THE ATTORNEY GENERAL OF THE STATE OF MICHIGAN, 670 LAW BUILDING, 525 WEST OTTAWA, LANSING, MICHIGAN 48913, (517) 373-7117.**

If this Franchise Disclosure Document has been registered in any of the states listed in the State Effective Dates Page, Exhibit H, the effective date of that authorization is listed in that Page.

**TABLE OF CONTENTS**

<b><u>ITEM</u></b>	<b><u>PAGE</u></b>
ITEM 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS & AFFILIATES .....	1
ITEM 2 BUSINESS EXPERIENCE.....	4
ITEM 3 LITIGATION.....	5
ITEM 4 BANKRUPTCY.....	5
ITEM 5 INITIAL FEES.....	5
ITEM 6 OTHER FEES.....	7
ITEM 7 ESTIMATED INITIAL INVESTMENT.....	12
ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.....	16
ITEM 9 FRANCHISEE’S OBLIGATIONS.....	22
ITEM 10 FINANCING.....	24
ITEM 11 FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS & TRAINING.....	24
ITEM 12 TERRITORY.....	38
ITEM 13 TRADEMARKS.....	42
ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION.....	44
ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS.....	46
ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.....	46
ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION.....	48
ITEM 18 PUBLIC FIGURES.....	54
ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS.....	54
ITEM 20 OUTLETS AND FRANCHISEE INFORMATION.....	58
ITEM 21 FINANCIAL STATEMENTS.....	68
ITEM 22 CONTRACTS.....	68
ITEM 23 RECEIPTS.....	68

**EXHIBITS**

EXHIBIT A.	FRANCHISE AGREEMENT
EXHIBIT B.	AREA DEVELOPMENT AGREEMENT
EXHIBIT C.	LIST OF STATE FRANCHISE REGULATORS
EXHIBIT D.	STATE ADDENDA
EXHIBIT E.	OPERATION MANUAL TABLE OF CONTENTS
EXHIBIT F.	LIST OF FRANCHISEES
EXHIBIT G.	FINANCIAL STATEMENTS
EXHIBIT H.	STATE EFFECTIVE DATES
EXHIBIT I.	RECEIPTS

## **ITEM 1**

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

To simplify the language in this Disclosure Document, “we,” “us,” “our” or “Franchisor” means Kline Franchising, Inc. We will refer to the person or entity who buys the Franchise as “you,” “your,” or “Franchisee,” throughout this Disclosure Document. If you are a corporation or limited liability company, partnership or other entity, certain provisions of the Franchise Agreement also apply to your shareholders, members, partners or owners and will be noted. Any such entity may be referred to as an “Entity” and those who own the Entity may be referred to as “Owners.”

#### **The Franchisor**

We are a North Carolina corporation incorporated on October 9, 2014. Our principal business address is 17036 Kenton Dr., Suite 100, Cornelius, North Carolina 28031. Our agents for service of process are disclosed in Exhibit C

We have never conducted the same type of business as our franchisees. However, our principals have operated Burn Boot Camp® outlets through various affiliated entities since the concept was launched in April 2012.

Since February 15, 2015, we have offered franchises for the operation of a fitness boot camp facility specializing in women-focused programs, while being inclusive to everyone, known as “Burn Boot Camp®” (the “Business”, “Franchise” or “Franchised Business”). We have never offered franchises in any other line of business. We do not engage in any business other than the offer of Burn Boot Camp® franchises.

#### **Parents, Predecessors and Affiliates**

We do not have any parent companies or predecessors. We do not have any affiliates that offer, or have ever offered, franchises in this or any other line of business or any other affiliates to disclose in this Item 1.

We currently have 2 affiliates that offer goods or services to our franchisees. Those affiliates are Burn Retail, LLC (“Burn Retail”) and Burn Media Company LLC (“Burn Media”), which are both North Carolina limited liability companies. Burn Retail and Burn Media both share the same principal business address as us. Burn Retail was formed on February 13, 2017, and Burn Media was formed on November 1, 2017. Neither Burn Retail nor Burn Media has ever operated a Burn Boot Camp® outlet. Burn Retail is the exclusive designated supplier for branded apparel, nutritional supplements and various accessories. Burn Retail is also the exclusive supplier for certain exercise equipment franchisees purchase after opening, including equipment needed to replace worn out or damaged equipment and new or additional equipment the franchisee chooses to add to their facility. Burn Media is an optional supplier for grand opening and other marketing services.

We have an additional affiliate, Devan Kline Fitness, LLC (“DKF”), that owns the Marks (as defined below) and has entered into a trademark license agreement with us licensing us the right to use, and sub-license the use of, the Marks in connection with the System (as defined below). DKF is a North Carolina limited liability company formed on February 14, 2012, with a principal place of business of 17036 Kenton Dr., Suite 100, Cornelius, North Carolina 28031.

#### **The Burn Boot Camp Business**

Burn Boot Camp® is a fitness boot camp specializing in women-focused fitness programs, while being inclusive to everyone, complemented by nutritional and goal setting assistance for members who wish to lose weight, gain muscle and build confidence. Our core offering includes workouts conducted in a group setting that are motivational and goal-oriented resulting in a balanced and comprehensive fitness program. Each Business offers affordable membership options and provides members (“Members”) with fast-paced sessions taught by certified personal trainers who nurture an encouraging environment to enhance their workout experience. Additionally, we offer Businesses the right to add-on as a pilot program,



either upon execution of the Franchise Agreement or after execution, an AFTERBURN smoothie bar (in accordance with the System). If you request, and we grant you the right, to operate an AFTERBURN smoothie bar at the Facility, you must execute our then-current Pilot Program Addendum.

Each Business operates from a training facility that must be approved by us. Training facilities are typically located in shopping malls, strip centers or free-standing structures. The training facility that we approve for your Burn Boot Camp® business is referred to as your “Facility.” Each Business must designate 1 trainer (“Head/Lead Trainer”) that is responsible for overseeing the training portion of the Business that has successfully completed those portions of the franchisee education program for trainers (as further outlined in Item 11). You may act as the Head/Lead Trainer only if you receive our prior written consent. Additionally, you must have a person to personally oversee the operations of the Business (“Operations Manager”). You may act as the Operations Manager. The Operations Manager must have completed those portions of the franchisee education program for operations managers.

Although our program was designed for women, as required by applicable law and the Operations Manual (as defined below), all Burn Boot Camp® Businesses must offer camps that are open to everyone. Your advertising must identify the camps that are open to everyone.

Each Burn Boot Camp® Business is characterized by a uniform business format that offers different membership options, our fitness programs and workout routines; specific methods and techniques when executing our workout routines; nutrition programs, exercise equipment, products and operational procedures; quality and uniformity of all services and products offered; relationships with suppliers, purchasing strategies, sales techniques and methods; our build-out specifications with unique décor, color scheme and signage; a regional Franchise website housed within our national website; guidelines for hiring, training and retaining employees, advertising, sales and promotional programs; cost controls, management, administrative and record keeping procedures; the Burn Boot Camp® confidential operations manual (“Operations Manual”) and other manuals and materials which are made available either in hard copy or electronically; all of which may be changed, improved and further developed by us periodically (referred to as the “System”). We identify the System by means of certain trade names, service marks, trademarks, logos, emblems, trade dress and other indicia of origin, including but not limited to the mark “Burn Boot Camp®” and such other trade names, service marks, trademarks and trade dress we may designate for use in connection with the System (collectively, the “Marks”).

A copy of our single unit Franchise Agreement is attached as Exhibit A to this Disclosure Document.

### **Multi-Unit Program**

In addition to our single unit offering, we offer to qualified applicants the right to enter into an Area Development Agreement (“ADA”) to develop either 2 Businesses (each, a “2-Pack”) or 3 Businesses (each, a “3-Pack”) within a specifically described geographic territory (“Development Area”). If you wish to enter into an ADA, we must approve of your qualifications to do so. In making this decision, we will consider a variety of factors, including your financial resources, experience in the fitness industry, business experience, as well as your marketing and sales plans.

If we grant you area development rights, you must sign our current form of ADA, a copy of which is attached as Exhibit B to this Disclosure Document. For each Business that you develop under the ADA, you must sign our then-current form of the Franchise Agreement that we offer to new franchisees, which may differ from the current Franchise Agreement attached to this Disclosure Document. You will sign the Franchise Agreement for your 1<sup>st</sup> Business at the same time you sign the ADA. You must sign any subsequent franchise agreement must be signed at least 8 months before the scheduled opening date for the applicable Business under the ADA and open the applicable Business under the terms of the ADA.

Under the ADA, you must develop, open and operate a certain number of Businesses located in the Development Area in accordance with a development schedule (“Development Schedule”). The Development Schedule will require that you satisfy the following opening deadlines:

Units Developed	Development Schedule - Opening Deadlines	
	(2-Pack)	(3-Pack)
Business #1	300 days (i.e., 10 months) after signing ADA	300 days (i.e., 10 months) after signing ADA
Business #2	600 days (i.e., 20 months) after signing ADA	600 days (i.e., 20 months) after signing ADA
Business #3	Not Applicable	900 days (i.e., 30 months) after signing ADA

### **Market and Competition**

The Business will face competition from national, regional and local fitness centers and/or health clubs operated by national chains, local chains and independent operators, independent personal trainers and to some extent athletic and recreational programs, not for profit organizations and other fitness-related businesses offering similar services to those offered by a Burn Boot Camp® business. Generally, there is no seasonality to this business. The fitness industry is highly competitive throughout the United States as the market is continuously changing and evolving. Your competitive advantage in the marketplace will be based on your adherence to our System standards and guidelines, as well as your entrepreneurial and managerial abilities, sales aptitude and focus on customer service.

### **Laws and Regulations**

In addition to laws and regulations that apply to businesses generally, there are consumer protection laws that exist in several states that regulate the offering and selling of memberships for fitness facilities. Some states prescribe the term of memberships that can be sold, the escrowing of membership fees before the fitness facility opens for business, terms of membership agreements and terminology that can be used in selling memberships. Certain states have regulations relating to health club membership agreements and fitness centers, and require that you purchase and maintain a bond in order to operate a fitness facility that offers and sells memberships. Certain states require that you purchase and maintain a bond in order to operate a fitness facility that offers and sells memberships. In addition, some states have sales tax laws on all fitness related services and defibrillator laws that require a fitness facility to have a defibrillator and staff members that are qualified to operate one at all times. Certain states regulate the inclusivity of the customer base to which your Business can offer the camps. Certain states require postings concerning steroids and other drug use and limit supplements that a fitness facility can sell. You may have to comply with various state laws concerning labeling of ingredients in any supplements you sell. In addition, there may be local codes, ordinances, statutes or laws which license or regulate fitness facilities such as the one being offered in this Disclosure Document and such regulations could affect the operations of your Business. In addition to complying with all laws, we require that any individual who plans on instructing any camps, be certified by a personal training program accredited by the National Commission for Certifying Agencies (“NCCA”) in addition to being CPR and First Aid certified and maintaining such certification.

Your Business will also be subject to federal, state and local laws and regulations regarding the operation of businesses generally that are not specific to fitness facilities, including labor laws, zoning laws, OSHA laws and regulations, the Fair Labor Standards Act, workers’ compensation laws, business licensing laws, tax regulations, the Americans with Disabilities Act, the Telephone Consumer Protection Act of 1991 (“TCPA”), the Telemarketing Sales Rule and “Do Not Call” list legislation and Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (“CAN-SPAM”). You are solely responsible for compliance with these laws and regulations.

You must, and it is your sole responsibility to, investigate all applicable federal, state, and local laws and regulations, and your cost to comply with such laws and regulations, with an attorney and/or financial advisor before purchasing a franchise for a Burn Boot Camp® Business from us. Applicable laws and regulations are subject to change.

## **ITEM 2 BUSINESS EXPERIENCE**

Each individual listed in this item works in our headquarters in Cornelius, North Carolina, unless otherwise specified.

### **Co-Founder and Visionary: Devan Kline**

Devan Kline is our Co-Founder and has held the following positions with us and our affiliates: (i) CEO (October 2014 to August 2022); and (ii) President (July 2012 to October 2014). Since July 2012, Devan has also served as President for our affiliate, DKF, based out of Cornelius, North Carolina.

### **Co-Founder and Chief Executive Officer: Morgan Kline**

Morgan is our Co-Founder and has held the following positions with us and certain of our affiliates: (i) CEO (since August 2022); (ii) COO (January 2018 to July 2022); (iii) CFO (October 2014 to December 2017); and (iv) Vice President (October 2014 to December 2017). Since June 2013, Morgan has also served as Vice President for our affiliate, DKF, based out of Cornelius, North Carolina, overseeing all of its Burn Boot Camp<sup>®</sup> locations.

### **Senior Vice President of Franchise Development: Jolene Purchia**

Jolene has held the following positions with us and our affiliates: (i) Senior Vice President of Franchise Development (January 2021 to present); (ii) Vice President, Franchise Development (July 2016 to January 2021); and (iii) Vice President of Marketing (June 2015 to July 2016).

### **Director of Compliance: Dayana Crossa**

Dayana has held the following positions with us and our affiliates: (i) Director of Compliance (March 2018 to present); (ii) Director of Field Support (March 2017 to February 2018); and (iii) Director of Franchisee Support and Operations (February 2016 to March 2017).

### **Vice President of Finance: Pat Harding**

Pat is a CPA who has served as our Vice President of Finance since October 2019. From November 2017 to September 2019, Pat was the Founder and CEO for Reporting Dynamics, LLC in Mooresville, North Carolina.

### **Vice President of Franchise Operations: Amber Burke**

Amber has held the following positions with us and our affiliates: (i) Vice President of Franchise Operations (October 2022 to present); (ii) Director of Operations (October 2021 to 2022); and (iii) Sales and Marketing Education Manager (May 2012 – October 2021). Prior to that, she served as Regional Manager of Operations and Education for Fitness Connection in Charlotte, North Carolina from April 2010 to April 2021.

### **Vice President of Marketing: Trish Pena**

Trish has held the following positions with us and our affiliates: (i) Vice President of Marketing (January 2023 to present); (ii) Growth Marketing Director (January 2022 to January 2023); (iii) Growth Marketing Manager (June 2021 to January 2022); and (iv) Community Marketing Specialist (January 2021 to June 2021). Prior to that, Trish has held the following positions with our affiliates: (1) HQ Gyms Marketing Manager (January 2019 to January 2021); and (2) Trainer (January 2018 to January 2019). Prior to that, Trish served as the Account Supervisor for Taylor Strategy in Charlotte, North Carolina from February 2014 to July 2018.

### **ITEM 3 LITIGATION**

State Corporation Commission, Commonwealth of Virginia v. Kline Franchising, Inc. and Devan Kline; Case No. SEC-2016-00044. On June 3, 2016, the Virginia State Corporation Commission, Division of Securities informed us of its investigation that we and our founder Devan Kline sold three unregistered Burn Boot Camp franchises to be located in Virginia. In response, we made offers of rescission to three Virginia entities, all of whom accepted, and we refunded the initial fees. In a Settlement Agreement with the Division of Securities dated April 5, 2017, which dismissed the action, we agreed to (i) pay the Treasurer of Virginia (the “Treasurer”) the sum of \$15,000 in penalties; (ii) pay the Treasurer the sum of \$4,000 to cover its costs; and (iii) not violate the act.

Other than the above matter, there is no other litigation is required to be disclosed in this Item.

### **ITEM 4 BANKRUPTCY**

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

### **ITEM 5 INITIAL FEES**

#### **Initial Franchise Fee**

The initial franchise fee for a single franchise (“Initial Franchise Fee”) is \$60,000. The Initial Franchise Fee is nonrefundable and payable in lump sum. Except for the military discount and area developer discount discussed further below, the Initial Franchise Fee is uniformly imposed for all franchisees currently buying a franchise. During the 2022 fiscal year, we collected fees ranging from \$15,000 (honoring the pricing for the sale of an additional territory to an existing franchisee that was negotiated and sold 8 years ago) to \$50,000 (the full initial franchise fee in 2022).

We participate in the International Franchise Association’s VetFran Program. If one of your owners with at least a 50% interest in the Business is a veteran honorably discharged from the U.S. Armed Forces or on active duty in the U.S. Armed Forces at the time the Franchise Agreement is executed, we will reduce the initial franchise fee by 15%.

#### **Initial Inventory Package**

Prior to opening, you must purchase from our affiliate, Burn Retail, an initial supply of branded apparel, nutritional supplements and various accessories (the “Initial Inventory Package”). The Initial Inventory Package includes a minimum of \$1,700 in apparel and accessories (including \$200 for employee uniforms) and a minimum of \$2,760 in nutritional supplements. The total package price is estimated range from \$4,460 to \$7,488 depending on the size of your Facility and the number of trainers you hire. We reserve the right to change the specific items included within the Initial Inventory Package at any time (which may result in a change to the price). The purchase price for the Initial Inventory Package is nonrefundable and uniformly imposed.

#### **Marketing Services**

You have the option, but not the obligation, to contract with our affiliate, Burn Media, for purposes of conducting local marketing and advertising on your behalf. If you choose to contract with Burn Media for your pre-opening marketing, we estimate the total cost will range from \$2,400 to \$6,000. The price for these marketing services is nonrefundable and uniformly imposed.

### **Technology Fees**

You must begin to pay us a technology fee immediately after signing the Franchise Agreement. In exchange for the technology fee, we provide you with access to various software, technology and related services. The “technology fee” includes all amounts that you must pay us or our affiliates relating to the Technology Systems. Please see more detail in Item 11 under the Section entitled “Computer System”). As of the issuance date of this Disclosure Document, the amount of the technology fee is: (i) \$100 per month for the month in which you sign the Franchise Agreement through the month in which you sign your lease or purchase contract for your Facility; and (ii) \$485 per month (with intention to increase to \$860 per month beginning in October 2023) for each subsequent month (subject to periodic adjustment as further discussed in Note 5 to Item 6). Most franchisees require 2 to 5 months to sign their lease or purchase contract and an additional 2 to 5 months to open, which results in pre-opening technology fees ranging from \$1,170 to \$2,925 (\$1,920 to \$4,800 after October 2023). The technology fees are uniformly imposed and nonrefundable.

### **Development Fee (Area Developers)**

If you sign an ADA, you will commit to open either a 2-Pack or a 3-Pack. You must pay us a development fee (the “Development Fee”) calculated as the sum of the aggregate Initial Franchise Fees for all Businesses you commit to develop under the Development Schedule. The following table lists the applicable Initial Franchise Fees and total Development Fee under our area development program:

<b>Units Developed</b>	<b>Initial Franchise Fee</b>	
	<b>2-Pack</b>	<b>3-Pack</b>
Business #1	\$60,000	\$60,000
Business #2	\$45,000	\$40,000
Business #3	Not Applicable	\$30,000
Total Development Fee	\$105,000	\$130,000

You must pay us the entire Development Fee at the time you sign the ADA. We will not charge an additional fee when you sign a Franchise Agreement for each Business developed under the ADA. The Development Fee is uniformly imposed and nonrefundable.

**ITEM 6  
OTHER FEES**

Type of Fee <sup>1</sup>	Amount	Due Date	Remarks
Royalty Fee	6% of Gross Revenues per Report Period	Due by the day we specify during each Report Period for the immediately preceding Report Period	See Note 2.
System Brand Fee	2% of Gross Revenues per Report Period (may increase up to 3%)	Same as Royalty Fee	See Note 3.
Graphic Design Fee	Up to \$200 per design (currently, \$100 per design)	As Incurred	See Note 4.
Tech Fee	\$485 per month (with intention to increase to \$860 per month beginning in October 2023)	Monthly	See Item 11 for more information on the tech fee.
Additional Education Session Fee	\$1,500 per person for a two-day training, plus the team member's travel and accommodation expenses	At time education session is scheduled and/or additional assistance is requested by you for our personnel to travel to your location at your request.	<p>We may charge you the additional education session fee for any supplemental on-site education that we deem necessary and any other post-opening education that we provide to you or your staff (or in case of a transfer, to the transferee).</p> <p>This includes the following types of franchisee education (as outlined further in Item 11):</p> <p>Blue Carpet Hub Certification, Sales and Marketing Education, Fitness Product Education, Burn Operating System (BOS) Education, Compliance Education, Strategic Business Planning, Opening Support, Retail Ordering / Process Education, Mindbody Support, CRM Support &amp; Burn Media Company Business Assessment.</p>

Type of Fee <sup>1</sup>	Amount	Due Date	Remarks
Additional Burn U Education Attendees	<p>\$1,500 per additional franchisee staff person education not covered in the remarks for training purposes.</p> <p>\$900 per additional staff person education including Operations and Advanced training programs not covered in the remarks for training purposes.</p>	At time - is scheduled and/or additional assistance is requested by you	While the Initial Franchise Fee includes the cost of our initial franchisee education program, the Initial Franchise Fee only covers Burn U education for up to 3 individuals, or 1 individual for a resale, must occur prior to opening (or within 90 days of transfer for a resale), and is non-transferable to other locations or to other franchisees.
Regional Continuing Education	<p>You may be required to attend regional continuing education at a cost not to exceed \$1,000 per person, per session.</p> <p>Currently, the charge is \$200 per person, per regional continuing education.</p>	As Incurred	The location for the Regional Continuing Education will be at a location we designate, although we reserve the right to provide them over the internet or phone.
Conference Registration Fee	Up to \$1,000 per person, per conference (currently, we only require 1 person to attend)	As Incurred (once annually)	In addition to the conference registration fee, you are responsible for all costs and expenses incurred by you and your staff in attending a conference. If you fail to attend a required conference, you must still pay us a \$1,000 conference registration fee to assist in covering the costs we incur to set up and host the conference.
Minimum Inventory & Other Purchases from Affiliate	Currently, a minimum inventory purchase of \$500 per quarter in soft goods such as apparel (excluding nutrition items).	Monthly	Payable to Burn Retail, but subject to change. In addition to the minimum inventory purchase, you may also be required to purchase certain exercise equipment from Burn Retail after opening and you have the option, but not the obligation, to contract with Burn Media to provide local marketing services on your behalf.
Product, Vendor and Exercise Equipment Testing Fee	\$50 per product or vendor; \$150 for equipment testing	On Demand	You must pay this fee if you request our approval for any product, vendor and/or supplier or exercise equipment that you wish to use in the operation of your Business.

Type of Fee <sup>1</sup>	Amount	Due Date	Remarks
Charges for “mystery shopper” and other quality assurance inspections	\$100 - \$200 per visit.	As incurred	We contract a third party to conduct “mystery shopper” and other quality assurance inspections. You must pay the cost of these inspections, but we will pay the cost to cover a total of two inspections per year. This does not include any self-inspections you request, which you must pay for, or additional inspections required by your failure to comply with the Franchise Agreement.
Music Subscription Services	Approximately \$40 to \$50 per month, based on supplier, plus \$150 per month for licenses	As incurred	You must obtain a music subscription service for use at the Facility. This fee is paid directly to the third-party provider. This cost does not cover the song licensing costs, which varies by state, size of Facility and number of members.
Accounting Software	Approximately \$30 - \$40 per month based on supplier	As incurred	We recommend that you use an accounting software with the operation of your Business. This fee is paid directly to the third-party provider
Temporary Management Fee	<ul style="list-style-type: none"> <li>• <u>Upon death/disability</u>: up to 3% of the Facility’s Gross Revenue, plus any out-of-pocket expenses incurred in connection with the Facility’s management.</li> <li>• <u>Upon default</u>: not to exceed 15% of the Facility’s Gross Revenue, plus any out-of-pocket expenses incurred in connection with the Facility’s management.</li> </ul>	On Demand	Payable if we appoint a representative to manage your Facility upon your default of the Franchise Agreement or upon your death or disability.
Renewal Fee	\$10,000.	At the time of renewal	We will provide you with 3 complimentary Burn U registrations (for the franchisee education program) in connection with your renewal. If you wish for other personnel to attend Burn U, you must pay us a fee of \$1,500 per individual.



Type of Fee <sup>1</sup>	Amount	Due Date	Remarks
Transfer Fee	<ul style="list-style-type: none"> <li>• \$10,000, if you sell to an existing franchisee in the Burn Boot Camp® franchise system</li> <li>• \$12,500, if you sell to a third-party that is not a current Burn Boot Camp® franchisee</li> <li>• \$2,500 for partial transfers of ownership interests in the entity that is currently the franchisee under the Franchise Agreement so long as such transfers do not constitute a change in control of franchisee</li> </ul>	Prior to or at time of transfer	All transfers are subject to our right of first refusal (except those partial ownership transfers). If the transferee was already in our lead database at the time of first contact between you and the transferee, we may require you to pay the amount of any broker fees that we are responsible for paying to third parties (which does not include our employees).
Relocation Fee	<ul style="list-style-type: none"> <li>• If we grant your relocation request for a new location within your existing Territory, you do not have to pay us a relocation fee</li> <li>• If we grant your relocation request for a new location outside of your existing Territory, you must pay us a relocation fee of \$15,000</li> </ul>	When we approve your request to relocate	Payable if we approve your request to relocate your Business.
Interest	1.5% per month or maximum rate allowed by law	After due date of fees	See Note 5.
Insufficient Funds/Late Fee	\$100	Immediately when assessed	If you write us a check that is returned, cancelled or dishonored, or if we debit your bank account and your account has insufficient funds or is inaccessible, you must pay us an insufficient funds fee. If you make a late payment, you must pay us a late fee each week any said payment is past due. You must also pay any damages, expenses, collection costs and reasonable attorneys' fees that we incur based upon your failure to make timely payments to us.

Type of Fee <sup>1</sup>	Amount	Due Date	Remarks
Non-Compliance Fee	Up to \$1,000 per notice of violation	10 days after notice of violation	We may assess a non-compliance for violations of the Franchise Agreement and/or the Operations Manual. We reserve all other rights and remedies.
Audit Expenses	Cost of Audit Fees plus interest @ 18% per annum (1.5% per month) up to the maximum interest allowed by law	Ten days after receipt of audit report	Payable only if you understate Gross Revenues by 2% or more. We expect the cost to be between \$5,000 - \$7,500 unless your financial records are not well kept.
Costs and Attorney's Fees	Will vary under circumstances	As Incurred	Payable if we engage attorney to enforce the Franchise Agreement (whether or not formal judicial proceedings are initiated).
Indemnification	Will vary under circumstances	On Demand	See Note 6.
Liquidated Damages	an amount equal to the lesser of 24 or the number of months remaining in the term multiplied by the average monthly Royalty Fees and System Brand Fees accrued during the 12-month period before the month of termination (or, if your Business has been open less than 12 months, during the period during which the Business has been open)		If we terminate this Agreement as a result of your default or this Agreement is otherwise terminated prior to the expiration date besides by mutual agreement, you shall pay to us the Liquidated Damages.

Notes:

**Note 1:** Except as otherwise described in this Item, all of the fees listed in the table above are nonrefundable, uniformly imposed, and payable to us or our affiliates. Our affiliates that operate the affiliate-owned Burn Boot Camp® businesses did not sign franchise agreements with us and are not subject to the various fees imposed on franchisees. However, they do contribute to the System Brand Fund as further discussed in Item 11 of this Disclosure Document.

**Note 2:** “Gross Revenue” means the gross amount, in money or other forms of consideration, that you earn or receive from any source-related to, or in connection with, the operation of your Business, whether on or off your premises, including, without limitation, any Gross Revenue derived from members that purchase a virtual membership through the Burn App (as defined in Item 8). This includes all membership-related fees (such as initiation fees, termination fees, enrollment fees, processing fees, paid-in-full dues, renewal fees; monthly, semi-annual or yearly dues and all revenues generated and derived during any presale of memberships). Gross Revenue also includes the fair market value for any service or product you receive in barter or exchange for your services or products and all insurance proceeds that you receive for the loss of the Business due to a casualty to or similar event at the Business. We exclude only gratuities paid by Members to employees of the Business, service fees for credit card transactions, sales tax receipts that you must by law collect or pay and any Member refunds of previous payments you actually make, and certain charitable donations specifically authorized in the Operations Manual. With respect to the Gross Revenue paid to us by members purchasing

virtual-only memberships, we will remit to you a certain portion of the Gross Revenue paid by those members that provide a primary address that is located in your Territory (“Virtual Members”). Specifically, for those Virtual Members, we will remit to you the Virtual Members’ Gross Revenue paid to us (which deducts certain fees paid to Google and Apple), less Royalty Fees and System Brand Fees owed on the Gross Revenues and any other amounts that are past due and owing to us.

Royalty Fee payments will be due by the day we specify during each Report Period for the immediately preceding Report Period. “Report Periods” will consist of calendar months, weeks, or such other period as we may designate from time to time. Royalty Fee payments shall be payable by direct deposit from your account to us and all Royalty Fee charges are imposed by us only. See Direct Deposit Agreement attached as Schedule 1 of the Franchise Agreement. We reserve the right to change the time and manner of payment upon written notice to you.

**Note 3:** You will pay us a System Brand Fund contribution equal to 2% of Gross Revenues. We may increase this fee upon 90 days’ notice to you. However, your total contribution will not exceed 3% of Gross Revenue in any calendar year. We will deposit this fee into our System Brand Fund for ongoing technology, new equipment and product development, and such national and regional advertising, marketing and/or public relations programs as we, in our sole discretion, may deem appropriate to promote the Marks and System. You pay the System Brand Fee at the same time and under the same terms as the Royalty Fee described above.

In addition to your System Brand Fund contributions, you must spend the minimum amount of money we require (your “Local Advertising Expenditure”) on approved local advertising and marketing. The amount of the Local Advertising Expenditure is as follows: (i) \$10,000 between the time you sign the Franchise Agreement and 2 weeks prior to your projected opening date; (ii) \$10,000 between the time beginning 2 weeks prior to your projected opening date and expiring 90 days after opening; and (iii) \$1,500 each month for the remainder of the term of your Franchise Agreement. We may require that you utilize our preferred public relations vendor for all or part of your local advertising and marketing conducted prior to opening through 90 days after opening. If your actual expenditure on approved local advertising and marketing is less than the applicable Local Advertising Expenditure amount, we may require that you pay us the difference (due within 14 days of invoicing), which we will deposit into the System Brand Fund (any such deposited amount will not be credited towards your required System Brand Fund contributions). You have the option, but not the obligation, to contract with our affiliate, Burn Media, to provide local advertising and marketing services on your behalf.

**Note 4:** We, our affiliates and/or our approved suppliers will complete all retail designs, create local advertising assets, update and/or promote your website, and provide other design services. Any requests for changes or updates to the content of your website and/or any type of website promotion you wish to do must be approved by us in writing and performed by us, our affiliates and/or our approved suppliers. We will respond to you within 30 days of our receipt of your request for all website changes. We may charge a fee of up to \$200 per design as necessary to update and/or promote your website or provide other graphic design services. However, our current design fee is \$100 per design. We will provide you with at least 90 days’ notice of any change to our graphic design fee. Currently, we do not charge for minor updates such as such as changes to phone number, physical gym address, location email, or location URLs.

**Note 5:** Interest begin to accrue from the due date of payment and will only be owed in connection with amounts that are owed and past due that exceed \$5,000. You must also pay any damages, expenses, collection costs and reasonable attorneys’ fees that we incur based upon your failure to make timely payments to us. However, any interest we charge may not exceed the maximum interest allowed by applicable law.

**Note 6:** You must protect, defend, indemnify, and hold us harmless against any claims, lawsuits or losses arising out of your operation of the Franchised Business. If you default under the Franchise Agreement and we engage an attorney for collection or enforcement, you must reimburse us for all damages, legal fees, and costs that we incur.

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

**A. Franchise Agreement**

<b>Estimated Initial Investment – Single Franchised Business</b>					
<b>Type of Expenditure <sup>1</sup></b>	<b>Low Amount</b>	<b>High Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Initial Franchise Fee	\$60,000	\$60,000	Lump sum	At time you sign Franchise Agreement	Us
Technology Systems <sup>2</sup>	\$2,753	\$29,600	As incurred	Before Opening	Suppliers
Technology Fees <sup>3</sup> (Pre-opening and 3-month period after opening)	\$5,450	\$7,500	As incurred	Before opening and monthly	Us
Exercise and Safety Equipment, Furniture and Fixtures <sup>4</sup>	\$22,821	\$32,760	As incurred	Before Opening	Suppliers
Real Estate <sup>5</sup> (security deposit and 3 months' rent)	\$22,500	\$60,000	As incurred	Before Opening and 3 months after opening	Landlord
Use Permits <sup>6</sup>	\$200	\$26,000	As incurred	Before Opening	Governmental Authorities
Leasehold Improvements <sup>7</sup>	\$59,867	\$198,096	As incurred	Before Opening	Landlord
Utilities	\$1,000	\$5,100	As incurred	Before Opening	Local Utility Suppliers
Exterior Signage	\$9,321	\$26,360	Lump sum	Before Opening	Suppliers
Initial Inventory Package <sup>8</sup>	\$4,460	\$7,488	Lump sum.	Before Opening	Affiliate (Burn Retail)
Operating Supplies <sup>9</sup>	\$3,978	\$5,393	As incurred	Before Opening	Suppliers
Grand Opening Marketing <sup>10</sup> (Pre-opening and 3-month period after opening)	\$20,000	\$20,000	As incurred	After signing Franchise Agreement through 90 days after opening	Suppliers and/or Affiliate (Burn Media)
Staffing <sup>11</sup> (3-month period after opening)	\$15,000	\$42,085	As incurred	As incurred	Staff members
Insurance <sup>12</sup> (3 months' premium)	\$600	\$1,200	Lump sum	Before Opening	Insurance company

Estimated Initial Investment – Single Franchised Business					
Type of Expenditure <sup>1</sup>	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Travel, Lodging and Meals for Initial Franchisee Education Program <sup>13</sup>	\$775	\$7,265	As incurred	As Incurred	Suppliers
Business Licenses, Certifications, and other professional fees <sup>14</sup>	\$500	\$4,132	As incurred	Before Opening	Appropriate licensing authorities and suppliers
Additional Funds <sup>15</sup> (3 months)	\$10,000	\$30,000	As incurred	Spent over the course of first 3 months	Suppliers
<b>Total <sup>16</sup></b>	<b>\$239,225</b>	<b>\$562,979</b>			

Notes:

**Note 1:** Unless otherwise stated in this Item, all payments to us are non-refundable. For any amounts paid to third parties, the availability and conditions under which you may obtain refunds will depend on the terms offered by those third-party suppliers. We do not offer direct or indirect financing.

**Note 2:** This includes the costs for a computer, iPads, software, credit card processing equipment, printer, scanner, wireless router, networking equipment, copier, sound system, microphone system and a telephone. Prices subject to change, including due to price changes from product manufacturers.

**Note 3:** You must pay us a monthly technology fee commencing immediately after signing the Franchise Agreement. The technology fee is \$100 per month for the month in which you sign the Franchise Agreement through the month in which you sign your lease or purchase contract for your Facility. The technology fee increases to \$485 per month for each subsequent month and increasing further in October 2023 to \$860 per month. The amount of the technology fee may change from time to time as further discussed in Item 6. We estimate that a typical franchisee will need 2 to 5 months to sign their lease or purchase contract and an additional 2 to 4 months to open, which results in pre-opening technology fees ranging from \$1,100 to \$4,500. This estimate includes the total estimated technology fees paid prior to opening (\$1,100 to \$4,500) and during the 3-month period after opening (\$1,455 to \$3,000).

**Note 4:** This is an estimate for the items you will need for all exercise and safety equipment, furnishing and fixtures. You must purchase various new pieces of exercise equipment for the operation of the Franchised Business as specified in the Operations Manual, including dumb bells, kettle bells, smash balls, agility equipment, different types of exercise balls, an automated external defibrillator (“AED”) and other types of approved exercise and safety equipment depending on the size of your facility. The furnishings and fixtures necessary to operate your Business include a desk, chairs, tables, filing systems, shelving, body fat analyzer, retail center, interior signage, storage racks, cabinets, dehumidifiers, pull up systems, cubical storage lockers and seating options for the operation of your Business. The low end of the estimate given is based on opening a 3,500-sq. foot fitness facility and the high end of the estimate is based on opening a 7,000-sq. foot fitness facility. Actual exercise equipment, furniture and fixture costs may vary due to square footage. If applicable, you must also pay state and local sales tax on purchases of exercise equipment, furnishings and fixtures. Sales tax typically ranges from 3% to 10% of the purchase price and is not included in these estimates. The cost of all exercise equipment, furnishing and fixtures will depend on financing terms available, the condition of the exercise equipment, furnishing and fixtures and other factors.

**Note 5:** A typical Burn Boot Camp® Business is in a shopping center, mall or a free-standing building with approximately 3,500-7,000 square feet of space (it may be less than 3,500 square feet in a densely populated urban market as we define that from time to time in our sole discretion). We estimate that the monthly rent for a typical franchised location will range from \$5,500 to \$15,000 per month. This estimate includes a security deposit equal to 1 month's rent plus 3 months of post-opening rent. Real estate costs depend on location, size, visibility, economic conditions, accessibility and competitive market conditions. These sums do not include the costs to purchase real property, as we do not expect you to buy real property. You may be able to reduce this expense if you are able to occupy a space in an existing location that compliments another business. The space must be enclosed and separate from other businesses with its own locking door. Lease payments for periods of time that you occupy your premises may not be refundable. However, some landlords refund security deposits at the end of the lease if the tenant has fulfilled all of its obligations and the property is returned in good condition.

**Note 6:** You may or may not need to obtain use permits or zoning variances that will allow the premises to be used as a Burn Boot Camp® business. If you are required to do so, the total cost involved, including fees paid to local governmental authorities, attorneys and other consultants, will vary based on geographical and other factors.

**Note 7:** We suggest you find a space needing minimal leasehold improvements or fixtures. In most cases, you will need to alter the interior of your Facility before you open for operation and you will need to install a floating floor system with rubber flooring materials according to our specifications. Leasehold improvement costs will vary widely and may be significantly higher than what is projected in the table above depending on factors such as property location, the condition of the property and the extent of alterations required for the property (such as sound proofing). You may be able to negotiate with your landlord to obtain a tenant improvement allowance whereby your landlord will give you a sum of money upon or following execution of your lease for you to use for leasehold improvements, and the amount of any allowance will typically be added into your rent payments and amortized over the initial term of your lease. The high estimate in the table reflects the potential need to add drinking fountains, bathrooms (you may choose to add a single shower in each bathroom but it is not required), lighting, fire sprinklers, fire alarms and an HVAC system that entails mechanical, electrical and plumbing costs. You should investigate all these costs in the area in which you wish to establish a Burn Boot Camp® Business.

**Note 8:** You must purchase the Initial Inventory Package that we designate from our affiliate, Burn Retail, or other approved suppliers as we determine. Our current Initial Inventory Package includes your initial supply of branded apparel (including uniforms for your Head/Lead Trainer and other trainers), nutritional supplements and various accessories. The low estimate assumes you purchase the minimum required amount (\$1,700 for apparel and accessories and \$2,760 for nutritional supplements), while the high estimate assumes you choose to purchase more than our required minimums.

**Note 9:** This estimates your cost to purchase your initial operating supplies, including hand sanitizers, hampers, dry erase boards, trash cans, scale and measuring tape, storage containers, child watch toys, miscellaneous forms, cleaning supplies and general office supplies.

**Note 10:** You are required to spend a minimum of \$20,000 on local marketing between the time you sign the Franchise Agreement and 90 days after opening. You have the option, but not the obligation, to contract with our affiliate, Burn Media, to provide some of these marketing services. If you choose to contract with Burn Media, we expect you would spend between \$2,400 and \$6,000 with Burn Media during this period of time.

**Note 11:** As further outlined in the Operations Manual, you must employ 1 Head/Lead Trainer, 1 full-time "Burn Ambassador", and enough support trainers and staff to provide the Approved Services, including, without limitation, childwatch services. You may act as the Head/Lead Trainer provided that you receive our prior written consent. You must also hire an Operations Manager if you do not manage operations yourself. We may, in our sole discretion, waive the requirement for you to provide childwatch services at your Franchised Business if we determine, in our sole discretion, that childwatch services are not likely to be expected by customers at your location.

**Note 12:** This estimated range represents 3 months of pre-paid insurance premiums with the minimum coverage amounts that we require and does not take into account workers' compensation insurance which may vary greatly by state, payroll and classification.

**Note 13:** The Initial Franchise Fee covers initial franchisee education for up to 3 individuals, but you are responsible for all salaries, benefits, and travel, living, and other expenses incurred by you and your employees while attending the program. The amount of these expenses varies depending on the distance you must travel, the types of accommodations you select, the number of your employees attending the program, and their wages.

**Note 14:** Business licenses differ from state to state but typically are used to track and monitor businesses for tax purposes and are required for businesses to operate lawfully in the state. Some states have sales tax laws on all fitness related services and defibrillator laws that require a fitness facility to have a defibrillator and staff members that are qualified to operate one at all times. You may need to obtain a re-sale certificate issued by your state for wholesale goods that you purchase and then re-sell. Certain states require postings concerning steroids and other drug use and limit supplements that a fitness facility can sell. You may have to comply with various state laws concerning labeling of ingredients in any supplements that you choose to sell. In addition, there may be local codes, ordinances, statutes or laws which license or regulate fitness facilities. We also require that any individual who plans on instructing any camps, be certified by a personal training program accredited by the National Commission for Certifying Agencies ("NCCA") in addition to being CPR and First Aid certified and maintaining such certification. The low-end estimate is for states with lower fees and less regulatory requirements and the high-end estimate is for states with higher fees and more regulatory requirements.

**Note 15:** The estimated range includes minimum working capital for the startup of your Business and miscellaneous startup costs such as: the purchase of additional exercise equipment, products and supplies; workman's compensation insurance payments (if applicable); tax deposits; prepaid expenses; additional permits; legal fees; accounting fees and other miscellaneous costs. This estimate does not include the costs you are estimated to incur during the 3-month period after opening for rent, staffing, marketing, insurance or technology fees (all of these expenses are separately listed in the table). We relied on our experience and that of our affiliates and franchisees to arrive at these estimates.

**Note 16:** We relied on our experience and that of our principals, affiliates and franchisees to arrive at these estimates as well as our and our affiliates' additional independent research. We survey our franchisees on an annual basis to gather additional data. However, these amounts are only estimates and your costs may be higher. You should review the figures carefully with a business advisor and identify your individual expenses along with cash flow projections before making any decision to buy the Franchise.

The estimate of initial investment funds is based on an owner-operated business. The estimated initial investment does not include salaries or benefits for your owners. As your Business grows, you may choose to hire additional employees to carry out support service tasks.

The estimated initial investment also does not include Royalty Fees and System Brand Fees you must pay. You must begin paying these fees as soon as your Business begins generating any revenues (including from pre-opening sales of memberships and other goods and services). You should account for these fees when developing your projections of overall operations costs beginning with your first month of operation. Franchisees may choose to invest additional funds into their business during the first 3 months of operation, and sometimes longer.

We do not offer financing, directly or indirectly, for any part of the initial investment for a Franchise. The availability and terms of third-party financing will depend on factors such as the availability of financing generally, your creditworthiness, collateral you may have, and the lending policies of financial institutions. The estimate does not include any finance charges, interest, or debt service obligation, or your living expenses. You should have sufficient capital or other means to pay for your living expenses for at least 6 months.

Please note that this table does not include the initial investment costs associated with the add-on pilot program for an AFTERBURN smoothie bar. If you elect to add-on this pilot program, your costs will differ from those outlined in this table.

**B. Area Development**

<b>Estimated Initial Investment – Area Development Franchise (2-Pack or 3-Pack)</b>					
<b>Type of Expenditure <sup>1</sup></b>	<b>Low Amount</b>	<b>High Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Development Fee <sup>2</sup>	\$105,000	\$130,000	Lump Sum	At time you sign ADA	Us
Total Initial Investment for First Outlet (less Initial Franchise Fee) <sup>3</sup>	\$179,225	\$502,979	As described in first table under Item 7	Before opening	As described in first table under Item 7
Total Initial Investment	\$284,225	\$632,979			

Notes:

**Note 1:** All fees and payments are non-refundable, unless otherwise stated or permitted by the payee.

**Note 2:** The Development Fee is calculated as the sum of all aggregate Initial Franchise Fees for all Businesses you commit to develop under the ADA. The Development Fee is \$105,000 for a 2-Pack and \$130,000 for a 3-Pack. You do not pay a separate Initial Franchise Fee for any Business developed under an ADA. The low estimate assumes you purchase a 2-Pack while the high estimate assumes you purchase a 3-Pack.

**Note 3:** This figure represents the total estimated initial investment to develop the first Business to be developed under the ADA (from the table in Item 7(A) above), less the Initial Franchise Fee (which is included in the Development Fee). It does not include the cost to open the second and third Business.

**ITEM 8  
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

**Source Restricted Purchases and Leases - Generally**

We require that you purchase or lease certain “source restricted” goods and services for the development and ongoing operation of your Business. By “source restricted,” we mean that the good or service must meet our specifications and/or must be purchased from an approved or designated supplier (in some cases, an exclusive designated supplier, which may be us or an affiliate).

You must purchase certain goods and services that meet our specifications. We base our specifications for all exercise equipment, products, supplies, and supplier approvals on our discretionary determination of quality, demand, price, value, durability, reliability, accuracy of product claims, safety, warranty, prompt attention to complaints, frequency of delivery, appearance and contributions or other benefits to us and/or any marketing fund. Our specifications often involve confidential and proprietary information regarding the specifications for exercise equipment and content or formulation of a product. We will only share these details with suppliers that agree to sign a confidentiality agreement with us. We develop these specifications either through our research and development staff or with a particular manufacturer.



Our specifications and list of approved and designated suppliers are contained in the Operations Manual. One of our primary methods of communication with franchisees is through announcements or newsletters we may periodically publish and an intranet system provided to franchisees on our website. You are responsible for knowing all of the information contained in the announcements and/or newsletters and the intranet system and complying with any standards and specifications provided within them. We may establish and change our standards and specifications and our list of approved and designated suppliers through our announcements or newsletters and intranet system as well as by written notices and emails described above. We may also notify you of these changes through updates to the Operations Manual.

## **Suppliers**

You must purchase or lease certain goods and services only from us, our affiliates, or third-party suppliers that we designate or approve, including your exercise equipment, computer, iPads, sound and microphone system, software, furniture, fixtures, floating floor systems, signage, uniforms and an inventory of products and supplies for the operation of your Facility. We may offer or designate others to offer certain exercise equipment, products, supplies or services and we or our affiliates may become approved suppliers, or the only approved suppliers, for such items. If we develop proprietary exercise equipment or software in the future, you must purchase such exercise equipment and/or software from us, our affiliates or other suppliers that we designate or approve.

We are currently the only approved supplier for your webpage and email accounts, software, subscription services and related technology and services covered by the technology fee (we license the software and technology from third-party suppliers and sublicense them to you). Our current practice is to remit 100% of the technology fees we receive to various third-party suppliers – we do not retain any portion for ourselves. However, we reserve the right to retain the costs and utilize the technology fee for development of further technological developments, including, without limitation, personnel costs in connection with those technological developments. We are currently in the process of developing a proprietary application for your members to use, which you must use in connection with the operation of your Business (the “Burn App”). The technology fee will cover the costs associated with your use of the application. Presently, we anticipate that this application will provide a vehicle to deliver omni channel products and services to your members, prospective members, and non-members and focus on improving customer experience and engagement and allow members to purchase a virtual-only membership.

Our affiliate, Burn Retail, is currently the only approved supplier for all branded apparel (including employee uniforms), nutritional supplements and various accessories to be purchased by you for the operation of your Business, including all items included within the Initial Inventory Package. Burn Retail is also currently the only approved supplier for certain exercise equipment purchased after opening, including equipment needed to replace worn out or damaged equipment and new or additional equipment that you choose to add to your facility. Currently, you must purchase all advertising, promotional and marketing materials and miscellaneous forms and updates from our approved supplier. Our affiliate, Burn Media, is an approved supplier, but not the only approved supplier, for marketing services. Our Visionary/Co-Founder, Devan Kline, owns an interest in Burn Retail and Burn Media. Our CEO/Co-Founder, Morgan Kline, owns an interest in Burn Retail. There are no other approved or designated suppliers in which any of our officers owns an interest.

If you want to purchase or lease a new source restricted item, or purchase or lease an existing source restricted item from a non-approved supplier, you must send us a written request for approval and submit any additional information that we request. We may require you to submit to us sufficient specifications, photographs, drawings or other information and samples to determine whether the items meet our specifications and require third party testing, in which case you will pay the actual cost of the tests. We may require that the proposed supplier provide certain information, sign a nondisclosure agreement, and agree to guarantee our level of quality and produce sufficient samples to allow us to test the sample at your expense. We will notify you of our approval or disapproval within 30 days after we receive your request for approval plus all additional information and samples that we require. We may, at our option, re-inspect the facilities and products of any approved supplier and revoke our approval if the product and/or supplier fails to meet any of our then-current criteria. We will notify you by email, updates to the Operations Manual or any other written form of communication of our approval, disapproval, or revocation of any prior approval, of any equipment, product, or supplier.

## **Current Source-Restricted Purchases**

As described below in more detail, we currently require that you purchase or lease the following source restricted goods and services: site selection services; the lease for your Facility; the design and buildout of your Facility; fixtures and furnishings; exercise equipment and supplies; technology systems; signage; uniforms; inventory; operating supplies; marketing materials and services; call center services; merchant processing services; insurance policies; and maintenance and remodeling of your Facility. We estimate that 55% to 65% of the total purchases and leases that will be required to establish your Business and 30% to 35% of your ongoing purchases and leases will consist of source restricted goods or services.

### *Site Selection Services*

You must use a real estate search consultant or broker that we have preapproved to assist you in your real estate search.

### *Lease for Your Facility*

If you will lease your Facility, you must obtain a letter of intent and submit it to us for approval before you sign it. You must also submit the proposed lease to us for approval before you sign it. Our approval of the lease does not constitute our opinion that the lease is sufficient to meet all of your obligations under your Franchise Agreement, and we do not perform a legal review of the lease on your behalf. We have the option to require that the lease be collaterally assigned to us by a collateral assignment agreement in a form and substance reasonably acceptable to us in order to secure performance of your liabilities and obligations to us through which your landlord grants us the unconditional right to assume and/or assign your rights and obligations under the lease in the event that you breach your lease and/or your Franchise Agreement is terminated or expires. You must ensure that the lease permits sounds and vibrations consistent with the activities described in this Disclosure Document and in our Operations Manual that will take place in your Facility.

### *Design and Buildout of your Facility*

We will provide you with floor plans and mandatory specifications for the construction of a Burn Boot Camp<sup>®</sup> Business, including the exterior and interior design. You may need to hire an architect to create a complete set of drawings based on your building size and local permitting requirements. It is your responsibility to confirm that your Business satisfies all state and local zoning ordinances, regulations, fire, health and building codes. Your construction plans must comply with our standards and specifications. You must purchase and install the rubber flooring and floating flooring system that we designate. You must purchase the flooring exclusively from suppliers that we designate. We may require you to use approved suppliers for all leasehold improvements. Once constructed, you must furnish and equip your Facility in compliance with the requirements in the Operations Manual. You may not install or permit to be installed on the Facility premises any fixtures, furnishings, exercise equipment, décor items, signs, games, vending machines or other items without our written consent or that do not comply with our specifications.

### *Furniture and Fixtures*

All of your furniture and fixtures (e.g., body fat analyzers, tables, pull up systems, dehumidifiers, lockers, shelving units, racking systems, etc.) must comply with our standards and specifications. You must purchase these items only from suppliers that we designate or approve.

### *Exercise Equipment and Supplies*

All of your exercise equipment and supplies (e.g., dumbbells, kettlebells, med balls, agility equipment, jump ropes, heavy bags, resistance cords and bands, etc.) must meet our standards and specifications. You may only utilize the exercise equipment and supplies that we designate from time to time. You are strictly prohibited from using or selling any other exercise equipment or supplies. We will provide you with a written list of approved exercise equipment and supplies

during our initial franchisee education program. You may not use, offer or sell any exercise equipment, accessory or supply that has not been authorized by us. You must purchase all of your exercise equipment exclusively from approved or designated suppliers. Burn Retail is currently the exclusive supplier for certain exercise equipment purchased after opening.

### *Technology Systems*

You must acquire and utilize all information and communication technology systems that we specify from time to time (the “Technology Systems”). Our required Technology Systems may include computer systems, point-of-sale system, webcam systems, telecommunications systems, security systems, music systems, sound systems, and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems. Certain components of the Technology Systems must be purchased or licensed from third-party suppliers. We are currently in the process of developing the Burn App for your members to use, which you must use in connection with the operation of your Business. You must comply with all of the policies and procedures associated with the Burn App, as outlined in the Operations Manual or otherwise. The technology fee will cover the costs associated with your use of the Burn App. We and/or our affiliate may develop proprietary software, technology or other components of the Technology Systems that will become part of our System. If this occurs, you agree to pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees. We also reserve the right to enter into master agreements with third-party suppliers relating to any components of the Technology Systems and charge you for all amounts we must pay to these suppliers based upon your use of the software, technology, equipment, or services provided by these suppliers.

We are currently the exclusive supplier for certain software and technology you must utilize (we license the software and technology from third parties and sublicense it to you). You must also comply with the Payment Card Industry Data Security Standard (PCI-DSS) as outlined by the Payment Card Industry Security Standards Council (or such similar or successor standards organization that we may designate).

### *Signage*

All your exterior and interior signage must meet our standards and specifications and must be purchased exclusively from suppliers that we designate or approve.

### *Uniforms*

Your trainers must wear the uniforms that we specify. You must purchase your uniforms exclusively from suppliers that we designate or approve. Burn Retail is currently the exclusive supplier for uniforms.

### *Inventory*

You must maintain a minimum inventory of products (including branded apparel, accessories and nutritional supplements) and exercise equipment to offer for sale in your Business (currently we do not authorize you to sell exercise equipment but reserve the right to do so in the future). All of your inventory must meet our standards and specifications. You may not offer or use any inventory items that we have not approved. You must purchase all inventory items exclusively from suppliers that we designate or approve. Burn Retail is currently the exclusive supplier for certain inventory items.

### *Operating Supplies*

You must purchase certain operating supplies that meet our standards and specifications, such as hand sanitizers, hampers, dry erase boards, trash cans, scale and measuring tape, storage containers, child watch toys, miscellaneous forms, cleaning

supplies, general office supplies, etc. You may purchase most of these items from any supplier of your choosing, but certain operating supplies may only be purchased from suppliers that we designate or approve.

### *Marketing Materials and Services*

All marketing and promotion of your Franchise by you in any medium must be conducted in a professional and dignified manner and must conform to our specified standards and requirements. You must submit samples of all advertising or promotional plans and materials that you desire to use, to us for approval if such has not been prepared or previously approved by us. You may not use any marketing or promotional materials that we have disapproved. This includes any promotion over the Internet to promote events at your Facility. You must submit a request to us for any type of Internet promotion you wish to do in addition to any edits, changes or updates to your website. Internet promotions, edits, changes or updates to your website must be done by us, our affiliates or approved suppliers with our consent. Upon approval of your request, you may be responsible for any website maintenance cost. Our response to your request for such marketing and promotional materials, Internet promotions and edits, changes and/or updates to your website will be made within 30 days after we receive it. We will notify you by email or any other written form of communication of our approval or disapproval. You may conduct advertising without our written permission in Social Media as long as you comply with our social media policy. You must adhere to the social media policies that we establish from time to time and must require your employees to do so as well. Use of social media, including any pictures that may be posted on, using or through one or more social media sites, must be in compliance with our Operations Manual and System standards, including our take-down policies. You must participate in and cooperate with all promotional programs that we establish (including any gift certificate or gift card program) and follow our requirements and guidelines. We may require that you purchase and use specific software, operational forms, contracts, checklists and promotional items in connection with these programs. You must purchase certain marketing materials and promotional items only from suppliers that we designate or approve. Burn Media is currently an approved supplier (but not the only approved supplier) for certain marketing materials and services.

### *Call Center Services*

We may require that you participate in any call center program that we designate from time to time. We may require that you utilize the specific call center provider that we specify.

### *Merchant Processing Services*

You must obtain merchant processing services from a supplier that we designate or approve.

### *Insurance*

Before you open, you must obtain insurance coverage for the Business in the types and with the coverages that we specify. The insurance coverage must be maintained during the term of the Franchise Agreement and provide evidence of insurance to us that insurance has been obtained from a responsible carrier or carriers acceptable to us. Our current requirements for insurance are as follows:

1. Comprehensive General Liability Insurance, including broad form contractual liability, broad form property damage, personal injury, advertising injury, completed operations and fire damage coverage, in the amount of \$1,000,000 per occurrence and \$2,000,000 aggregate; and \$1,000,000 in Abuse and Molestation Liability.
2. Property and casualty insurance that covers you for damages or losses to the Business with a minimum policy limit of \$1,000,000 per occurrence or an amount we reasonable specify;
3. Property coverage for the full cost of replacement for the up-fit or betterment to the business premises and all other property in which we may have an interest with no coinsurance clause; special risk with fire,

windstorm and theft is required. "All Risks" coverage for the full cost of replacement of the Business premises and all other property in which we may have an interest with no coinsurance clause;

4. Professional liability insurance that covers you for damages that you create or damages incurred from your training that may include bodily injury or other damages with a minimum policy limit of \$1,000,000 or an amount we reasonably specify;
5. Business Interruption insurance in such amount as will reimburse you for direct or indirect loss of earnings attributed to all perils commonly insured against by prudent business owners and coverable by insurance carriers or attributable to prevention of access to the Business, with coverage for a period of interruption of 180 days and such longer period as we may specify periodically. Business interruption insurance is optional, however we may require you to obtain this coverage in the future with liability limits in amounts we may reasonably specify which will relate to the right to be reimbursed for direct or indirect loss of earnings attributed to all perils commonly insured against by prudent business owners;
6. Product liability insurance that covers you for damages that result in injury from products that you distribute with a minimum policy limit of \$1,000,000 per occurrence and \$1,000,000 aggregate or an amount we reasonably specify;
7. Automobile liability coverage (optional), including coverage of owned, non-owned and hired vehicles, with coverage in amounts not less than \$500,000 combined single limit or what is in accordance with your state guidelines;
8. Workers' compensation insurance in amounts provided by applicable law or, if permissible under applicable law, any legally appropriate alternative providing substantially similar compensation to injured workers, subject to the conditions set forth in the Franchise Agreement.
9. Employment practices liability insurance (optional) that covers you and your Business against claims made by employees, former employees or potential employees for discrimination, wrongful termination, sexual harassment and other employment related obligations;
10. Crime insurance (optional) for employee dishonesty in the amount of \$10,000 combined single limit;
11. Tenant's liability insurance;
12. Any other insurance required by the state or locality in which the Facility is located and operated, in such amounts as required by statute; and
13. Other insurance coverage, as we or the landlord may reasonably require.

With regard to any construction, renovation remodeling of the Business, you must maintain builder's risks insurance and performance and completion bonds in forms and amounts, and written by a carrier or carriers, satisfactory to us. All of the policies must name us and our affiliates, as additional insureds and must include a waiver of subrogation in favor of all those parties.

We may change these insurance requirements upon reasonable notice to you. All insurance coverage shall be taken out in your name and shall name us an additional insured and be placed with insurers designated by us or acceptable by us. You must furnish us with certified copies of each of the insurance policies described above on the earlier of your opening of the Business or 60 days following the date that the Franchise Agreement is executed. You must purchase "A" rating insurance policies. Each such policy shall provide that it cannot be canceled without 30 days' prior written notice to us

and that we shall receive at least 30 days prior written notice of its expiration. You shall promptly refer all claims or potential claims against you or us to each of us and our insurer.

### *Maintenance and Remodeling*

You must maintain, repair, refinish, repaint, and replace fitness equipment, furniture, fixtures, displays, signs, decor, and any other tangible part or property of the Business to ensure that the Business operates in an efficient manner pursuant to our current standards and specifications, including the minimum frequency specified in the Operations Manual.

### **Purchase Agreements**

From time to time, we have negotiated purchase agreements (including price terms) with suppliers relating to goods or services that must be purchased or leased by our franchisees. As of the issuance date of this Disclosure Document, we have negotiated purchase agreements (including price terms) with suppliers for rubber flooring, floating flooring, exercise equipment, interior signage, advertising services, fans and technology software programs.

We do not provide material benefits (for example renewal or additional franchises) to you based solely on your use of designated or approved suppliers, other than having access to any favorable pricing that we negotiate. We do not currently have, or require that you belong to, any purchasing or distribution cooperative, although we reserve the right to establish them in the future and require that you participate.

### **Franchisor & Affiliate Revenues Based on Franchisee Purchases and Leases**

We and our affiliates may derive revenue from required franchisee purchases and leases in any manner, including rebates, license fees, promotional fees, advertising allowances, sponsorships, commissions, discounts, or other monies paid by approved suppliers.

We and our affiliate, Burn Retail, currently receive rebates from certain suppliers from franchisee purchases for exercise equipment, flooring, signage, and promotional items. Some of these rebates are calculated as a percentage of the purchase price as sold to our franchisees and range in an amount up to 9% of the purchase price.

During the fiscal year ended December 31, 2022, we generated \$2,338,188 in revenues based on required purchases or leases by our franchisees (including \$1,869,850 from technology fees, which are pass-through fees we remit to various third-party suppliers, \$211,576 in fees from tickets for our franchisee annual summit, and \$256,762 in payments from suppliers based on franchisee purchases), which represents 14% of our total annual revenues of \$16,485,859 for the fiscal year ended December 31, 2022.

During the fiscal year ended December 31, 2022, Burn Retail generated \$803,400 in revenues based on required purchases or leases by our franchisees.

We have no other affiliates that derived revenue based on required purchases or leases by our franchisees.

**ITEM 9  
FRANCHISEE'S OBLIGATIONS**

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

<b>Obligation</b>	<b>Section in Franchise Agreement</b>	<b>Section in ADA</b>	<b>Disclosure Document Item</b>
(a) Site selection and acquisition/lease	Sections XII.R and XX.C. of Franchise Agreement	Section 1 and Exhibit 1 of the ADA	Items 7, 11 and 12
(b) Pre-opening purchases/leases	Section VIII of Franchise Agreement	Not Applicable	Item 7 and 8
(c) Site development and other pre-opening requirements	Sections VII.S, VIII, XII.T, XX.C. of Franchise Agreement	Not Applicable	Items 6, 7, 11
(d) Initial and ongoing training	Sections VII.T and VII.U of Franchise Agreement	Not Applicable	Item 11
(e) Opening	Section IX.A of Franchise Agreement	Section 5 of the ADA	Item 11
(f) Fees	Sections IX and X of Franchise Agreement	Section 2 of the ADA	Items 5, 6 and 7
(g) Compliance with standards and policies (Operations Manual)	Sections XII.A and XII.G. of Franchise Agreement	Not Applicable	Item 8, 11 and 16
(h) Trademarks and proprietary information	Sections XV and XVI of Franchise Agreement	Not Applicable	Items 13 and 14
(i) Restrictions on products/services offered	Section XII.H. of Franchise Agreement	Not Applicable	Items 8 and 16
(j) Warranty and customer service requirements	None	Not Applicable	None
(k) Territory development and sales quotes	Section VI of Franchise Agreement	Sections 1 and 5 of the ADA	Item 12

<b>Obligation</b>	<b>Section in Franchise Agreement</b>	<b>Section in ADA</b>	<b>Disclosure Document Item</b>
(l) On-going product/services purchases	Section XII.H. of Franchise Agreement	Not Applicable	Item 8
(m) Maintenance, appearance and remodeling requirements	Section XII.E. of Franchise Agreement	Not Applicable	Item 11
(n) Insurance	Section XIII of Franchise Agreement	Not Applicable	Items 6 and 7
(o) Advertising	Sections X.B, XII.K and XX.J. Items 6, 7 and 11 of Franchise Agreement	Not Applicable	Items 6, 7, and 11
(p) Indemnification	Section XVIII of Franchise Agreement	Not Applicable	Item 6
(q) Owner's participation/management/staffing	Sections XII.F and XII.J. of Franchise Agreement	Not Applicable	Items 11 and 15
(r) Records/reports	Section XIV of Franchise Agreement	Not Applicable	Item 6 and 11
(s) Inspections/audits	Sections XII.P and XIV.B. of Franchise Agreement	Not Applicable	Item 6 and 11
(t) Transfer	Section XXII of Franchise Agreement	Section 8 of the ADA	Item 6 and 17
(u) Renewal	Section VII.B. of Franchise Agreement	Not Applicable	Item 6 and 17
(v) Guarantee	Section XII.Q. of Franchise Agreement	Not Applicable	Item 15
(w) Post-termination Obligations	Section XXIV of Franchise Agreement	Not Applicable	Item 17
(x) Non-competition covenants	Section XIX of Franchise Agreement	Not Applicable	Item 17



Obligation	Section in Franchise Agreement	Section in ADA	Disclosure Document Item
(y) Dispute Resolution	Sections XXV.C., XXV.D and XXV.E of Franchise Agreement	Sections 11-15 of the ADA	Item 17

**ITEM 10  
FINANCING**

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

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

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

**Pre-Opening Obligations:** We or our designee will provide you with the following assistance prior to opening:

1. We will define the territory within which you must operate the Business. (Franchise Agreement, Section VI).
2. Provide you with written specifications for all computers, iPads, software, exercise equipment, furnishings, fixtures and signage necessary for the operation of your Business, and a written list of all approved suppliers to purchase all exercise equipment, products, supplies and services from that you are authorized to use, offer and sell in your Business. Burn Retail will deliver to your Facility all of the items included within the Initial Inventory Package that you must purchase. Neither we nor our affiliates deliver or install any other items that you are required to purchase before opening. (Franchise Agreement Sections XX.H and XX.I).
3. Make available to you in electronic form during the term of the Franchise Agreement our confidential Operations Manual, which may include other manuals or other written materials for the operation of a Burn Boot Camp® business, containing mandatory and suggested specifications, standards and operating procedures required by us and information relative to your other obligations under the Franchise Agreement. We reserve the right to provide the Operations Manual to you solely electronically and not via hard copy. We have the right to add to, and otherwise modify, any manual, including the Operations Manual, to reflect changes in authorized exercise equipment, products and services, as well as changes in specifications, standards and operating procedures of a Burn Boot Camp® Business. You must keep the Operations Manual, confidential and current, and may not copy any part of the Operations Manual. The Operations Manual currently contains 224 pages and the table of contents of the Operations Manual as of our last fiscal year end is included with this Disclosure Document as Exhibit F. (Franchise Agreement, Section XX.G).
4. Approve you to execute the Lease for your Business. You must submit the Lease to us for our acceptance at least ten days before you sign the agreement. You must send us a signed copy of the Lease within five days of both parties signing the Lease. Our acceptance of the Lease does not constitute our opinion that the Lease is sufficient to meet all your obligations under your Franchise Agreement. We do not offer legal services to you and you should consult your independent legal counsel for a legal review of the lease (Franchise Agreement, Sections XII.R and XX.C).
5. We will provide the initial franchisee education program described below (Franchise Agreement Section XX.A).

**Site Selection Assistance and Opening.** We will provide you with the following site selection and opening assistance:

1. We will review and accept or reject locations selected by you for your Business. If you and we have not already agreed upon a site for your Business operations that meets our requirements, we may provide you with assistance in locating a Business site. You must select the site of your Business within the designated territory provided in the Franchise Agreement. We must accept the site if we feel in our total discretion that it meets or exceeds our standards. The factors that we consider in acceptance of the site include cost, competition, population density, demographics, traffic patterns, convenience, adequate parking, safety, zoning ordinances, neighborhood and physical characteristics of the premises such as size, configuration and layout. A typical Burn Boot Camp® business has approximately 3,500 to 7,000 square feet of space. We evaluate each proposed site and accept or reject, each one on a case-by-case basis and will notify you by email or any other form of written communication of our acceptance or rejection of any proposed site within 30 days after we receive your request. If we do not respond within 30 days, then the proposed site will be deemed rejected. The space for a Burn Boot Camp® Business must be enclosed and separate from other businesses with its own locking door (Franchise Agreement, Sections XII.R and XX.C).
2. You have 180 days after the execution of your Franchise Agreement to enter into a lease, at your expense, for commercial real estate that is properly zoned for the use of your Business, and 300 days after the execution of your Franchise Agreement to open the Business for operation (or earlier as provided in an ADA, if applicable). Time is of the essence. Failure to acquire a lease and/or open your Business within the timeframes mentioned above, will constitute a default under the Franchise Agreement, for which we may terminate the Franchise Agreement (Franchise Agreement, Section IX.A).
3. We will provide you with floor plans and mandatory specifications for the construction of a Burn Boot Camp® business which includes the exterior and interior design. You may need to hire an architect to create a complete set of drawings based on your building size and local permitting requirements. You will be required to confirm that your Business satisfies all state and local zoning ordinances, regulations, fire, health and building codes. We may, if needed, review your final set of drawings. It is your responsibility to comply with all laws, ordinances, regulations, zoning and building codes for your Business. You must select and employ licensed contractors reasonably acceptable by us for the complete build out and/or any leasehold improvements (Franchise Agreement, Sections XX.D and XII.S).
4. We will provide Franchisee with a list of all approved exercise equipment, Products, supplies and services that Franchisee is authorized to use, offer or sell in the operation of its Business; and a written list of all approved suppliers to purchase such items from during the initial franchisee education program. Franchisee will be required to submit in writing alternate exercise equipment, Products, supplies, services, or suppliers to us for approval. (Franchise Agreement, Sections XX.I and XII.H).
5. We estimate that a typical franchisee will open the Business approximately 10 months months after signing the Franchise Agreement. Factors that may affect this length of time include obtaining a location that is accepted by us for your Business, condition of the premises of the Business, permits and licenses from your state (if applicable), time of year you open the Business for operation, build-out, completion of your pre-market entry study to determine any customization of services and products to be offered through your Business, satisfactory completion of our initial franchisee education program by you (or your Operations Manager, Head/Lead Trainer, members or shareholders), COVID-19 related delays and various supply chain issues and availability of exercise equipment, products and supplies.

**Obligations During Operation.** We will provide you with the following assistance after your Business has opened.

1. Provide additional on-site supervision and assistance as we deem necessary and in our discretion. Additional visits are for the purpose of advising you with respect to membership sales, executing our

fitness programs and workout routines, exercise equipment operation and maintenance, products, services, customer service, operational and sales matters related to your Business. You will be responsible for the transportation, room and board and miscellaneous expenses incurred by our personnel during the visits, which will take place per the terms of the Franchise Agreement, or at your request, and at times and dates selected by us (Franchise Agreement, Section XX.A).

2. Provide to you and your personnel, continuing education meetings at locations designated by us, which we expect to be our headquarters and pay us our then current fee plus our expenses, which can vary from area to area. We reserve the right to increase the per day fee in a reasonable amount based on reasonable criteria (Franchise Agreement, Section XX.A).
3. Conduct quarterly meetings or an annual convention at such place as shall be designated by us, at our current fees which can change based on Franchisor's cost (Franchise Agreement, Section XX.A).
4. Provide you with: updated written lists for services, products and exercise equipment you are authorized to sell and/or offer; and updated written lists of exercise equipment, products, supplies and services (as described in Item 8) that you must use in the operation of your Business. We will also provide you with updated and current lists of approved suppliers for exercise equipment, products, supplies and services you can purchase from for the operation of your Business. Our affiliate, Burn Retail, will provide you with an ongoing supply of certain inventory items you must purchase, including branded apparel, nutritional supplements, and various accessories. (Franchise Agreement, Sections XII.G, XII.H, XII.I, XX.H and XX.I).
5. Review and approve or disapprove any piece of exercise equipment, product, supply, service and/or supplier you wish to use, sell, or offer in the operation of your Business. We will inform you of such approval or disapproval in writing or by email. We may require third party testing of such items and you are responsible for paying the costs of such tests as described in Item 8 (Franchise Agreement, Section XII.H).
6. Review and approve advertising and promotional materials in addition to any promotions, edits, changes, or updates to your website that you submit to us, by notifying you in writing or by email of such approval or disapproval. Any plans or materials submitted by Franchisee to us, which have not been approved or disapproved in writing, within such 30 day period shall be deemed not approved (Franchise Agreement, Sections XII.I, XII.K and XX.J).
7. Provide continuing education to any new Operations Manager or Head/Lead Trainer of your Business as discussed below under the Section entitled "Franchisee Education (Training)". We may require that you (or if you are an Entity, an Owner) and any Operations Manager(s), or Head/Lead Trainer(s) to complete supplemental and refresher education programs during the term of the Franchise Agreement (Franchise Agreement, Section XX.A).

### **Area Development Program**

If you sign an ADA, you will receive a designated geographic area for each Burn Boot Camp Business you agree to develop. We will approve or disapprove a site for your business locations according to the then-current standards, within the timelines applicable in each Franchise Agreement. In addition to granting you the right to establish a specific number of Businesses under your ADA, we will also provide you with the assistance described in this Item 11 for each Business you must open under your ADA.

## **System Brand Fund**

We have created, maintain and administer a system brand fund (referred to as the “System Brand Fund”) to support ongoing technology and new equipment or product development to be made available to franchisees, and such national advertising as we, in our sole discretion, may deem appropriate to promote the Burn Boot Camp® name to benefit all franchised businesses. We will direct all such programs and will have sole discretion over the creative concepts, materials and endorsements and media used in such programs, and the placement or allocation of such programs. The source of the advertising will come from our in-office advertising department or from a national or local advertising agency. We reserve the right to determine in our sole discretion the composition of all geographic territories and market areas for the implementation and development of such programs. The advertising programs may be national, regional, or local at our sole discretion. We are not obligated to spend a specific dollar amount on advertising in your territory (Franchise Agreement, Section X.B).

You will pay us 2% of monthly Gross Revenue for System Brand Fund contribution as designated in the Franchise Agreement. We may raise, discontinue, or reduce the contribution, but your total contribution will not exceed 3% of your Gross Revenue in any calendar year for the term of your Agreement. Contributions are due by the day we specify during each Report Period for the immediately preceding Report Period.

The contributions will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the System Brand Fund and its programs, including conducting evaluation of new exercise equipment, products, services and technologies; product and/or exercise equipment development, market research, preparing advertising, promotion and marketing materials, and collecting and accounting for contributions to the System Brand Fund. Usage of the System Brand Fund may include ongoing development of the national website and development of new exercise equipment, products, and services to be made available to franchisees. The media in which advertisements may be disseminated include print ads, signs, billboards, radio, television, or Internet and may be conducted on a regional or national basis. We may spend, on behalf of the System Brand Fund, in any fiscal year an amount greater or less than the aggregate contribution of all Burn Boot Camp® Franchises in that year, and the System Brand Fund may borrow from us or others to cover deficits or invest any surplus for future use. While we do not anticipate that any part of System Brand Fund contributions will be used for advertising which is principally a solicitation for franchisees, we reserve the right to use the Fund for public relations or recognition of the Burn Boot Camp® brand, for the creation and maintenance of a 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” or similar language.

We are under no obligation to ensure that expenditures by the System Brand Fund in or affecting any geographic area are proportionate or equivalent to contributions to the Fund by franchises operating in such geographic area or that you or your Business will benefit directly or in proportion to your contribution to the System Brand Fund. Neither the Fund nor we shall be liable to you with respect to the maintenance, direction, or administration of the System Brand Fund, including without limitation, with respect to contributions, expenditures, investments, or borrowings. All Burn Boot Camp® businesses owned by us or our affiliates must contribute to the System Brand Fund in the same proportion as all franchisees.

We administer the System Brand Fund, which is not audited. If contributions paid into the System Brand Fund are not spent in the fiscal year in which they accrue, we can use the remaining amounts for the same purposes in future years. We will prepare an annual un-audited statement of monies collected and costs incurred by the System Brand Fund within 120 days after the end of our fiscal year and furnish it to you upon written request. We reserve the right not to spend all of the funds in the System Brand Fund in any one year and such funds may be accrued into the next year.

In the fiscal year ended December 31, 2022, the System Brand Fund contributions were expended as follows: Media Placement 76%; Production 7%; and Administration 17%.

## **Advertising Cooperatives**

We do not now, but may in the future, require you to join, participate in and pay into, one or more franchisee marketing councils (regional advertising cooperative) for your region, determined by the penetration area of local advertising media used (for example, the area of a regional 'newspaper's circulation). Because, we have not yet formed any franchisee marketing councils, we do not know how the area or the membership of any franchisee marketing council (regional advertising cooperative) will be determined. Because we have not formed any franchisee marketing councils (regional advertising cooperative), we have not determined whether any of our company-owned businesses will be contributing to any advertising spent by any franchisee marketing council. If we choose to establish a franchisee marketing council (regional advertising cooperative), we will be responsible for administering it. If we do create any franchisee marketing councils (regional advertising cooperative), they must operate in accordance with bylaws (or an operating agreement if it is a limited liability company). If we do create any franchisee marketing councils, the franchisee marketing council will prepare annual financial statements that you can review, but which will be unaudited. We will have the right to form, dissolve, and merge any specific franchisee marketing council. Even though we have not yet formed any franchisee marketing councils (regional advertising cooperative), we may require that all franchisees within close proximity to a consumer show, convention or exhibition where services and products are being offered or sold to participate in the cost and benefit of the show. We reserve the right to issue binding policies to coordinate marketing councils and/or advertising cooperative programs. We must approve in advance and will direct and coordinate all franchisee Internet advertising. All such programs and policies are our proprietary trade secrets.

## **Grand Opening Marketing and Local Advertising**

You must spend \$10,000 in local marketing between the signing of your Franchise Agreement and 2 weeks before opening, and then you must spend another \$10,000 from 2 weeks before opening until 90 days after opening. Thereafter, you must spend on approved forms of local advertising the minimum amount of \$1,500 per month ("Local Advertising Expenditure"), but we recommend at least \$2,000 per month. You have the option, but not the obligation, to contract with our affiliate, Burn Media, to provide these marketing services. You must give us a quarterly report of your Local Advertising Expenditures within 15 days following the end of each calendar quarter. You cannot include expenditures for any of the following to satisfy your Local Advertising Expenditure requirement: (i) incentive programs for your employees or agents; (ii) non-media promotional costs; (iii) charitable, political, or other contributions or donations; (iv) fixtures or equipment in your Facility; (v) business directory listings (online, digital, or otherwise); or (vi) grand opening expenses. If we direct you in writing, you must pay the Local Advertising Expenditure to us, and we will administer the Local Advertising Expenditures on local promotional campaigns and marketing for your Business. You will not use any independent advertising or sales promotion programs in any media (including electronic) without our prior review and written approval. We will approve or disapprove in writing the materials you submit to us within 30 days and, if we do not respond within such period, all such materials will be deemed automatically disapproved. You will make reasonable efforts to participate in and cooperate with all advertising programs selected by us or by any approved group of franchisees, except that you may not need to follow or maintain any sales price or suggested promotional pricing. You are responsible for any expenses of this independent advertising.

## **Franchise Advisory Council**

We have established an elected Advisory Council. Elected Franchisee(s) must actively participate in the Advisory Council as we designate and participate in all Advisory Council meetings approved by us. We reserve the right to prepare and amend the governing documents for the Advisory Council from time to time. We will determine the topic areas to be considered by the Advisory Council. The purpose of the Advisory Council includes, among other things, exchanging ideas and problem-solving methods, advising us on expenditures for System-wide advertising, and coordinating franchisee efforts. Amounts and expenditures may vary from time to time due to variations in Advisory Council participation and costs, as determined by the Advisory Council, and as we approve. The Advisory Council acts in an advisory capacity only. We have the right to form, change, or dissolve any Advisory Council at any time in our sole discretion.

## **Computer System**

### *Required Components*

You must purchase and use all Technology Systems (as defined in Note 5 in Item 6) that we designate from time to time. One component of our Technology Systems is your “computer system,” which consists of the following items: computer; iPads; credit card processing equipment; printer; scanner; wireless router; networking equipment; copier; sound system; microphone system; music subscription support; a telephone; and the various business management software covered by the technology fee. We may change the components of the Technology Systems from time to time, including your computer system. Additionally, we recommend that you use an accounting software to assist in the management of the Business, which must allow you to prepare and submit financial statements consistent with our required financial statements (as outlined in the Operations Manual). Lastly, you must obtain a music subscription service (including licensing) to stream music in the Facility. The costs for the accounting software and music subscription service are not included in the Technology Fee. We are currently in the process of developing the Burn App for your members to use, which you must use in connection with the operation of your Business. The technology fee will cover the costs associated with your use of the application.

### *Email Addresses*

As part of the Technology Fee, we will provide you with the email addresses for use with your Business. You must exclusively use the email address or addresses that we provide for all communications with us, members, suppliers, and other persons relating to your Business. You may not use any email address that we provide to you for any purpose unrelated to your Business. We will own the email addresses and the account but will allow you to use them during the term of your franchise.

### *How Computer System Is Used*

Your computer system will be used for a variety of purposes. The technology fee paid to us covers the licensing fees associated with the suite of software and subscription services you must license through us (we license these items from third parties and sublicense them to you). Our suite of software currently includes the following programs:

<b>TECHNOLOGY FEE – COVERED SOFTWARE, TECHNOLOGY AND SERVICES</b>	
<b>Type of Software/ Service</b>	<b>How Used by Franchisees</b>
Franchise Management Software	Managing the business development process, storing, and accessing documents, accessing the Operations Manual and other important business-related data, tracking financial information, and communicating with us and other franchisees. This software also provides us with insight into your operations to allow us to monitor and provide suggestions for improvement.
Customer Relationship Management Software	Centralized storage and management of client communications and profiles, including purchases, visits, notes, tasks, and communications. Conducting and managing email marketing campaigns.
Review Management Software	Managing local business listings, reviews, surveys, and online reputation.
Member Management and Point-of-Sale Software	Invoicing members, processing payments (including cash, check, and credit card transactions), scheduling/managing appointments, managing inventory, preparing operational reports and storing member waiver and contract documents.
Learning Management System Software	Cloud-based virtual education management system.

<b>TECHNOLOGY FEE – COVERED SOFTWARE, TECHNOLOGY AND SERVICES</b>	
<b>Type of Software/ Service</b>	<b>How Used by Franchisees</b>
Music Subscription Support	Maintaining relationship with music provider.
Website Hosting	We will develop and host your local webpage as part of our corporate website.
Firewall Hosting	Protects the website from various threats.
Email Hosting	We will host the email accounts used by you and your location.
API Hosting	Cloud-based platform for supporting software integrations.
Software Helpdesk	Online support website available to provide software, technology, and business support.
Online Graphics Invoicing Platform	Integrates with Burn Support Portal and used to process invoices and payments for custom graphic design work.

*Fees and Costs*

We estimate the initial cost of your Technology Systems, including computer and point-of-sale system hardware, will range from \$4,400 to \$7,700.

We and/or our affiliate may develop proprietary software, technology or other components of the Technology Systems that will become part of our System. If this occurs you agree to pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees. We also reserve the right to enter into master agreements with third-party suppliers relating to any components of the Technology Systems and then charge you for all amounts that we must pay to these suppliers based upon your use of the software, technology, equipment, or services provided by the suppliers. The “technology fee” includes all amounts that you must pay us or our affiliates relating to the Technology Systems, including amounts paid for proprietary items and amounts that we collect from you and remit to third-party suppliers based on your use of their systems, software, technology or services. The amount of the technology fee may change based upon changes to the Technology Systems or the prices charged by third-party suppliers with whom we enter into master agreements. The technology fee does not include any amounts that you directly pay to third party suppliers for any component of the Technology Systems.

The table below identifies the ongoing fees and costs you must pay for the Technology Systems:

<b>COMPUTER SYSTEM – ONGOING FEES AND COSTS</b>			
<b>Item</b>	<b>Fee (Monthly)</b>	<b>Fee (Annual)</b>	<b>To Whom Paid?</b>
Technology Fee	\$100 (before lease signed) \$485 (after lease signed) \$860 (after lease signed and after October 2023)	\$1,200 (before lease signed) \$5,400 (after lease signed) \$10,320 (after lease signed and after October 2023)	Us

<b>COMPUTER SYSTEM – ONGOING FEES AND COSTS</b>			
<b>Item</b>	<b>Fee (Monthly)</b>	<b>Fee (Annual)</b>	<b>To Whom Paid?</b>
Music Subscription Services	Approximately \$49.99 based on supplier, plus approximately \$150 per month for music licensing services (after opening)	\$2,399.88 (after opening)	Third-party supplier
<b>Total</b>	\$100 (before lease signed) \$485 (after lease signed but before opening) \$684.99 (after opening) \$1,199.99 (after lease signed, after opening and after October 2023)	\$1,200 (before lease signed) \$5,400 (after lease signed but before opening) \$7,799.88 (after opening) \$12,719.88 (after lease signed, after opening and after October 2023)	

Maintenance, Support, Updates and Upgrades

In exchange for the ongoing fees described in the preceding section, the licensors of the various software will provide all required maintenance, support, updates, and upgrades. There are no optional or required maintenance, updating, upgrading or support contracts relating to your computer system. Except as otherwise disclosed above: (i) neither we nor any other party has any obligation to provide ongoing maintenance, repairs, upgrades or updates to your computer system; and (ii) we are not aware of any optional or required maintenance, updating, upgrading or support contracts relating to your computer system.

Collection and Sharing of Data

Your computer system will collect the following data: email communications (including sender/recipient data, delivery/email open data, email click data, email subscriber name/email and opt in-/out status); operational data relating to your Business; template and signed documents from you and your members/suppliers; member information (including name, date of birth, gender, contact information, payment information, purchase history and visit history); consumer reviews; local business listings data; website metrics (including site visitor geo location); and music play history. We will have independent unlimited access to all data that you enter into your cloud-based software applications (including your franchise management software, member management and point-of-sale software, CRM software, etc.) and there are no contractual limits imposed on our access. We will not have independent access to any other data that you enter into your computer system and store locally on your hard drive. You are solely responsible for managing and maintaining your computer system and the information stored locally on the computer system.

Computer System Maintenance and Changes

You must maintain the computer system in good working order at your cost. During the term of your franchise, you may be required to upgrade or update your computer hardware and/or software to conform to our then-current specifications. You must replace all computer systems and iPads at your expense: (i) as such items become obsolete or inoperable; or (ii) if, in our sole discretion, replacement is necessary because of new functionality, change in software, change in methods of service or because of health or safety considerations. You have 90 days after you receive written notice from us to



either remove or replace such computer systems and iPads. Your failure to remove, replace and/or maintain your computer systems and iPads as described above may result in termination.

### **Website and Internet Presence**

We may establish electronic Local Listings and Citations for your business on your behalf, and provide access to make adjustments, as necessary, to customize elements of those web listings. Unless we approve otherwise in writing, you may not establish a separate Website and will only have one website, as we designate and approve, within our website. The term "Website" includes: Internet and World Wide Web home pages, as well as other electronic sites (such as social networking sites like Facebook, TikTok, Twitter, LinkedIn, Pinterest, Yelp, blogs and other applications). You must comply with our requirements regarding selling, advertising, discussing, or disseminating any information, or otherwise having a presence on a Website, regarding the Business. If we approve a separate Website for you (which we are not obligated to do), we will provide you with guidelines for establishing and maintaining such Websites and each of the following provisions will apply: (i) you may neither establish nor use any Website without our prior written approval; (ii) before establishing any Website, you must submit to us, for our prior written approval, a sample of the proposed Website, including its domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including meta-tags), in the form and manner we may require and all such work (except for social networking sites) must be performed by us, our affiliates or approved suppliers (as described in Item 8); (iii) you must not use or modify a Website (except for social networking sites) without our prior written approval; (iv) you must comply with the standards and specifications for Websites that we may periodically prescribe in the Operations Manual or otherwise in writing; (v) if we require, you must establish hyperlinks to our website and other Websites; and (vi) you must not engage in any link building activities unless approved by us.

You may not create, distribute, or operate any smartphone, tablet, computer or other app using any of the Marks or related in any way to the System.

You must participate in any System-wide computer network, intranet system or extranet system that we implement and may be required by us to use such a network to, among other things: (i) submit reports to us; (ii) view and print updates to or portions of the Operations Manual; (iii) download approved local advertising materials; (iv) communicate with us and other System franchisees; and (v) complete franchisee education programs. You agree to use the facilities of any such 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.

### **Franchisee Education (Training)**

We will provide the initial education program at our headquarters or another location of our choice. Certain of this training is mandatory and certain of the training is optional, as further outlined below.

With respect to mandatory training, we will provide this initial education program without charge for you and up to 2 additional individuals (for a total of 3 people), being the Owners, Head/Lead Trainer, Operations Manager or key personnel as designated by you, no earlier than the date you sign your lease.

If you are a new franchisee and are taking over an existing Burn Boot Camp<sup>®</sup> location, the education program must be completed no later than 90 days after the effective date of the consent to transfer document that you sign. In addition, you must complete general, non-proprietary franchisee education prior to the transfer and can be completed prior to the completion of the transfer (provided, that all attendees execute a non-disclosure agreement). Part of this franchisee education may be conducted online (Burn Learning) but BurnU must be completed in person. If you are an existing franchisee taking over an existing Burn Boot Camp<sup>®</sup> location, the franchisee education program must be completed within no later than 90 days after the effective date of the consent to transfer document that you sign.

You will be responsible for travel, accommodation, food, and other costs for all your attendees at all training programs outlined below (and as otherwise required under the franchise agreement), and you must attend and satisfactorily complete the program within the timeframe mentioned above. If, during the franchisee education program we determine, in our sole discretion, that you (or your Operations Manager, managing partner, member or shareholders) are not qualified to manage a Burn Boot Camp® Business, you can appoint someone else to attend and satisfactorily complete the education program at your expense and if the other attendee does not satisfactorily complete the program to our satisfaction, then we may terminate your Franchise Agreement.

If your Head/Lead Trainer fails to timely complete the initial education program to our satisfaction, you have the right to appoint another Head/Lead Trainer to attend the trainer education program by us at your expense, and if the other Head/Lead Trainer does not satisfactorily complete the trainer education program to our satisfaction, then we may terminate your Franchise Agreement. If you or your affiliate has owned and operated a Burn Boot Camp® Business previously and you purchase another existing Burn Boot Camp® Business, then we will not be obligated to provide all of the aforementioned education to you at no cost, however, we will provide you with 1 complimentary Burn U registration. You must pay for any additional Burn U registrations you may need as outlined below.

**FRANCHISEE EDUCATION PROGRAMS - FRANCHISEES AND OPERATIONS MANAGERS**

You and your Operations Manager must complete Fundamental Burn U to our satisfaction prior to opening. The entire Burn U program is described below (Fundamental and Advanced). If you wish to send more than 3 people to Fundamental Burn U, subject to availability and capacity, we may accommodate the request and you must pay us a fee \$1,500 per additional attendee. We have created an additional training program, Advanced Burn U (outlined below), that is available to renewing franchisees and those new franchisees that wish to receive additional training. If you wish to send anyone to Advanced Burn U after attending Fundamental Burn U, subject to availability and capacity, we may accommodate the request and you must pay us a fee \$900 per attendee. If you attend Advanced Burn U to satisfy your renewal training obligations, you do not have to pay a fee for the first 3 people you send. Subject to availability and capacity, you may request that we provide certain of the Operations Burn U training to your operations team, and we may accommodate the request, for a fee of \$900 per attendee. This Operations Burn U training is entirely optional.

<b><u>ONLINE PRE-EDUCATION PROGRAM</u></b>			
<b>Subject</b>	<b>Hours of Classroom Education (Training)</b>	<b>Hours of on the Job Education (Training)</b>	<b>Location</b>
Brand Standards/Cultivating Culture	1 Hour	0 Hours	Online
Fitness Product Training	1 Hour	0 Hours	Online
Burn Operating System Overview	1 Hour	0 Hours	Online
Retail Process	1 Hour	0 Hours	Online
System Platform	1 Hour	0 Hours	Online
<b>Total</b>	<b>5 Hours</b>	<b>0 Hours</b>	

<b>FUNDAMENTAL BURN U EDUCATION PROGRAM</b>			
<b>Subject</b>	<b>Hours of Classroom Education (Training)</b>	<b>Hours of On The Job Education (Training)</b>	<b>Location</b>
<b><u>Monday</u></b> Burn Operating System: Vision and People	9 Hours		Corporate Headquarters in Cornelius, North Carolina or as we otherwise specify.
<b><u>Tuesday</u></b> Burn Operating System: Data and Processes	8 Hours	1 Hour	Corporate Headquarters in Cornelius, North Carolina or as we otherwise specify.
<b><u>Wednesday</u></b> Marketing and Technology Platforms	9 Hours		Corporate Headquarters in Cornelius, North Carolina or as we otherwise specify.
<b><u>Thursday</u></b> Inventory Management Compliance	9 Hours		Corporate Headquarters in Cornelius, North Carolina or as we otherwise specify.
<b><u>Friday</u></b> Burn Operating System: Traction Tying it all Together - Exam	5 Hours		Corporate Headquarters in Cornelius, North Carolina or as we otherwise specify.
<b>Total</b>	<b>40 Hours</b>	<b>1 Hour</b>	

<b>ADVANCED BURN U EDUCATION PROGRAM</b>			
<b>Subject</b>	<b>Hours of Classroom Education (Training)</b>	<b>Hours of on the Job Education (Training)</b>	<b>Location</b>
Day 1 Burn Operating System: Vision, People and Leadership and Development	9 Hours	0 Hours	Corporate Headquarters in Cornelius, North Carolina or as we otherwise specify.
Day 2 Burn Operating System: Data, Scorecard, Reporting & Analysis, Member Experience, and Fitness Product Training	8 Hours	1 Hour	Corporate Headquarters in Cornelius, North Carolina or as we otherwise specify.
Day 3 Branding, Marketing Funnel, Performance Playbook, Retail Strategies, Burn Operating System: Traction	9 Hours	0 Hours	Corporate Headquarters in Cornelius, North Carolina or as we otherwise specify.
<b>Total</b>	<b>22 Hours</b>	<b>30 Hours</b>	

**FRANCHISEE EDUCATION PROGRAMS – TRAINERS**

Your Head/Lead Trainer must complete Trainer Burn U to our satisfaction prior to opening. The Trainer Burn U program is described below. If you wish to send more than 1 person to Trainer Burn U, subject to availability and capacity, we may accommodate the request and you must pay us a fee \$1,500 per additional attendee.

<b><u>ONLINE PRE- EDUCATION PROGRAM –PRE-BURN U</u></b>			
<b>Subject</b>	<b>Hours of Classroom Education (Training)</b>	<b>Hours of on the Job Education (Training)</b>	<b>Location</b>
Brand Standards/Cultivating Culture	1 Hour	0 Hours	Online
Nutrition/Protocol & Programming	1 Hour	0 Hours	Online
Focus Meetings	1 Hour	0 Hours	Online
Trainer Evaluation Cycle	1 Hour	0 Hours	Online
Rate of Perceived Exertion and Form and Modification	1 Hour	0 Hours	Online
Sales and Member Experience	1 Hour	0 Hours	Online
<b>Total</b>	<b>6 Hours</b>	<b>0 Hours</b>	

<b><u>BURN U EDUCATION PROGRAM</u></b>			
<b>Subject</b>	<b>Hours of Classroom Education (Training)</b>	<b>Hours of on the Job Education (Training)</b>	<b>Location</b>
<b><u>Day 1</u></b> Trainer Evaluation Cycle & Fitness Product Process	5 Hours	8 Hours	Corporate Headquarters in Cornelius, North Carolina or as we otherwise specify.
<b><u>Day 2</u></b> Protocol & Programming; Mock Camp/Components of Camp, Nutrition & Focus Meetings	5 Hours	6 Hours	Corporate Headquarters in Cornelius, North Carolina or as we otherwise specify.
<b><u>Day 3</u></b> Understanding Trainer Resources: Trainer Portal, Trainer Manual and Sales/Member Experience Process	5 Hours	6 Hours	Corporate Headquarters in Cornelius, North Carolina or as we otherwise specify.
<b><u>Day 4</u></b> Form & Modifications; Pre/Post-Natal Support	5 Hours	6 Hours	Corporate Headquarters in Cornelius, North Carolina or as we otherwise specify.

<b><u>BURN U EDUCATION PROGRAM</u></b>			
<b>Subject</b>	<b>Hours of Classroom Education (Training)</b>	<b>Hours of on the Job Education (Training)</b>	<b>Location</b>
<b><u>Day 5</u></b> Tying it all Together - Exam	2 Hours	6 Hours	Corporate Headquarters in Cornelius, North Carolina or as we otherwise specify.
<b><u>Day 6</u></b> Feedback loop, training camps, form and modifications	0 Hours	10 Hours	Headquarters/Burn Approved Education Hub
<b><u>Day 7</u></b> Support Training w/Master Trainer, Dissecting the Trainer checklist	0 Hours	6 Hours	Headquarters/Burn Approved Education Hub
<b><u>Day 8</u></b> Understanding Protocol Training Camps Focus Meetings	0 Hours	6 Hours	Headquarters/Burn Approved Education Hub
<b><u>Day 9</u></b> Training Camps Specialty Members Systems Training	0 Hours	6 Hours	Headquarters/Burn Approved Education Hub
<b><u>Day 10</u></b> Perfecting the Trainer Checklist/Building Culture in the Gym/Marketing in the Gym	0 Hours	6 Hours	Headquarters/Burn Approved Education Hub
<b>Total</b>	<b>22 Hours</b>	<b>30 Hours</b>	

Any person designated by you replacing a previously trained Owner, Operations Manager or Head/Lead Trainer must attend and satisfactorily complete, within 30 to 90 days of first employment, the applicable education program at your cost.

Our instructional materials and methods for the franchisee education program include demonstrations, presentations, various speakers, our proprietary marketing plan, on the job education for some of the subjects, and the operations manual. The actual hours of classroom and on-the-job education may vary. For example, it may take less time to cover a subject in a smaller class than in a larger class.

The Operations Manual will detail all aspects of franchise operations presented in the franchisee education program and serve as an ongoing reference. Updates to the Operations Manual will be made available to you through various means including online. The education sessions will be taught by Kayla Steinberg, Education Specialist, who has 2 years of experience with us and 4 years of experience in the fitness industry, Carlee Love, Education Manager, who has 4 years of experience with us and 4 years of experience in the fitness industry, and Matthew Morris, Master Trainer and Programming Manager, who has 5 years of experience with us and 5 years of experience in the fitness industry. Additionally, other members of our team will provide various education sessions, however, each person will have at least 1 year of experience with us and 1 year of experience in the industry of the topics covered by that person's education session. Occasionally,

different guest speakers may make an appearance at the education program to provide information about various pieces of exercise equipment, products and services used and offered by us. For example, some speakers may be our franchisees, suppliers, or industry experts.

We may require you, your Owners or Head/Lead Trainers to receive or attend and complete to our satisfaction additional or advanced education from time to time (including upon a default of the franchise agreement). You may be required to pay a fee for such education as we reasonably determine. While the Initial Franchise Fee includes the cost of our initial education program, the Initial Franchise Fee only covers the program for up to 3 individuals, must occur prior to opening, and is non-transferable to other locations or to other franchisees. We may charge you an additional education session fee for Burn U equal to the lesser of \$150 per hour or \$300 per day per team member, plus that team member’s expenses, for any additional education that we provide to you or your staff. Alternatively, you can request that we send two team members to your Facility for a fee of \$1,500 for the two-day training. You must also pay for travel, food, and accommodations and all other related expenses. We may, in our sole discretion, hold refresher and ongoing education courses. We may require you and your management personnel to attend education at the location we designate. Additionally, we may require your attendance at regional continuing educational programs, which is generally a in-person education session including hands on fitness product coaching accompanied with a half-day interactive, classroom style education session on the Burn Operating System including Member Experience and Sales Strategies with multiple subject matter experts from Burn Boot Camp HQ. You must pay \$200 per attendee at the regional continuing educational programs.

<b><u>Type of Franchisee Education and Topic</u></b>	<b><u>Fee</u></b>
<p><b>Regional Continuing Education</b></p> <p>Multi-day in-person education session including hands on fitness product coaching accompanied with a half-day interactive, classroom style education session on the Burn Operating System including Member Experience and Sales Strategies with multiple subject matter experts from Burn Boot Camp HQ.</p>	<p>\$200 per individual</p>
<p><b>Burn University (required as summarized above but optional for additional attendees)</b></p>	<p>\$1,500 per individual (\$300 per day)</p>

However, we reserve the right to require that you attend any of these education programs in our discretion. All expenses, including you and your personnel’s transportation, meal, and lodging expenses to attend such education session, will be your sole responsibility. We may also provide education programs for employees and managers to complete over our intranet system at your expense.

## **ITEM 12 TERRITORY**

### **Franchise Agreement**

The Franchise Agreement grants you the right to operate a single Burn Boot Camp® Business at a specific location that you select and we accept, in our sole discretion. You will be given a specific geographic area (the “Site Selection Area”) within which you must locate a site for your Business. The Site Selection Area is used only for selection of a site for the

Business, grants no territorial rights or protection, and, after we grant you a Territory as described below, the Site Selection Area is void and no longer applicable.

We will grant you a protected territory (“Territory”). Each territory will be defined by a protected radius that is determined as follows:

- If there are fewer than 50,000 people within a 3-mile radius from your Business location, then your Territory shall include the geographic area within a 3-mile radius from your Business location.
- If there are more than 50,000 people within a 3-mile radius from your Business location, then your Territory shall include the geographic area within the radius from your Business location that results in a population of 50,000 within your territory.

The population data is based on census data utilized by our territory mapping software. We have no obligation to modify your Territory based on changes to population that take place after our initial determination of your Territory. We will determine the Territory and insert a description of the Territory in a data sheet annexed to the Franchise Agreement.

Your Territory may be altered during the initial term, but only by: (i) mutual consent in writing; (ii) at the time of transfer or renewal as a condition to transfer or renewal; or (iii) for any default of this Agreement which triggers our ability to terminate the Franchise Agreement. We must have consented to the location for your Burn Boot Camp® Business within your Territory in writing before you open for business. Relocation of your Facility or establishment of additional Facilities within your Territory requires our written consent. We base our consent on traffic patterns in your new location, population, and a review of your lease agreement.

So long as you are in compliance with the terms and conditions of your Franchise Agreement, we will not establish, nor license any other person the right to establish, another Burn Boot Camp® Business at any location within the Territory granted to you after your location is chosen. However, you will not receive an exclusive territory because your Territory will not be exclusive in terms of marketing or clientele and because of certain rights that we reserve, as further discussed below.

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.

The Territory described above will affect where you and other franchisees may solicit business, sell services (such as membership options), products and exercise equipment (if we authorize you to sell exercise equipment in the future) and service members. You can sell services and products to anyone from anywhere so long as your sales do not result from any direct solicitation activities by you and the services you provide and products you sell are being performed and shipped from your Facility or at off-site events as described below. We, other franchisees, licensees and company-owned businesses reserve the same right to service members and sell services (such as membership options) and products to anyone from anywhere without compensation to you. You are prohibited from soliciting and marketing by any means outside of your respective Territory and you must not specifically engage in target marketing (“Target Marketing”) within the Territory of another Burn Boot Camp® business (franchise and/or a company/affiliate owned business). Target Marketing means a concerted effort by a franchisee to solicit and obtain members through any type of advertisement or marketing, directed at all or a portion of another franchisee’s territory. You may not conduct business at any other site or sites other than the accepted Franchise site or sites as permitted by your Franchise Agreement. You may not relocate your Facility without our prior written consent. You can conduct business at off-site events (for example at fitness expos, health fairs, promotional events, charity events, etc.) to sell services (such as membership options) and products and/or provide services so long as such events are within your Territory. You may conduct business at off-site events in other geographical areas where there is not a Burn Boot Camp® business only after providing notice to us and after obtaining our written approval, however you cannot perform Target Marketing outside your Territory, as described below. We shall approve or deny your request in writing or by email, which approval is in our sole discretion, within three business days of receipt of your written request to conduct business at off-site events in other geographical areas (outside your Territory)

that has not been sold to one or more franchisee(s) or licensee(s). If we do not timely respond then your request will be deemed denied. If we approve your request to conduct business at off-site events in another geographical area, you must be prepared to immediately lose any accounts you have established when that area is purchased and immediately refrain from conducting business at such off-site events. You may sell and ship products to people located outside your Territory so long as your sales do not result from any Target Marketing activities by you.

If you are asked to conduct business at off-site events in geographical areas in which there is another franchise, licensee or company-owned business, you must immediately refer that request to the Burn Boot Camp® business in that geographical area or directly to us. Whether the other Burn Boot Camp® business is a franchise, licensee or company-owned location, you must not conduct business at off-site events in that geographical area. If the other franchisee, licensee or company-owned business gives you permission to conduct business at such off-site events, then you must immediately inform us in writing and you can then proceed to conduct business at such off-site event.

We may allow you and other franchisees, licensees or company-owned businesses to sell services (including memberships), products and/or exercise equipment through an alternative channel of distribution (such as on the Internet or Websites). If you are granted permission to sell memberships, products and/or exercise equipment through an alternative channel of distribution, per our written approval, you may sell memberships, products, and/or exercise equipment to anyone from anywhere without compensation to the other franchisee, licensee or company-owned business. We, other franchisees, licensees and company-owned businesses reserve the same right to sell memberships, products and/or exercise equipment (including shipping such items) through an alternative channel of distribution to anyone from anywhere without compensation to you.

### **National Accounts**

We have the exclusive right to negotiate and enter into agreements or approve forms of agreements to sell services (such as membership options) and products and offer services to any business or organization which owns, manages, controls or otherwise has responsibility for locations in more than one area whose presence is not confined within any one particular franchisee's territory regardless of the contract amount of products to be provided or services to be performed (a "National Account"). After we sign a contract with a National Account, we may, at our option, provide you the option to provide services (such as membership options) and/or products or perform services to businesses under the National Account contract. If we choose, or if you choose not to provide such services or products to the National Account, we may direct the National Account to seek such services and products from another franchisee or company-owned location even if the National Account is located within your Territory without compensation to you.

### **Reserved Rights**

Your rights in the Territory are exactly (and only) as expressly set forth in the Franchise Agreement. Except as expressly provided in the Franchise Agreement, you have no right to exclude, control or impose conditions on the location, operation, or otherwise of present or future Burn Boot Camp® (or any other brand) units or distribution channels of any type, franchised or company-owned, regardless of their location or proximity to the Business and whether or not they provide Services or Products within the Territory. You do not have any rights with respect to other and/or related businesses, services, and/or products, in which we or any related persons or entities may be involved, now or in the future. Any rights not expressly granted to you under the Franchise Agreement are reserved to us. Such rights reserved to us include, but are not limited to the right to:

1. Establish, and license others to establish, Burn Boot Camp businesses at any location outside the Territory, notwithstanding their proximity to the Territory or the location of the Business or their actual or threatened impact on your sales;



2. Own and operate health and fitness businesses under different marks at any location(s) inside or outside of the Territory, or license to others the right to own and operate health and fitness businesses under different marks at any location(s) inside or outside of the Territory;
3. Sell and distribute, directly or indirectly, or license others to sell and distribute, directly or indirectly, any products, services or merchandise, from any location or to any purchaser, through any channel or method of distribution (including, but not limited, to sales made by or through mail order and/or on the Internet), so long as such sales are not conducted from a Burn Boot Camp business operated from a location inside the Territory (we currently sell “at-home” equipment package to consumers through our website);
4. In the event we or our affiliates acquire another chain or system, or we or our affiliates are acquired by another chain or system, that operates and/or franchises stores or retail outlets that are the same or similar to Burn Boot Camp® Businesses in that they have a substantially similar concept and/or offer for sale similar products or services, we or our affiliates may establish, acquire or operate, or license others to establish and operate, stores and retail outlets under other systems or other marks, which stores or retail outlets may offer or sell products or services that are the same as, or similar to, the products and services offered from a Burn Boot Camp® Business, and which stores or retail outlets may be located within or outside your Territory, despite these stores’ proximity to your Business or their actual or threatened impact on sales at Franchisee’s Business; and
5. Engage in any other activities not expressly prohibited by your Franchise Agreement.

Although we reserve the above-referenced rights, neither we nor any affiliate of ours currently operates, franchises, or has plans to operate or franchise a business under a different trademark that sells or will sell goods or services similar to those that you will offer at your Burn Boot Camp® Business.

We are not responsible for paying any compensation to you concerning the sale of products, exercise equipment, supplies or services by us over the Internet, World Wide Web, smartphone apps or other similar venues, by alternative means of distribution, advertising cooperative programs, outlets, businesses that are or are not substantially similar to the Franchised Business or any business that does not use the Marks. For clarity, your Franchise Agreement grants you no rights to offer and provide services, sell or distribute products or exercise equipment, through any alternative channels of distribution (other than our approved list of channels of distribution) without our permission or share in any of the proceeds from our activities through alternative channels of distribution.

### **Area Development Agreement**

Under an ADA, you will develop, open and operate either 2 Burn Boot Camp® Businesses (a “2-Pack”) or 3 Burn Boot Camp® Businesses (a “3-Pack”) within a defined Development Area (the specific number of Businesses you must develop will be listed in the ADA before you sign it). We determine the Development Area using the same criteria that we use in deciding the Territory for a Business. However, the Development Area must be able to support the number of Businesses you intend to establish in that area. As a result, the Development Area generally consists of a portion of a city, county or designated market area. Your Development Area will be described in the ADA before you sign it.

We and our affiliates have the right to continue to own and operate, and allow others to own and operate, Burn Boot Camp® businesses existing inside your Development Area as of the date you sign the ADA, if applicable. However, as long as you are in compliance with the ADA and all Franchise Agreements, we will not develop or operate, or permit anyone else to develop or operate, any new Burn Boot Camp® Business in your Development Area during the term of the ADA.

If you sign an ADA, you will receive a designated geographic area for each Burn Boot Camp Business you agree to develop. We will approve or disapprove a site for your business locations according to the then-current standards, within



the timelines applicable in each Franchise Agreement. In addition to granting you the right to establish a specific number of Businesses under your ADA, we will also provide you with the assistance described in this Item 11 for each Business you must open under your ADA.



You have no right of first refusal or similar rights to acquire additional franchises or establish additional Businesses that are not in your Development Area. If you wish to obtain an additional location, it must be included in your Development Schedule and you will be required to enter into a separate Franchise Agreement for such location.

Upon expiration or termination of the ADA, we will be entitled to develop and operate or to franchise to others the right to develop and operate, Burn Boot Camp® Businesses in the Development Area, except within any Territory under any Franchise Agreement between us and you that has not expired or been terminated.




### ITEM 13 TRADEMARKS




You will obtain the right to use the following marks in connection with operating your Burn Boot Camp® Business, which our affiliate, DKF, has registered on the U.S. Patent and Trademark Office (“PTO”) Principal Register:

Mark	Registration Number	Registration Date	Register
BURN BOOT CAMP	4747914	June 2, 2015	Principal
BURN BOOT CAMP NUTRITION	5546565	August 21, 2018	Principal
	5742833	May 7, 2019	Principal
	5744892	May 7, 2019	Principal
COFFEE & KETTLEBELLS	5744891	May 7, 2019	Principal
BURN MOTION	Reg. No. 6,663,688	March 8, 2022	Principal
BURN NATION	Reg. No. 6,240,913	January 5, 2021	Principal

Mark	Registration Number	Registration Date	Register
BURNGLO	Reg. No. 5,474,842	May 22, 2018	Principal
BURN NATION	Reg. No. 6,240,913	January 5, 2021	Principal
	Reg. No. 6,889,784	November 1, 2022	Principal
	Reg. No. 6,889,785	November 1, 2022	Principal

DKF will file all required affidavits when due. In addition, DKF has applied for registration of the following marks with the PTO:

Mark	Serial Number	Application Date	Register
	Ser. No. 97/437,925	Pending	Principal
	Ser. No. 97/384,961	Pending	Principal
BCE	Ser. No. 97/599,101	Pending	Principal
BLUE CARPET EXPERIENCE	Ser. No. 97/599,091	Pending	Principal
BURN BOOT CAMP	Ser. No. 97/059,316	Pending	Principal
BURN BOOT CAMP	Ser. No. 97/384,977	Pending	Principal
	Ser. No. 97/059,315	Pending	Principal

Mark	Serial Number	Application Date	Register
	Ser. No. 97/384,981	Pending	Principal
	Ser. No. 97/384,970	Pending	Principal
BURN BOOT CAMP KIDS	Ser. No. 97/501,802	Pending	Principal
	Ser. No. 97/501,836	Pending	Principal

We do not have a federal registration for the two marks referenced in the table immediately preceding this paragraph, Serial Numbers 97059316 and 97059315. Therefore, those trademarks do not have many legal benefits and rights as our federally-registered trademarks. If our right to use these trademarks is challenged, you may have to change to alternative trademarks, which may increase your expenses.

We obtained our right to use and license others the use of the Marks and the System under a license agreement with DKF. The Agreement may be terminated if we fail to follow the quality standards of DKF. In addition, DKF. has the right to substitute alternative trademarks for license at any time. Therefore, you may have to change the trademarks that you use in operating your franchise business at your expense. The intellectual property license agreement will remain in effect for as long as we offer franchises, unless we are in default of the trademark license agreement.

There are no presently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor any pending infringement, opposition or cancellation proceeding or material litigation involving the Marks. There are no effective agreements that limit our right to sublicense you the trademarks, other than a sublicense to use the trademarks from DKF.

You must notify us immediately in writing of any apparent infringement of or challenge to your use of any Marks, or claim by any person of any rights in any Mark or any similar trade name, trademark or service mark of which you become aware. We have the sole discretion to take such action as we deem appropriate and the right to exclusively control any litigation, USPTO proceeding or other administrative proceeding.

We are not obligated by the Franchise Agreement to protect any rights granted to you to use the Marks or participate in your defense, protect you against claims of infringement or unfair competition with respect to them. The Franchise Agreement does not require that we participate in your defense or indemnify you for expenses or damages if you are a party to a judicial or administrative proceeding involving one of the Marks or if the proceeding gets resolved unfavorably to you. Although we are not contractually obligated to protect the Marks or your right to use them, as a matter of corporate policy, we intend to defend the Marks vigorously.

You may not, without our written consent, in our sole discretion, commence or prosecute, or seek leave to intervene in, any litigation or other proceeding, including any arbitration proceeding, in which you purport to enforce any right or recover any element of damage arising from the use or infringement of any of the Marks or unfair competition.

If it becomes advisable at any time, in our sole discretion, to modify or discontinue use of any Mark, and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions with respect to a reasonable time after notice by us. You, in connection with the use of a new or modified Mark, may be required, at your own expense, to remove existing signs from your Facility, and to purchase and install new signs. We have no liability to you for such modification or discontinuance.

We do not know of any infringing uses that could materially affect your use of our Marks in any state; however, a federal trademark registration does not necessarily protect the use of the concerned mark against a prior user in a given relevant market area. We do not know of any superior prior rights that may limit your use of the Marks. Before entering into the Franchise Agreement, you should make every effort to ascertain that there are no existing uses of the 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.

All your usage of the Marks granted under the Franchise Agreement is nonexclusive, and we retain the right, among others: (a) to use the Marks in connection with selling services and products; (b) to grant other licenses for the Marks, in addition to those licenses already granted to existing franchisees and licensees; (c) to develop and establish other systems using the same or similar Marks, or any other proprietary marks, and to grant licenses or franchises in those systems without providing any rights to you as described in Item 12.

All your usage of the Marks and any goodwill you establish are to our exclusive benefit and you retain no right or rights in the Marks on the termination or expiration of your Franchise Agreement. You may not use the marks as a part of any corporate or trade name, nor may you use any trade name, trademark, service mark, emblem or logo other than the Marks, as we may designate periodically. You must prominently display the Marks on such items and in the manner we designate. You must obtain such fictitious or assumed name registrations as we require or under applicable law. You must identify yourself as the owner of your Franchise by placing your name on the Business and on all checks, invoices, receipts, contracts and other documents that bear any of the Marks, and on all printed materials your name must be followed by the phrase "A franchise of Kline Franchising, Inc." or such other phrase as we occasionally direct.

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

We do not own any registered patents or copyrights or have any pending patent applications which are material to the Franchise; however, we claim copyright and common law trade secret protection for several aspects of our System, methods, techniques and operational procedures; the Operations Manual; our fitness programs and workout routines, exercise equipment, products and supplies; exercise equipment and product specifications, systems, design, décor, signage, manuals and all related materials including advertisement and promotional materials although such materials may not have been registered with the United States Copyright Office. These materials are considered proprietary and confidential and are considered our property and may be used by you only as provided in your Franchise Agreement. We reserve the right to register any of our copyrighted materials at any time we deem appropriate. We also reserve the right to renew any and all such copyright registrations at our discretion.

There currently are no effective determinations of the United States Copyright Office or any court regarding any of the copyrighted materials.

There are no effective agreements that limit our right to sublicense to you the copyrights and trade secrets, other than a sublicense to use the copyright and trade secrets from DKF. The Agreement may be terminated if we fail to follow the quality standards of DKF. In addition, DKF has the right to substitute alternative copyrights and/or trade secrets for license at any time. Therefore, you may have to change the copyrights and trade secrets that you use in operating your franchise business at your expense. The intellectual property license agreement will remain in effect for as long as we offer franchises, unless we are in default of the intellectual property license agreement.

There are no infringing uses actually known to us, which could materially affect your use of the copyrighted materials in any state. We are not required by any agreement to protect or defend any patent, trade secret, copyright or to participate in your defense, or indemnify you.

You must notify us immediately in writing of any apparent infringement of or challenge to your use of our copyrighted materials or trade secrets, or claim by any person of any rights in any copyright or trade secret which you become aware. We have the sole discretion to take such action, as we deem appropriate and the right to exclusively control any litigation, United States Copyright Office proceeding or other administrative proceeding. We may require you to discontinue use or modify any materials that may in our opinion infringe on the copyright, trade secret, or patent rights of any other person or business.

If it becomes advisable at any time, in our sole discretion, to modify or discontinue use of any copyrighted materials or trade secrets, and/or use one or more additional or substitute copyrighted materials or trade secrets, you must comply with our directions with respect to a reasonable time after notice by us. We have no liability to you concerning substitution or modification of copyrighted materials or trade secrets.

We possess certain confidential information that includes our different membership options, fitness programs and workout routines; specific methods and techniques when executing our workout routines; nutrition programs, exercise equipment, products and operational procedures; relationships with suppliers, purchasing strategies, sales techniques and methods; our build out and design specifications with unique décor, color scheme and signage; guidelines for hiring, training and retaining employees, advertising, sales and promotional programs; cost and pricing strategies, procedures for safety and quality control, our website, software, forms, contracts, record keeping and reporting procedures, promotional, advertising and marketing materials; systems and knowledge of, and experience in, the operation and franchising of a Burn Boot Camp® business (the “Confidential Information”). We will disclose Confidential Information to you during our initial franchisee education program, seminars, workshops, continuing education programs, sessions and conventions sponsored by us, in the Operations Manual, and in guidance furnished to you during the term of your Franchise Agreement.

If you or your partners, members, managers, directors, shareholders, employees, agents or independent contractors develop any new piece of equipment, service, product, program, concept, technique, formula, process or improvement in the operation or promotion of your Business, you are required to promptly notify us with all necessary related information, without compensation. However as a matter of corporate policy, we may create an incentive program to reward you, your partners, members, managers, directors, shareholders, employees, agents or independent contractors for any new piece of equipment, service, product, program, concept, technique, formula, process or improvement that we implement throughout the System. You and if you are an Entity, then one of your Owners acknowledge that any such equipment, service, product, concept, process, technique or improvement will become our property and we may use or disclose such information to other franchisees as we deem appropriate.

The Franchise Agreement provides that you will not acquire any interest in the Confidential Information other than the right to utilize it in the development and operation of your Business during the term of your Franchise Agreement, and that the use or duplication of the Confidential Information in any other business would constitute unfair competition. You also agree that the Confidential Information is proprietary to us and is disclosed to you solely on the condition that you: (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the term of your Franchise Agreement; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written or electronic form; and (4) will adopt and implement all reasonable procedures required by us to prevent unauthorized use or disclosure of the Confidential Information, including without limitation, restrictions on disclosures to employees and independent contractors of your Franchise and any other business(es) owned by you and if you are an Entity, any of your Owners, and the use of nondisclosure and non-competition clauses in employment agreements with your employees, independent contractors and Owners.

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

The Franchise Agreement provides that a Burn Boot Camp® Franchise must at all times be under the direct, day-to-day, full time supervision of the Operations Manager who is approved by us. You may serve as the Operations Manager but the Operations Manager does not need to have an ownership interest in the franchisee entity. This person must have successfully completed the Burn Boot Camp® franchisee education program for franchisees/operations managers outlined in Item 11. The Operations Manager must use his or her best efforts in, and devote his or her time to, the operation of a Burn Boot Camp® Business.

In addition to the Operations Manager, you must designate the Head/Lead Trainer to oversee the training regimen at the Burn Boot Camp® Business. The Head/Lead Trainer may, but need not, be you (or one of your Owners if you are an Entity). The Head/Lead Trainer must meet all of our standards and criteria for such positions as set forth in the Operations Manual. The Head/Lead Trainer does not need to have any ownership interest in the franchisee entity. This individual and their replacements must also satisfy the applicable trainer education sessions, as outlined in the Franchise Agreement (Franchise Agreement Section XII.F).

Each of your employees, independent contractors, service providers, agents, principals and affiliates must sign a confidentiality agreement containing substantially the same protections as provided in the form agreement contained in the Operations Manual (although you are responsible for ensuring its adequacy and enforceability under local law). Your Operations Manager and Head/Lead Trainer must enter into a confidentiality and non-compete agreement with you in a form satisfactory to us and substantially similar to the Non-Compete and Confidentiality Agreement attached as Schedule 8 to the Franchise Agreement. This Non-Compete and Confidentiality Agreement is between you and the employee and may be subject to local law. It is your responsibility to ensure enforcement of this document. You will provide us with copies of the executed agreements upon request.

If you are an Entity, every Owner must personally guarantee your obligations under the Franchise Agreement and also agree to be personally bound by, and personally liable for the breach of, every provision of the Franchise Agreement, agree to be bound by the confidentiality provisions and non-competition provisions of the Franchise Agreement and agree to certain restrictions on their ownership interests. The required Guaranty of Obligations is attached as Schedule 4 of the Franchise Agreement. In addition, we require the spouse of each shareholder, partner, or member to execute a personal guaranty.

**ITEM 16**  
**RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You are required to offer only approved services and sell only approved products as specified by us that includes but is not limited to: group fitness sessions using our fitness programs and high intensity workout routines, membership options, goal setting materials, nutrition coaching and meal planning programs, limited supplements for sale in addition to other fitness-related apparel, products, equipment and merchandise as expressly authorized by us in writing or in the Operations Manual, or developed by us as a result of your pre-market entry study to meet the needs of your unique market, and any updates to be incorporated in the Operations Manual periodically. You must offer and sell the services, products and exercise equipment that we have expressly approved in writing and must only purchase said exercise equipment from our affiliate, Burn Retail. We reserve the right to change, modify or discontinue such services and products (and exercise equipment) you are authorized to offer at any time upon 90 days' written notice to you and you may be required to participate in any promotion and/or discount membership options we offer which may change from time to time. To clarify, you must: offer only the services (such as membership options, fitness programs and workout routines) we specify; offer for use and sale only the products and exercise equipment we specify; comply with our standards pertaining to the execution of all services (such as fitness programs and workout routines); and use and maintain the exercise equipment as

described in the Operations Manual or other written instructions. You must not provide virtual (online) workout services and/or memberships.

The following additional services and products may be customized and offered by you in our discretion and only with our consent: sports performance coaching, childwatch services, beverages for sale, juice bar and smoothies, pre-packaged meals, healthy snacks for sale and other fitness-related programs, services and products approved by us. We may offer you the option to offer virtual workout and fitness services as part of the service offering. This includes through a proprietary application for use by your members. Advertisement of these services may only take place within your Territory. We may recommend a standard price for these services and we may require a brand-approved software be utilized to administer virtual services.

You must offer and sell all services and products we specify and perform services and sell products either from your Facility or at off-site events within your defined Territory; and you acknowledge that we allow you and other franchisees, licensees or company-owned businesses to sell services (such as memberships) and products to anyone from anywhere so long as such sales do result in Target Marketing. You may offer additional services and products that are unique to your area in an effort to blend in with your community; however, you must obtain our written approval before such services and products are offered and the time to approve or deny your request is 30 days. You must discontinue selling and offering any service, product or exercise equipment (if we authorize you to sell exercise equipment in the future) that we may disapprove in writing at any time, whether a service or product or piece of exercise equipment is being submitted for approval or currently in use. We can and expect to change the types of services, products and exercise equipment (if applicable) we authorize. There are no limits on our right to do so. We will inform you by email or by any other form of written communication of such changes and/or modifications. You may not offer for sale any services (such as membership options) or products and/or provide any services that has not specifically approved by us in writing. You may not independently act as an exclusive distributor for any third-party supplier or secure any exclusive rights to sell any product or exercise equipment for any manufacturer or supplier inside or outside your Territory without our written consent.

You shall have the right to offer and sell services and products at any prices you may determine, except that we reserve the right to establish minimum and maximum prices for any given service or product nationwide to the extent allowed by federal and state laws. To clarify, we have the right, in our sole discretion, to establish minimum and maximum prices for any service or product (including exercise equipment if we authorize you to sell exercise equipment in the future) so long as such decisions are made with the honest belief that the measure we are adopting will help everyone in the System meet competition and succeed in the marketplace. You are prohibited from heavily discounting services and products offered for sale and must adhere to our minimum and maximum pricing guidelines, except as otherwise provided by applicable federal or state laws. You must participate in and comply with all sales and promotional programs and/or product promotions promulgated by us periodically, except as otherwise provided by applicable federal or state laws.

In addition, you acknowledge that we may, in our discretion, allow you and other franchisees, licensees or company-owned businesses to sell services (such as membership options), products and/or exercise equipment through an alternative channel of distribution (such as on the Internet or Websites) provided you adhere to our standards. You acknowledge that this may create competition and you will not receive any compensation from such sales made by other franchisees, licensees or company-owned businesses. If we authorize you to sell services, products and/or exercise equipment through alternative channels of distribution, all services, products and/or exercise equipment sold must be from your Facility. Unless otherwise approved by us in writing, you are not authorized to sell any services, products and/or exercise equipment on the Internet, World Wide Web or in any other media, whether known or hereinafter invented.

You must participate in any gift certificate, gift card or loyalty program we establish. You may not create or issue your own gift certificates or gift cards or institute a loyalty program unless approved by us in writing.

You must maintain proper permits and licenses to operate a Burn Boot Camp® Business and provide services and products in your area. You must not engage in any trade, practice or other activity that is harmful to our goodwill or reflects



unfavorably on our reputation, that constitutes deceptive or unfair competition, or that is in violation of any applicable law.

You may directly advertise and market to sell and offer services and products to anyone located within your Territory. Except as noted above, we place no restrictions upon your ability to offer and sell services and products to anyone from anywhere provided you perform services and ship products from your Facility or at off-sites events in accordance with your Franchise Agreement and our standards.

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

**THE FRANCHISE RELATIONSHIP**

**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. “FA” refers to the Franchise Agreement and “ADA” refers to the Area Development Agreement.**

<u>Provision</u>	<u>Franchise Agreement</u>	<u>Summary</u>
a. Length of the Franchise Term.	FA Section VII.A ADA Section 6.1	FA- Initial term is 5 years.  ADA- The ADA will commence on the date it is fully-executed and end on the last day of the calendar month that the final Franchised Business is required to be opened and operating under the mandatory development schedule.
b. Renewal or extension of the term.	FA Section VII.B ADA Not Applicable	FA-Up to 2 5-year renewals if you meet certain term requirements.  ADA- Not Applicable
c. Requirements for you to renew or extend	FA Section VII.B ADA Not Applicable	FA - Written notice from you to renew, you must be in full compliance with the FA, sign then current FA, pay the renewal fee, comply with out then current education and qualification requirements, execute a general release (subject to state law); and upgrade the Facility to the then current standards. You may be asked to sign a contract with materially different terms and conditions than your original contract.  ADA- Not Applicable

<b><u>Provision</u></b>	<b><u>Franchise Agreement</u></b>	<b><u>Summary</u></b>
d. Termination by you.	FA Not Applicable ADA Not Applicable	FA – Not Applicable  ADA - Not Applicable These provisions may be subject to state law
e. Termination by us without cause.	FA Not Applicable ADA Not Applicable	We cannot terminate your FA or ADA without cause.
f. Termination by us with cause.	FA -Section XXIII.A, XXIII.B and XXIII.C ADA Section 6.2	FA – You breach a material provision of the Franchise Agreement, including your ADA, or you fail to open the franchised business within the required time period.  ADA – We may terminate the ADA, including any applicable FAs, if you abandon the business or discontinue development within the development area, become bankrupt or have action taken by or against you; you fail to meet your development obligations.
g. “Cause” defined – curable defaults.	FA- Section XXIII.C ADA- Section 6.2	FA- 30 days if you fail to perform or comply with one or more of the terms or conditions of the FA, the accompanying ADA, or other agreements between us.  ADA- 30 days with one or more terms or conditions of the ADA or the accompanying FA(s).
h. “Cause” defined – noncurable defaults.	FA- Sections XXIII.A, XXIII.B ADA Section 6.2	FA and ADA - Automatic Termination upon 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, involuntary bankruptcy or unauthorized transfer.  FA - You and we fail to agree upon a territory within the time period mentioned in the Franchise Agreement; you fail to attend and satisfactorily complete the initial franchisee education program; you abandon the Business; surrender of control; you fail to submit any financial statement, tax return, or

<u>Provision</u>	<u>Franchise Agreement</u>	<u>Summary</u>
		<p>pay any royalty 3 or more times; you operate the Business in any manner that results in a safety, health, or environmental hazard; you are unable to provide any products or services associated with our system; you fail have to any applicable professional license; you fail to comply with any law or regulation for 15 days after receiving notification of non-compliance; any misrepresentation or omission in application; felony conviction; unauthorized assignment improper assignment upon death or disability; loss of possession of Business; unauthorized use of Confidential Information or Marks; disclosure of Confidential Disclosure Information; failure to pay taxes or liens; you fail to comply with our modifications to system standards within 90 days of notice; you undertake any activity that has a material adverse effect on us or our Trademarks; you challenge our ownership rights in the system, any of our copyrights, or confidential information; you reverse engineer, decompile, disassemble or create derivative works our confidential information, products, or software; you manufacture or sell any product that is similar to or competes with our products; you distribute any product without our consent; you sublicense, rent, sell, or transfer our confidential information, or software; you exhibit a reckless disregard for the physical or mental well-being of your employees or members; you fail to procure and maintain all required insurance coverage; you fail to remove any product or equipment that we deem to be a violation of this agreement; you sell any products or exercise equipment on the Internet without our permission; you use any unapproved supplier without our permission; you fail to comply with our inventory requirements or minimum representation requirements; you fail to use any auto ship program that we may require, you engage in target marketing; you use our name or marks without our prior written consent; dishonest or unethical conduct; assignment for benefit of creditors; and bankruptcy; if you fail to satisfy any final</p>

<u>Provision</u>	<u>Franchise Agreement</u>	<u>Summary</u>
		<p>judgment within 30 days; you maintain any false books, or records; you underpay royalties to us by 2% or more twice in any 2 year period; you breach Article XII, Article XVI, Article XX, or Article XXII of the Franchise Agreement; you maintain false books or records, or submit false reports to us; failure to make advertising contributions; producing or distributing a product or service that competes with us; or you have 6 or more complaints against you with any governmental agency over a 12 month period; any of the individual franchise agreements or any other agreement between you and us is terminated.</p> <p>ADA- We may terminate the ADA if: (i) you cease to actively engage in development activities in the Development Area or otherwise abandon the development business for three consecutive months, or any shorter period that indicates an intent to discontinue development of the 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; or (iii) if any Franchise Agreement that is entered into in order to fulfill your development obligations under the ADA is terminated or subject to termination by us, pursuant to the terms of that Franchise Agreement.</p>
i. Your obligations on termination / non-renewal	FA- Section XXIV ADA Not Applicable	<p>FA -Cease operating franchised Business cease use of confidential information and Marks; deliver property containing the Marks; cancel assumed or similar name registrations; pay outstanding amounts and damages; deliver manuals; assign phone numbers; comply with covenants and see “r” below.</p> <p>ADA- Not Applicable</p>
j. Assignment of contract by us.	FA- Section XXII.C ADA- Section 8	FA and ADA -No restriction on our right to assign.

<b><u>Provision</u></b>	<b><u>Franchise Agreement</u></b>	<b><u>Summary</u></b>
k. "Transfer" by you – defined	FA- Section XXII.B ADA- Section 8	FA -Includes transfer of the FA or Assets by you.  ADA - Any sale, transfer, or assignment of any of your rights under the ADA.
l. Our approval of transfer by you.	FA- Section XXII.C ADA- Section 8	FA -We must approve all transfers by you.  ADA - You may not transfer any rights or obligations under the ADA without our prior written consent.
m. Conditions for our approval of transfer.	FA- Section XXII.C ADA Not Applicable	FA- Full compliance; transferee qualifies; all amounts due are paid in full; completion of initial franchisee education program by transferee; transfer fee paid; transferee agrees to be bound by all terms of FA; you sign and deliver other required documents including a release (subject to state law).  ADA- Not Applicable
n. Our right of first refusal to acquire your Business.	FA- Section XXII.C ADA Not Applicable	FA - We have the right to match any offers to buy your Business.  ADA- Not Applicable
o. Our option to purchase your business.	FA- Not Applicable ADA- Not Applicable	FA- Not Applicable  ADA- Not Applicable
p. Your death or disability.	FA- Section XXII.D ADA Not Applicable	FA - Franchise must be assigned or transferred to approved buyer within six months.  ADA- Not Applicable
q. Non-competition covenants during the term of the Franchise.	FA- Section XIX.C.1 ADA Not Applicable	FA - No involvement in any competitive business anywhere in the US other than existing business.  ADA - Nothing additional. Please see non-competition covenants set forth in your Franchise Agreement(s) entered into under the ADA. Non-competition provisions are subject to state law

<u>Provision</u>	<u>Franchise Agreement</u>	<u>Summary</u>
r. Non-competition covenants after the franchise is terminated or expires.	FA- Section XIX.C.2 ADA Not Applicable	FA - No interest in competing business for 2 years at the location of the Business, within your Territory, or within 10 miles of the Territory or any company owned outlet or other franchises.  ADA - Nothing additional. Please see non-competition covenants set forth in your Franchise Agreement(s) entered into under the ADA. Non-competition provisions are subject to state law
s. Modification of the Agreement.	FA- Section XXV.P ADA- Section 27	FA and ADA - No modification except by written agreement, Operations Manuals are subject to change.
t. Integration / merger clause.	FA- Section XXV.P ADA- Section 27	FA– Only terms of Franchise Agreement are binding (subject to state law). Any representations or promises made outside of the disclosure document and the Franchise Agreement may not be enforceable.  ADA - Only the terms of the ADA are binding (subject to state law). Any representations or promises made outside of the disclosure document and the ADA may not be enforceable.
u. Dispute resolution by arbitration or mediation.	FA- Section XXV.D ADA- Sections 12 and 13	FA – We have the option of submitting all claims and disputes that were not first solved through internal dispute resolution to mediation in Mecklenburg County, North Carolina, in accordance with the American Arbitration Association’s Commercial Mediation Rules then in effect. ADA - You must bring all disputes before our President prior to bringing a claim before a third party. At our option, all claims or disputes between you and us must be submitted first to mediation in or near Mecklenburg County, North Carolina in accordance with the American Arbitration Association’s Commercial Mediation Rules then in effect. These provisions are subject to state law

<b><u>Provision</u></b>	<b><u>Franchise Agreement</u></b>	<b><u>Summary</u></b>
v. Choice of forum.	FA- Section XXV.E ADA- Section 15	FA and ADA - All claims not subject to mediation must be brought before a court of general jurisdiction closest to 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 these courts (subject to state law).
w. Choice of law.	FA- Section XXV.H ADA- Section 11	FA and ADA- State of North Carolina laws apply (this provision is subject to state law).

**ITEM 18  
PUBLIC FIGURES**

We currently do not use any public figure to promote our Franchise.

**ITEM 19  
FINANCIAL PERFORMANCE REPRESENTATIONS**

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

**Overview**

This financial performance representation (“FPR”) includes 2022 Gross Revenues data and membership data for the 279 franchised Burn Boot Camp® businesses described below.

Each Burn Boot Camp® business is referred to as an “outlet”. We have only provided data for outlets that were open the entire 2022 calendar year. We have separately presented data for the following 3 categories of outlets based on length of operation:

- Outlets open at least 1 year, but less than 2 years, as of December 31, 2022 (“1-Year Outlets”)
- Outlets open at least 2 years, but less than 3 years, as of December 31, 2022 (“2-Year Outlets”)
- Outlets open more than 3 years as of December 31, 2022 (“Mature Outlets”)

Within each of the 3 categories described above, we have broken down the data between:

- The top 10% of outlets (based on total annual Gross Revenues)
- The middle 80% of outlets (based on total annual Gross Revenues)

- The bottom 10% of outlets (based on total annual Gross Revenues)

Within each subset, we have disclosed the highest, lowest, median and average Gross Revenues, as well as the number and percentage of outlets within each subset achieving or exceeding the stated average Gross Revenues.

### **Outlet Statistics**

We have only included data for franchised outlets. Thus, we have excluded data from any outlet that was owned by an affiliate at any point during 2022 (including any franchised outlet reacquired by an affiliate, and any affiliate-owned outlet sold to a franchisee, at any point during 2022). There were a total of 9 outlets owned by our affiliates during 2022, all of which have been excluded from this FPR.

The table below summarizes statistical data relating to all franchised outlets that were open at any point during 2022, including outlets included in the FPR and outlets excluded from the FPR.

<b>2022 STATISTICS - FRANCHISED OUTLETS</b>					
<b>Open as of 1/1/2022</b>	<b>Open as of 12/31/2022</b>	<b>Opened In 2022 (Excluded)</b>	<b>Closed In 2022 (Excluded)</b>	<b>Opened &amp; Closed in 2022 (Excluded)</b>	<b>Outlets Included</b>
293	316	37	13	0	279

The following table identifies the manner in which the 279 franchised outlets included in this FPR were broken down into the various subsets.

<b>SUBSET STATISTICS</b>				
<b>Subset</b>	<b>Total Number</b>	<b>Top 10%</b>	<b>Middle 80%</b>	<b>Bottom 10%</b>
Mature Outlets	212	21	170	21
2-Year Outlets	43	4	35	4
1-Year Outlets	24	3	18	3
All Outlets	279	28	223	28

### **Financial Performance Representations**

The following table presents the 2022 annual Gross Revenues data for the 279 franchised outlets described above.

<b>FINANCIAL PERFORMANCE REPRESENTATION - 2022 ANNUAL GROSS REVENUES</b>					
<b>Subset</b>	<b>Highest</b>	<b>Lowest</b>	<b>Median</b>	<b>Average</b>	<b>Number &amp; Percent Achieving Average</b>
<i>Mature Outlets</i>					
Top 10%	\$1,348,871	\$785,376	\$915,706	\$936,210	9 of 21 (42.9%)
Middle 80%	\$777,854	\$299,327	\$494,382	\$513,189	76 of 170 (44.7%)



<b>FINANCIAL PERFORMANCE REPRESENTATION - 2022 ANNUAL GROSS REVENUES</b>					
<b>Subset</b>	<b>Highest</b>	<b>Lowest</b>	<b>Median</b>	<b>Average</b>	<b>Number &amp; Percent Achieving Average</b>
Bottom 10%	\$297,949	\$183,972	\$264,073	\$251,344	12 of 21 (57.1%)
All in Subset	\$1,348,871	\$183,972	\$494,382	\$529,155	89 of 212 (42%)
<b><i>2-Year Outlets</i></b>					
Top 10%	\$997,141	\$734,952	\$905,787	\$885,917	3 of 4 (75.0%)
Middle 80%	\$716,900	\$265,362	\$453,597	\$451,066	18 of 35 (51.4%)
Bottom 10%	\$228,981	\$137,832	\$203,967	\$193,687	3 of 4(25%)
All in Subset	\$997,141	\$137,832	\$453,597	\$467,575	21 of 43 (48.8%)
<b><i>1-Year Outlets</i></b>					
Top 10%	\$1,024,479	\$784,947	\$786,538	\$865,321	1 of 3 (33.3%)
Middle 80%	\$708,257	\$271,394	\$448,296	\$464,799	8 of 18(44.4%)
Bottom 10%	\$268,217	\$201,878	\$249,460	\$239,852	2 of 3 (66.7%)
All in Subset	\$1,024,479	\$201,878	\$448,296	\$486,746	11 of 24 (45.8%)
<b><i>All Outlets</i></b>					
Top 10%	\$1,348,871	\$777,854	\$904,051	\$922,962	12 of 28 (42.9%)
Middle 80%	\$774,040	\$289,925	\$491,989	\$500,586	104 of 222 (46.8%)
Bottom 10%	\$289,337	\$137,832	\$249,460	\$241,217	15 of 29 (51.7%)
All Outlets	\$1,348,871	\$137,832	\$491,890	\$516,016	120 of 279 (43%)

Notes to FPR Table:

- For purposes of this FPR, “Gross Revenues” means the gross amount, in money or other forms of consideration, earned or received from any source-related to, or in connection with, the operation of the Business, whether on or off the Business premises. This includes all membership-related fees (such as initiation fees, termination fees, enrollment fees, processing fees, paid-in-full dues, renewal fees; monthly, semi-annual or yearly dues and all revenues generated and derived during any presale of memberships). Gross Revenue also includes the fair market value for any service or product received in barter or exchange for the services or products offered by the Business and all insurance proceeds that the Business receives for the loss of the business due to a casualty to or similar event at the Business. Gross Revenues excludes only gratuities paid by Members to employees of the Business, service fees for credit card transactions, sales tax receipts that the Business must by law collect or pay and any Member refunds of previous payments actually made, and certain charitable donations specifically authorized in the Manuals.
- In making the above FPR, we have relied upon Gross Revenues figures generated by the point-of-sale and computer systems utilized by our franchisees. Neither we nor any independent certified public accountant has independently audited or verified the information.

3. The FPR does not reflect the operating costs and expenses that you will incur in operating your Business, such as royalties, technology fees, system brand fees, local marketing expenses, rent, payroll, insurance, utilities, inventory replenishment, etc.
4. The Gross Revenues figures are based on the historical results from the Burn Boot Camp® outlets described above.

The following table presents the membership data for the 279 franchised outlets described above as of December 31, 2022. A person is included as a member so long as such person has purchased any package except a promotional package.

<b>FINANCIAL PERFORMANCE REPRESENTATION - MEMBERSHIP DATA</b>					
<b>Subset</b>	<b>Highest</b>	<b>Lowest</b>	<b>Median</b>	<b>Average</b>	<b>Number &amp; Percent Achieving Average</b>
<i><b>Mature Outlets</b></i>					
Top 10%	719	454	492	518	98 of 212 (46.2%)
Middle 80%	451	181	295	300	80 of 170 (47.1%)
Bottom 10%	176	108	149	149	9 of 21 (42.9%)
All in Subset	719	108	295	307	98 of 212 (46.2%)
<i><b>2-Year Outlets</b></i>					
Top 10%	549	405	449	463	2 of 4 (50%)
Middle 80%	391	141	255	257	16 of 35 (45.7%)
Bottom 10%	121	100	105	108	1 of 4 (25.0%)
All in Subset	549	100	255	262	19 of 43 (44.2%)
<i><b>1-Year Outlets</b></i>					
Top 10%	567	470	484	507	1 of 3 (39.3%)
Middle 80%	389	180	284	275	9 of 18 (50.0%)
Bottom 10%	159	114	138	137	2 of 3 (66.7%)
All in Subset	567	114	284	287	12 of 24 (50.0%)
<i><b>All Outlets</b></i>					
Top 10%	719	449	487	512	11 of 28 (39.3%)
Middle 80%	443	176	291	292	110 of 222 (49.5%)
Bottom 10%	174	100	145	141	17 of 29 (58.6%)
All Outlets	719	100	291	298	131 of 279 (47.0%)

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

Written substantiation of the data used in preparing this information will be made available upon reasonable request.

You should utilize the services of an accountant or other financial professional to help you if you want to prepare budgets or projections. You should consult other sources for financial information, including your financial advisers and our franchisees in order to compare sales experience and to obtain additional information necessary for you to develop estimates of the sales, costs, expenses, earnings and profits of Burn Boot Camp® outlets.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Jolene Purchia, 17036 Kenton Dr., Suite 100, Cornelius, North Carolina 28031, 1-833-289-2876, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20  
OUTLETS AND FRANCHISEE INFORMATION**

<b>TABLE 1 - SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2020 TO 2022</b>				
<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
Franchised	2020	234	273	+39
	2021	273	293	+20
	2022	293	316	+23
Company-Owned	2020	4	4	0
	2021	4	6	+2
	2022	6	9	+3
Total Outlets	2020	238	277	+39
	2021	277	299	+22
	2022	299	325	+26

<b>TABLE 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2020 TO 2022</b>		
<b>State</b>		<b>Number of Transfers</b>
California	2020	0
	2021	2
	2022	0
Connecticut	2020	0
	2021	1
	2022	0

Florida	2020	2
	2021	5
	2022	1
Georgia	2020	1
	2021	1
	2022	3
Illinois	2020	0
	2021	1
	2022	1
Indiana	2020	0
	2021	2
	2023	0
Massachusetts	2020	0
	2021	0
	2022	1
Michigan	2020	0
	2021	1
	2022	2
Minnesota	2020	0
	2021	0
	2022	1
Nevada	2020	0
	2021	1
	2022	0

North Carolina	2020	2
	2021	1
	2022	1
Ohio	2020	0
	2021	1
	2022	2
Oklahoma	2020	1
	2021	0
	2022	0
Pennsylvania	2020	0
	2021	0
	2022	2
South Carolina	2020	1
	2021	1
	2022	1
Tennessee	2020	1
	2021	0
	2022	2
Texas	2020	0
	2021	2
	2022	2
Virginia	2020	1
	2021	1
	2022	2

Wisconsin	2020	1
	2021	3
	2022	3
Total	2020	10
	2021	23
	2022	24

**TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2020 TO 2022**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
Alabama	2020	2	1	0	0	0	0	3
	2021	3	1	0	0	0	0	4
	2022	4	2	0	0	0	0	6
Arizona	2020	5	2	0	0	0	0	7
	2021	7	0	0	0	0	0	7
	2022	7	0	1	0	0	0	6
Arkansas	2020	2	0	0	0	0	0	2
	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	0	3
California	2020	3	1	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	1	0	0	0	0	5
Colorado	2020	4	0	0	0	0	0	4
	2021	4	0	1	0	0	0	3
	2022	3	0	1	0	0	0	2
Connecticut	2020	2	0	0	0	0	0	2
	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	0	3

Delaware	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Florida	2020	28	5	0	1	0	1	31
	2021	31	3	2	0	0	0	32
	2022	32	4	2	0	0	0	34
Georgia	2020	19	6	0	0	0	0	25
	2021	25	5	0	0	0	0	30
	2022	30	1	1	2	0	0	28
Idaho	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Illinois	2020	8	1	0	0	0	1	8
	2021	8	0	1	0	0	0	7
	2022	7	0	2	0	0	0	5
Indiana	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	2	0	0	0	0	4
Iowa	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Kansas	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Kentucky	2020	4	1	0	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
Louisiana	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1

Massachusetts	2020	3	1	0	0	0	0	4
	2021	4	1	0	0	0	0	5
	2022	5	0	0	0	0	0	5
Maryland	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
Michigan	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	0	0	6
	2022	6	1	0	0	0	0	7
Minnesota	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	2	0	0	0	0	6
Mississippi	2020	2	0	0	0	0	0	2
	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Missouri	2020	4	1	0	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
New Jersey	2020	5	1	0	0	0	1	5
	2021	5	1	0	0	0	0	6
	2022	6	0	0	1	0	0	5
Nevada	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
New Mexico	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
New York	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4



North Carolina	2020	33	0	0	0	0	0	33
	2021	33	1	0	0	0	0	34
	2022	34	2	0	1	0	0	35
Ohio	2020	8	2	0	0	0	0	10
	2021	10	0	1	0	0	0	9
	2022	9	0	0	0	0	0	9
Oklahoma	2020	2	1	0	0	0	0	3
	2021	3	1	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Oregon	2020	3	1	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Pennsylvania	2020	6	2	0	0	0	0	8
	2021	8	2	0	0	0	0	10
	2022	10	1	0	0	0	0	11
Rhode Island	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
South Carolina	2020	18	1	0	1	0	0	18
	2021	18	0	0	0	0	0	18
	2022	18	0	0	0	0	0	18
South Dakota	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Tennessee	2020	9	3	0	0	0	0	12
	2021	12	0	1	0	0	0	11
	2022	11	3	0	0	0	0	14
Texas	2020	7	5	0	0	0	0	12
	2021	12	3	0	0	0	0	15
	2022	15	2	0	0	0	0	17

Utah	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Virginia	2020	16	6	0	0	0	0	22
	2021	22	2	0	0	0	0	24
	2022	24	7	0	0	0	0	31
Wisconsin	2020	17	4	1	0	0	1	19
	2021	19	1	0	0	0	0	20
	2022	20	3	2 <sup>(1)</sup>	0	0	1 <sup>(1)</sup>	20
Total	2020	234	45	0	2	0	4	273
	2021	273	27	7	0	0	0	293
	2022	293	37	9	4	0	1	316

<sup>(1)</sup>One location, Appleton East, was simultaneously closed and terminated.

**TABLE 4 - STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2020 TO 2022**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Florida	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
North Carolina	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Texas	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Utah	2020	1	0	0	0	0	1
	2021	1	2	0	0	0	3
	2022	3	3	0	0	0	6

**TABLE 4 - STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2020 TO 2022**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Totals	2020	4	0	0	0	0	4
	2021	4	2	0	0	0	6
	2022	6	3	0	0	0	9

All Burn Boot Camp® outlets listed in Table 4 are owned and operated by our affiliates. We do not operate any of these outlets directly.

**TABLE 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
Alabama	1	0	0
Arizona	1	0	0
Arkansas	0	0	0
California	0	0	0
Connecticut	0	0	0
Delaware	0	0	0
Florida	9	6	0
Georgia	7	6	0
Idaho	1	1	0
Indiana	0	0	0
Iowa	0	0	0
Kentucky	1	1	0
Maine	0	0	0
Maryland	1	1	0
Massachusetts	2	1	0
Michigan	0	0	0
Minnesota	3	1	0
Mississippi	1	0	0
Missouri	2	2	0

**TABLE 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
Nevada	1	1	0
New Mexico	0	0	0
New Jersey	3	3	0
New York	1	0	0
North Carolina	3	2	0
Oklahoma	1	1	0
Pennsylvania	1	1	0
South Carolina	3	2	0
South Dakota	0	0	0
Tennessee	4	3	0
Texas	5	4	0
Utah	0	0	0
Virginia	2	2	0
Wisconsin	0	0	0
Total	53	38	0

Attached as Exhibit F are the names, addresses and telephone numbers of all franchisees as of December 31, 2022. As of the issuance date of this disclosure document, no franchises has been terminated, cancelled, not renewed or who otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement for the period from January 1, 2022, through December 31, 2022, or who has not communicated with us within 10 weeks of the date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During our last 3 fiscal years, current and former franchisees signed 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 of those franchisees will be able to communicate with you.

There are currently no franchisee organizations associated with the franchise system that are created, sponsored, or endorsed by us. There is one franchisee association that has requested to be included in this Disclosure Document as follows:

Independent Association of Burn Boot Camp Franchisees, Inc.  
16417 Woodlodge Court  
Wildwood, MO 63005  
[board@iabbcf.org](mailto:board@iabbcf.org)  
<http://www.iabbcf.org>

**ITEM 21**  
**FINANCIAL STATEMENTS**

Our audited financial statements for our fiscal years ended December 31, 2022, 2021 and 2020 are attached hereto as Exhibit G. Our fiscal year end is December 31 of each year.

**ITEM 22**  
**CONTRACTS**

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

Franchise Agreement - Exhibit A

Schedule 1 – Authorization for Pre-Arranged Payments

Schedule 4 – Individual Guaranty

Schedule 5 – Collateral Assignment of Lease

Schedule 7 – Confidentiality and Non-Compete Agreement (Limited Principals)

Area Development Agreement - Exhibit B

State Addenda – Exhibit D

**ITEM 23**  
**RECEIPTS**

Included as the last document of this Disclosure Document (Exhibit I) and/or as a separate executable form, is a Receipt to be signed by you. This Receipt must be signed and dated and delivered to us at least 14 calendar days before signing of the Franchise Agreement or payment of any fee by you.

**EXHIBIT A**  
**FRANCHISE AGREEMENT**

**Kline Franchising, Inc.  
Data Sheet**

Franchisee: \_\_\_\_\_

Guarantors: \_\_\_\_\_

Operations Manager: \_\_\_\_\_

Effective Date: \_\_\_\_\_

Accepted Location: \_\_\_\_\_

Site Selection Area: \_\_\_\_\_

Territory: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Facsimile Number: \_\_\_\_\_

Initial Franchise Fee: \_\_\_\_\_

**Notices: Any notice or demand given or made under this Agreement must be served as follow:**

Franchise Notice Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Email: \_\_\_\_\_

**The terms of this Data Sheet are hereby incorporated**

## Site Selection Area Map



**Kline Franchising, Inc.**  
**FRANCHISE AGREEMENT**

Table of Contents

Page

I.	FRANCHISEE’S ACKNOWLEDGEMENT OF BUSINESS RISK & ABSENCE OF GUARANTEE .....	2
II.	FRANCHISEE’S ACKNOWLEDGMENTS CONCERNING RECEIPT AND THOROUGH EVALUATION OF AGREEMENT .....	2
III.	NO PROJECTED OR FORECASTED FRANCHISE SALES, PROFITS OR EARNINGS .....	2
IV.	RELATIONSHIP OF THE PARTIES .....	3
V.	FRANCHISE GRANT .....	3
VI.	TERRITORY .....	3
VII.	TERM AND RENEWAL OF AGREEMENT .....	6
VIII.	FRANCHISEE’S INITIAL INVESTMENT .....	8
IX.	FRANCHISEE’S INITIAL FRANCHISE FEE .....	8
X.	OTHER FEES .....	8
XI.	FINANCING ARRANGEMENTS .....	12
XII.	GENERAL OBLIGATIONS OF FRANCHISEE .....	12
XIII.	OBLIGATIONS OF FRANCHISEE RELATING TO INSURANCE .....	31
XIV.	OBLIGATIONS OF FRANCHISEE RELATING TO ACCOUNTING AND RECORDS .....	33
XV.	SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO USES OF NAMES AND MARKS .....	35
XVI.	SPECIFIC OBLIGATIONS OF THE FRANCHISEE RELATING TO CONFIDENTIALITY OF PROPRIETARY INFORMATION .....	39
XVII.	SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO TAXES, PERMITS AND LAWSUITS .....	40
XVIII.	SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO INDEMNIFICATION .....	41
XIX.	MISCELLANEOUS COVENANTS OF FRANCHISEE .....	42
XX.	OBLIGATIONS OF THE FRANCHISOR: SUPERVISION, ASSISTANCE OR SERVICES .....	44
XXI.	VARYING STANDARDS .....	50
XXII.	RELOCATION, ASSIGNMENT, TRANSFER, SALE OR REPURCHASE OF FRANCHISED BUSINESS .....	50
XXIII.	TERMINATION OF FRANCHISE .....	54
XXIV.	FRANCHISEE’S OBLIGATIONS UPON TERMINATION OR EXPIRATION .....	58
XXV.	PROVISIONS RELATING TO ENFORCEMENT .....	60
XXVI.	NOTICES .....	64
XXVII.	COUNTERPARTS .....	64
XXVIII.	TIME IS OF THE ESSENCE .....	64
XXIX.	APPROVALS AND WAIVERS .....	64
XXX.	AUTHORITY .....	65
XXXI.	FURTHER REPRESENTATIONS AND WARRANTIES BY THE FRANCHISEE .....	65

SCHEDULE 1: AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS

SCHEDULE 2: PRE-EXISTING BUSINESSES

SCHEDULE 3: CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS

SCHEDULE 4: INDIVIDUAL GUARANTY

SCHEDULE 5: COLLATERAL ASSIGNMENT OF LEASE

SCHEDULE 6: STATEMENT OF OWNERSHIP INTERESTS AND PRINCIPALS

SCHEDULE 7: CONFIDENTIALITY AND NON-COMPETE AGREEMENT

SCHEDULE 8: CONFIDENTIALITY AND NON-COMPETE AGREEMENT (TEMPLATE FOR REVIEW AND USE BY FRANCHISEE)

**Kline Franchising, Inc.**  
**FRANCHISE AGREEMENT**

**THIS FRANCHISE AGREEMENT** (“Agreement”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 202\_\_ by and between Kline Franchising, Inc., a North Carolina corporation, hereinafter sometimes referred to as “KFI” or “Franchisor; Franchisee identified on the Data Sheet, hereinafter known as “you” or “Franchisee.” For ease of reference, Kline Franchising, Inc. will also be referred to as “we”, “us” or “our” in this Agreement. The persons signing as Franchisee or Owners will also be referenced to herein individually as “you” or “yours” or collectively as “Franchisee.” The parties hereto are entering into this Agreement to evidence the agreement and understanding between the parties as follows:

**RECITALS**

A. Franchisor has developed a uniform system for the establishment and operation of a fitness facility that offers its members (“Members”) group fitness sessions using fitness programs and high intensity workout routines, membership options, nutrition coaching and meal planning programs (collectively referred to as “Services”) in addition to limited supplements and fitness-related apparel, products and merchandise for sale (collectively referred to as the “Products”) at any Burn Boot Camp® franchised location (hereinafter referred to as the “Franchise,” the “Franchise Business,” the “Franchised Business,” “Facility” or “Business”); and

B. Franchisor identifies its system by means of certain trade names, service marks, trademarks, logos, emblems, trade dress and other indicia of origin, including but not limited to the mark “Burn Boot Camp®” and such other trade names, service marks, trademarks and trade dress as are now designated (or may be designated hereafter by Franchisor in writing) for use in connection with our System (referred to as the “Names and Marks,” “Names” or “Marks”); and

C. Franchisor has entered into an exclusive license (“License Agreement”) with Devan Kline Fitness, LLC for the right to use and sublicense to our franchisees the Names, Marks and other property in connection with the operation of a Burn Boot Camp® business and has developed expertise (including confidential information) and a unique, distinctive and comprehensive system (“System”) for the establishment and operation of Businesses; and

D. Franchisor continues to develop, use, and control the use of such Names and Marks to identify for the public the source of services and products marketed thereunder and under its System, and to represent the System’s high standards of consistent quality, appearance, and service; and

E. Franchisor has established substantial goodwill and business value in its Names and Marks, expertise and the System; and

F. Franchisor has the right to license the System, including expertise for conducting and operating a business under the Marks; and

G. Franchisee desires to obtain a franchise from Franchisor for the right to use the Names and Marks and the expertise for operating a Burn Boot Camp® Franchised Business, and to obtain the benefits and knowledge of Franchisor’s System including, but without limitation, Franchisor’s different membership options, fitness programs and workout routines; specific methods and techniques, nutrition programs, exercise equipment, products and operational procedures; relationships with vendors and suppliers, purchasing strategies, sales techniques and methods; build out specifications, guidelines for hiring, training and retaining employees, advertising, sales and promotional programs; cost controls, management, administrative and record keeping procedures; and in general a style, method and procedure of business operation utilizing the Names and Marks and System, all as a Franchisee of Franchisor; and

H. Franchisee recognizes the benefits to be derived from being identified with and licensed by Franchisor and Franchisee understands and acknowledges the importance of Franchisor's high standards of quality, appearance, and service and the necessity of operating the Business in conformity with Franchisor's standards and specifications.

**NOW, THEREFORE**, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the parties hereto, intending to be legally bound, do hereby agree as follows:

**I. FRANCHISEE'S ACKNOWLEDGEMENT OF BUSINESS RISK & ABSENCE OF GUARANTEE**

Franchisee, and if you are an "Entity" such as a limited liability company, a partnership, corporation or other type of entity then each person or Entity holding any type of ownership interest in the Entity (each an "Owner"), hereby represents that Franchisee has conducted an independent investigation of the Franchisor's business and System and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will depend upon Franchisee's abilities as an independent businessperson. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received, any warranty or guarantee, express or implied, as to the potential volume, profits, sales, revenues, or success of the business contemplated by this Agreement. 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. Except as otherwise provided under applicable state law or regulation, Franchisee hereby releases Franchisor, any owners of a direct or indirect interest in Franchisor, all employees of Franchisor, its affiliated companies and all agents of Franchisor, from liability based on any such warranties, guarantees, representations or agreements, to the extent permitted by law.

**II. FRANCHISEE'S ACKNOWLEDGMENTS CONCERNING RECEIPT AND THOROUGH EVALUATION OF AGREEMENT**

A. Franchisee acknowledges having received, read, and understood this Agreement, the Franchise Disclosure Document, and attachments thereto. Franchisee further acknowledges that Franchisor has accorded Franchisee ample time and opportunity to consult with independent legal counsel and other advisors of its own choosing concerning the potential benefits and risks of entering into this Agreement. Franchisee acknowledges that it has received a completed copy of this Agreement, exhibits, attachments and schedules (collectively, the "Schedules") referred to herein, and agreements relating hereto, as well as the Franchise Disclosure Document at least fourteen (14) calendar days prior to the date on which this Agreement was executed and any money was paid for the franchise.

B. Franchisee acknowledges that it has read and understands this Agreement, the Schedules and any agreements relating thereto, and that Franchisee has been advised by a representative of Franchisor to consult with an attorney or advisor of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement prior to its execution. The only representations, warranties and obligations of Franchisor are those specifically set forth in the Franchise Disclosure Document, or the Area Development Agreement if the Franchisee is also an Area Developer, and this Agreement. Franchisee must not rely on, and the parties do not intend to be bound by, any statement or representation not contained therein.

**III. NO PROJECTED OR FORECASTED FRANCHISE SALES, PROFITS OR EARNINGS**

Franchisee, and each Owner or other person related to Franchisee who executes this Agreement, acknowledges that neither Franchisor nor any officer, director, employee or agent of Franchisor has made, and Franchisee has not received or relied upon, any express written or verbal information, representations, assurances, warranties, guarantees,

inducements, promises or agreements concerning the actual, average, projected or forecasted franchise sales, revenues, profits, earnings, margins, or likelihood of success that Franchisee might expect to achieve from operating the Business (defined as “Financial Performance Representations”), except as set forth in the Franchise Disclosure Document reviewed by Franchisee or its representatives.

#### IV. **RELATIONSHIP OF THE PARTIES**

This Agreement does not create a fiduciary relationship between Franchisor or Franchisee. Franchisee is an independent contractor responsible for full control over the internal management and daily operation of its 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 or its affiliates’ 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 must contain Franchisee’s corporate or fictitious name and a conspicuously displayed notice in the place Franchisor designates, that Franchisee operates its Business as an independently owned and operated Burn Boot Camp® Business and that Franchisee independently owns and operates the Business as a System franchisee. Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on Franchisor’s or its affiliates’ behalf, or to incur any debt or other obligation in Franchisor’s or its affiliates’ name; and Franchisor will in no event assume liability for, or be deemed liable hereunder as a result of any such action; nor will Franchisor be liable by reason of any of Franchisee’s acts or omissions in operating the 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.

#### V. **FRANCHISE GRANT**

Franchisor hereby grants to Franchisee, upon the terms and conditions herein contained and subject to this Agreement, a non-exclusive license to establish and operate one Burn Boot Camp® Business under the System and Marks, and the right to use the System and Marks to operate the Business. Franchisor has the right to supplement, improve or otherwise modify the System from time to time in its discretion, and Franchisee must comply with all changes, which may include, without limitation, the offer and sale of new or different products and services. Nothing in this Agreement gives Franchisee any other right, title or interest in any of the Marks or the System, which remain the sole and exclusive property of Franchisor. The foregoing grant to Franchisee does not include: (i) any right to offer any product or service via e-commerce without prior approval by Franchisor; (ii) any right to establish an independent website or to establish a URL incorporating the Marks or any variation thereof; (iii) any right to distribute, market, or implement Franchisor’s products and services in any channel of distribution not specifically identified in this Agreement; or (iv) any right to sell products or services at wholesale prices from the Franchised Business. This Agreement includes no right of Franchisee to sub-franchise. Franchisee shall not, under any circumstances, engage in any wholesale trade or sale of System Products, exercise equipment and/or Software for resale and/or independently act as an exclusive distributor for any third-party vendor or secure any exclusive rights for any System Product, exercise equipment and/or Software or non-System products, exercise equipment or software without our written consent.

#### VI. **TERRITORY**

A. Except as otherwise provided for in this Agreement, as long as Franchisee is in compliance with the terms and conditions hereof, Franchisor will not establish, nor license any other person the right to establish, another Burn Boot Camp® Business at any location within the Territory granted to you after a location is chosen for your Facility and

described in the Data Sheet annexed hereto, which is hereby incorporated into the Franchise Agreement (the “Territory”). Your Territory will not be exclusive in terms of marketing rights or clientele, as further described below. The Territory is determined once a location is chosen and approved by us, and will not be altered even if there is a population increase or decrease during the term of this Agreement. The Territory is not dependent upon achievement of certain revenues, number of Members Franchisee retains, memberships sold, market penetration or any other contingency.

B. Franchisee must operate the Business only at the location Franchisor approves of in writing, which will be identified in the Data Sheet attached to this Franchise Agreement (the “Accepted Location”). The Accepted Location must be used solely to operate a Business, and not for any other purpose. Franchisee may not conduct business at any other location or locations other than the Accepted Location identified above; however, Franchisee may conduct business at off-site events (for example at fitness expos, health fairs, promotional events, charity events, etc.) to sell Services and/or Products as long as such events are within Franchisee’s Territory. If the Accepted Location is not known as of the date this Agreement is signed, then Franchisee must find an approved site located within the Site Selection Area described in the Data Sheet attached to this Franchise Agreement.

C. Franchisee must operate its Facility within the Territory. Franchisee is not restricted as to the geographic area into which Franchisee may sell Services and Products (including exercise equipment if Franchisor authorizes Franchisee to sell exercise equipment in the future) and can sell to anyone from anywhere, so long as the Services Franchisee performs and Products Franchisee sells are being performed and shipped from the Facility within the Territory at the Accepted Location or conducted at off-site events as described below. Franchisee may not perform any Target Marketing into the territory of another System franchisee, licensee or company-owned business. The term “Target Marketing” means a concerted effort by Franchisee to solicit and obtain Members by any type of advertising or marketing directed at all or a portion of another franchisee’s or licensee’s territory, company-owned business or any unassigned area. Franchisor shall use commercially reasonable efforts to deal with any franchisee that violates this policy. Franchisee is prohibited from selling Services and/or Products (including exercise equipment if Franchisor authorizes Franchisee to sell exercise equipment) through any alternative channels of distribution (such as Websites as defined below) without our prior written approval. Approval may be revoked in Franchisor’s sole discretion.

D. If Franchisee is asked by a third party to conduct business at off-site events (such as fitness expos, health fairs, promotional events, charity events, etc.) in geographical areas within the territory of another System franchisee, licensee or company-owned business, Franchisee must immediately refer that request to the Burn Boot Camp® business whose territory encompasses that geographical area or directly to Franchisor. Franchisee must not conduct business at off-site events in the territory of another System franchisee, licensee or company-owned business. If the other franchisee, licensee or company-owned business gives Franchisee permission to conduct business at such off-site events, then Franchisee must immediately inform Franchisor in writing and Franchisee can then proceed to conduct business at such off-site event. If there is not a Burn Boot Camp® business in that geographical area, then Franchisee must submit a request to conduct business at off-site events to Franchisor, and upon Franchisor’s written approval, Franchisee can proceed. However, Franchisee must immediately cease conducting business at such events if the geographical area is purchased or assigned to another System franchisee or licensee. Franchisor shall approve or deny Franchisee’s request to conduct business at off-site events in other geographical areas not owned by other franchisees, licensees, Franchisor or its affiliates, which approval is in Franchisor’s sole discretion, within three (3) days of Franchisee’s written request. If we do not timely respond then your request will be deemed denied.

E. If, during the term of this Agreement, Franchisee is unable to promptly and properly provide Services to Members due to excessive work or for any other cause, Franchisee must refer that Member to another System franchisee, licensee, company-owned business or to Franchisor. If Franchisee fails to: (i) refrain from Target Marketing; or (ii) refer off-site events or Members as described herein, Franchisor will have the right to terminate this Agreement as described in

Section XXIII.B of this Agreement. For any default of this Agreement which triggers Franchisor's ability to terminate, as an alternative to termination, Franchisor will have the right, in its sole discretion, to modify or completely eliminate any rights Franchisee may have with respect to the Territory, effective ten (10) days after delivery of written notice to Franchisee as provided in Section XXIII.E.

F. We may, from time to time, establish certain programs for the benefit of franchisees and the System whereby Burn Boot Camp® franchisees will be permitted to provide Services and/or Products in accordance with the specifications described in any particular program established by us. Currently in effect is our National Account program. The National Account program is defined as follows:

1. The term "National Account" means a special class of Members which may include but are not limited to large businesses, national organizations or non-profit organizations with outlets located in multiple territories and government agencies who on their own behalf or through agents, franchisees or other third parties owns, manages, controls or otherwise has responsibility for products, buildings or common-services in more than one location whose presence is not confined within any one particular franchisee's Territory regardless of the aggregate contract amount of Services and/or Products the Franchisee performs or provides. Any dispute as to whether a particular account is a National Account shall be determined by Franchisor in its sole and absolute discretion, and Franchisor's determination shall be final and binding;

2. Franchisor shall have the exclusive right, unless otherwise specified in writing, on behalf of itself, Franchisee and/or any other franchisees utilizing the Marks, to negotiate and enter into agreements or approve forms of agreement to offer Services and Products to National Account customers, including any affiliate, company owned or franchised locations within the Territory;

3. Following the execution of a contract with or the acceptance of a bid by a National Account which contemplates the provision of Services or Products to one or more National Account locations within the Territory, Franchisor will, if Franchisee is qualified and not in default under any terms of this Agreement and any addendum, provide Franchisee the option to perform Services and/or offer Products pursuant to the terms and conditions of the National Account contract or on such terms and conditions as we in our sole discretion determine;

4. If Franchisee elects not to provide Services and/or Products to a National Account in conformity with the terms and conditions of the National Account bid or contract, or fails to make an election within the time specified by Franchisor, of being offered the opportunity by Franchisor, then Franchisor shall have the right, exercisable in its sole discretion and without compensation to you, to:

- (a) Provide directly or through any other affiliate or franchisee utilizing our Marks, Services and/or Products to a National Account location(s) within the Territory on the terms and conditions contained in the National Account bid or contract; and/or
- (b) Contract with another party to provide Services and/or Products to a National Account location(s) within the Territory on the terms and conditions contained in the National Account bid or contract between Franchisor and the National Account Member, utilizing Franchisor's Marks or any trademarks, service marks or trade names.

5. Neither the direct provision by Franchisor (or a franchisee, affiliate or agent of Franchisor) of Services or Products to National Account customers as authorized in (i) above, nor if Franchisor contracts with another party to provide Services or Products as authorized in (ii) above, shall constitute a violation of Section VI of this Agreement

relating to the Franchisee's Territory, even if such Services and/or Products are performed or offered from a location within the Territory. Franchisee disclaims any compensation for Services performed or Products provided by others in the Territory pursuant to this section.

G. Franchisee's rights in the Territory are exactly (and only) as expressly set forth in this Section VI. Except as expressly provided in this Agreement, Franchisee has no right to exclude, control or impose conditions on the location, operation, or otherwise of present or future Burn Boot Camp® (or any other brand) units or distribution channels of any type, franchised or company-owned, regardless of their location or proximity to the Business and whether or not they provide Services or Products within the Territory. Franchisee does not have any rights with respect to other and/or related businesses, services, and/or products, in which Franchisor or any Franchisor-related persons or entities may be involved, now or in the future. Any rights not expressly granted to the Franchisee are reserved to the Franchisor. Such rights reserved to the Franchisor include but are not limited to the following:

6. Establish, and license others to establish, Burn Boot Camp businesses at any location outside the Territory, notwithstanding their proximity to the Territory or Franchisee's Location (defined below) or their actual or threatened impact on sales at Franchisee's Burn Boot Camp business;
7. Own and operate health and fitness businesses under different marks at any location(s) inside or outside of the Territory, or license to others the right to own and operate health and fitness businesses under different marks at any location(s) inside or outside of the Territory;
8. Sell and distribute, directly or indirectly, or license others to sell and distribute, directly or indirectly, any products, services or merchandise, from any location or to any purchaser, through any channel or method of distribution (including, but not limited to, sales made by or through mail order and/or on the Internet), so long as such sales are not conducted from a Burn Boot Camp business operated from a location inside the Territory;
9. In the event Franchisor or its affiliates acquire another chain or system, or Franchisor or its affiliates are acquired by another chain or system, that operates and/or franchises stores or retail outlets that are the same or similar to Burn Boot Camp® businesses in that they have a substantially similar concept and/or offer for sale similar products or services, Franchisor or its affiliates may establish, acquire or operate, or license others to establish and operate, stores and retail outlets under other systems or other marks, which stores or retail outlets may offer or sell products or services that are the same as, or similar to, the products and services offered from a Burn Boot Camp® business, and which stores or retail outlets may be located within or outside the Territory, despite these stores' proximity to Franchisee's Business or their actual or threatened impact on sales at Franchisee's Business; and
10. Engage in any other activities not expressly prohibited by this Agreement.

Franchisee's Territory may be altered during the initial term, but only by: (i) mutual consent in writing from both Franchisee and Franchisor; (ii) at the time of transfer or renewal as a condition to transfer or renewal; or (iii) for any default of this Agreement which triggers Franchisor's ability to terminate as described above.



## VII. TERM AND RENEWAL OF AGREEMENT

### A. Term

The franchise herein granted for a Burn Boot Camp® Business shall be for a term of five (5) years from the date of execution and acceptance (the “Effective Date”) of this Agreement by us and subject to earlier termination as herein provided.

### B. Renewal

Franchisee shall have the option to renew this Agreement for up to two (2) additional terms of five (5) years each, provided Franchisor is still offering franchises at that time, and further subject to the following conditions, all of which must be met prior to renewal:

1. Franchisee shall give the Franchisor written notice of its election to renew not more than eighteen (18) months and not less than twelve (12) months prior to the end of the then current term;

2. Franchisee has demonstrated to Franchisor’s satisfaction that Franchisee has the right to operate the Business at the Accepted Location (defined in Section VI above) for the duration of the renewal term; or, if Franchisee is unable to operate the Business at the Accepted Location, Franchisee has secured a substitute location meeting Franchisor’s then-current standards and specifications;

3. Franchisee must not be in default under any provision of the Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisor and Franchisee, and Franchisee shall have complied with all the terms and conditions of all such agreements during the terms thereof;

4. Franchisee’s right to renew is contingent on satisfactory performance of and full compliance with this Agreement. Franchisor may refuse to renew the Franchise if: (a) Franchisee has failed to use its best efforts to operate the Franchised Business to Franchisor’s satisfaction; (b) the Franchise is terminable by law or under this Agreement; (c) Franchisee fails to give timely written notice of its exercise of its renewal option; (d) Franchisor is withdrawing from franchising in the geographic market Franchisee serves; (e) Franchisee fails to satisfy Franchisor’s then-current standards for new franchisees or (f) Franchisee is in default of this Agreement;

5. Franchisee shall have satisfied all monetary obligations owed by Franchisee to Franchisor and its affiliates, and shall have timely met these obligations throughout the previous term;

6. Franchisee shall execute Franchisor’s then-current form of Franchise Agreement, which agreement shall supersede this Agreement in all respects, and the terms of which may differ materially from the terms of this Agreement, and renewal may be for the same designated area as outlined in Section VI, or Territory, above;

7. Franchisee pays Franchisor a renewal fee equal to \$10,000;

8. Franchisee shall comply with Franchisor’s then-current qualification and franchisee education requirements;

9. Franchisee must execute a general release, in a form prescribed by Franchisor releasing any and all claims against Franchisor and its affiliates, and their respective owners, officers, directors, managers, agents and employees, if such release is not in conflict with any local, state or federal laws; and

10. Franchisee has upgraded, remodeled and/or refurbished the Facility (both inside and outside) in order to meet our then-current standards. All signage, graphics, exercise equipment, furnishings, fixtures, computers, iPads, software and any other products that are necessary to operate the Business as determined by us, in our sole discretion, must be updated to meet our then-current requirements. All remodeling, modernization, redecoration, or replacements will be completed at Franchisee's expense in accordance with our specific standards and specifications.

## VIII. FRANCHISEE'S INITIAL INVESTMENT

Franchisee's initial investment will vary depending upon the size of the Facility, the location of the Facility, build-out expenses, the time of year Franchise opens for business, the amount of exercise equipment, products and supplies Franchisee purchases, number of trainers and administrative staff Franchisee hires, implementation of a marketing plan, Franchisee's management skills, economic conditions, competition in the surrounding area and other factors. Franchisee hereby certifies that he or she has reviewed the estimated initial investment and start-up costs as detailed in the Franchise Disclosure Document, and has sufficient cash resources available to meet said expenses. These start-up costs include the initial franchise fee.

## IX. FRANCHISEE'S INITIAL FRANCHISE FEE

### A. Time Limit for Starting Business

Time is of the essence. Franchisee shall maintain the Facility in accordance with the provisions and requirements of Section XII hereof, and must secure a lease that has been approved by Franchisor (as described in Section XII.R) within one hundred eighty (180) days of the execution of this Franchise Agreement and open the Business for operation (the "Opening") three hundred (300) days of the date of execution of this Franchise Agreement (or earlier as provided in an Area Development Agreement, if applicable) which includes having obtained our approval prior to opening. The Opening requires that Franchisee has qualified for and has obtained all necessary licenses and permits needed to perform Services and offer Products. Franchisor may grant Franchisee, at its sole discretion, a period no longer than ninety (90) days past the allotted time within which to secure a lease and/or open the Business. Prior to opening, Franchisee shall complete, to our satisfaction, all the build-out and preparations of the Business, in accordance with specifications set forth in the Operations Manual, and as required by local governmental agencies, including installation of all furnishings and fixtures, the acquisition of exercise equipment, computers, iPads, software, sound system, Products, supplies and inventory, completion of Franchisor's initial education program, and provision to Franchisor of all required local information, artwork and photos for the completion of the Franchisee's website. Upon Franchisee's failure to (i) agree on a Territory and/or timely satisfy the Opening requirement within three hundred (300) days from the Effective Date (or earlier as provided in an Area Development Agreement, if applicable); or (ii) acquire a lease within one hundred eighty (180) days of the execution of this Franchise Agreement then Franchisor may, at its sole discretion, terminate this Agreement.

### B. Initial Franchise Fee

In consideration of the franchise granted to you, you must pay us a lump sum initial franchise fee of \$60,000, in full, when you sign this Agreement. The initial fee is deemed fully earned and non-refundable in consideration of administrative and other expenses we incur in granting you the franchise, and for our lost or deferred opportunity to franchise to others.

## X. OTHER FEES

### A. Royalty Fees

1. In addition to the Initial Franchise Fee described in Section IX above, the following recurring payments are required to be made by the Franchisee. The Franchisee pays to Franchisor a “Royalty Fee” of six percent (6%) of total Gross Revenues for each Report Period and is to be received as we specify in writing. “Report Periods” shall be calendar months, weeks or such other period as we may designate from time to time. Royalty Fee payments will be due by the day we specify during each Report Period for the immediately preceding Report Period. For purposes of clarity, Royalty Fees and System Brand Fees are calculated and payable with respect to all Gross Revenues generated by the Business, including all Gross Revenues generated prior to opening.

2. As used in this Agreement, “Gross Revenue” shall include all revenue accrued from the performance of Services and sales of all Products in, at, upon, about, through or from the Business, whether for cash or credit and regardless of collection in the case of credit, and income of every kind and nature related to the Business. This includes all membership-related programs and/or fees (such as initiation fees, termination fees, enrollment fees, processing fees, paid-in-full fees, renewal fees, monthly dues, annual membership fees and all revenues generated and derived during any presale membership programs). Gross Revenue also includes fair market value for any service or product Franchisee receives in barter or exchange for its services and products in addition to all insurance proceeds and/or condemnation awards for loss of sales, profits or business. However, Gross Revenue shall not include: (i) service fees for credit card transactions; (ii) revenues from any sales taxes or other add on taxes collected from Members by Franchisee for transmittal to the appropriate taxing authority; (iii) gratuities paid by Members to Franchisee’s employees; (iv) and the amount of cash refunds the Franchisee in good faith provides to its Members; or (v) certain charitable donations specifically authorized in the Operations Manual. The sale and delivery of all Products and performance of Services away from the facility (such as off-site events) is included in computing Gross Revenue. With respect to the Gross Revenue paid to Franchisor by members purchasing virtual-only memberships, Franchisor will remit to Franchisee a certain portion of the Gross Revenue paid by those members that provide a primary address that is located in Franchisee’s Territory (“Virtual Members”). Specifically, for those Virtual Members, Franchisor will remit to Franchisee the Virtual Members’ Gross Revenue paid to Franchisor (which deducts certain fees paid to Google and Apple), less Royalty Fees and System Brand Fees owed on the Gross Revenues and any other amounts that are past due and owing to Franchisor.

3. Any payment or report not actually received by us on or before the specified date shall be deemed overdue. If any payment is overdue, in addition to the right to exercise all rights and remedies available to us under this Agreement, Franchisee shall pay us a fee of twenty-five dollars (\$25) in addition to the overdue amount, plus interest on such amount from the date it was due until paid at the rate of one and a half percent (1.5%) per month or the maximum rate allowed by the laws of the state in which Franchisee’s Business is located or any successor or substitute law (referred to as the “Default Rate”), until paid in full. If you write us a check that is returned, cancelled or dishonored, or if we debit your bank account and your account has insufficient funds or is inaccessible, you must pay us an insufficient funds fee of one hundred dollars (\$100) for each occurrence.

### B. System Brand Fee and Local Advertising

1. Franchisee will pay a System Brand Fee equal to two percent (2%) of Gross Revenues per Report Period to be paid in the same manner as the Royalty Fee. The System Brand Fee can be increased by us and such increase will not exceed three percent (3%) of Franchisee’s Gross Revenues in any calendar year. If we increase the System Brand Fee, Franchisee will be given ninety (90) days’ notice prior to such increase.

2. System Brand Fee payments are to be received by the Franchisor at the same time, for the same Report Periods and at the same frequency as Royalty Fee payments. This fee will be deposited into our System Brand Fund (the “Fund”) for ongoing technology, new equipment and product development, and such national and regional advertising, marketing and/or public relations programs as we, in our sole discretion, may deem appropriate to promote the Marks and System. The Fund may also be used for: local franchisee group advertising or marketing; local, regional, national or international advertising or marketing; administration of advertising and marketing (including salaries, accounting, collection, legal and other costs), related expenses and any media or agency costs. We will direct all such programs, and will have sole discretion over the creative concepts, materials, endorsements and media used in such programs, and the placement or allocation of such programs. We reserve the right to determine, in our sole discretion, the composition of all geographic territories and market areas for the implementation and development of such programs. Burn Boot Camp® businesses owned or operated by us will contribute to the Fund on same basis as franchisees once the businesses are established.

3. We are not obligated to spend more on advertising and marketing than the amount of the Fund. Any unspent balance in the Fund at the end of the year may be carried over to later years and used for the purposes described in this Agreement. Neither we nor any of our shareholders has any fiduciary duty to the Franchisee regarding any System Brand Account. Franchisee acknowledges that not all System franchisees will benefit directly or on a pro rata basis from such expenditures. While we do not anticipate that any part of Fund contributions will be used for advertising which is principally a solicitation for franchisees, we reserve the right to use the Fund for public relations or recognition of the Burn Boot Camp brand, for the creation and maintenance of a web site, 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.” The Fund is not required to be independently audited. If contributions paid into the Fund are not spent in the fiscal year in which they accrue, we can use the remaining amounts for the same purposes in future years. We will prepare an annual un-audited statement of monies collected and costs incurred by the Fund within 120 days after the end of our fiscal year and furnish it to Franchisee upon written request.

4. Franchisee must participate in Franchisor’s Grand Opening Marketing program and, at Franchisor’s option, utilize the services of Franchisor’s preferred public relations vendor for all or part of the program. Franchisee must spend ten thousand dollars (\$10,000) in local marketing between the execution of this Agreement and two (2) weeks before opening, and then another ten thousand dollars (\$10,000) from two (2) weeks before opening until ninety (90) days after opening.

5. In addition to the System Brand Fund contributions and the Grand Opening Marketing program set forth in above, beginning on Franchisee’s fourth (4<sup>th</sup>) month of operations and for the remainder of the Term, Franchisee shall spend a minimum of \$1,500 a month on local advertisement and promotion as described in Section XII.K of this Agreement.

6. Franchisee’s failure to pay required advertising contributions of any kind is a material breach of this Agreement, subjecting Franchisee to all remedies at law and as set forth in this Agreement.

C. Electronic Funds Transfer

We reserve the right to require Franchisee to remit fees and other amounts due to us hereunder via electronic funds transfer or other similar means utilizing our approved computer system or otherwise. If we notify Franchisee to use such payment method, Franchisee agrees to comply with procedures specified by us and/or perform such acts and deliver and execute such documents, including the attached “Authorization Agreement for Prearranged Payments” attached as Schedule 1, for direct debits from Franchisee’s business bank operating account, as may be necessary to assist in or

accomplish payment by such method. Under this procedure, Franchisee shall authorize us to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees and other amounts payable to us and any interest and related processing fees due. Franchisee shall make funds available to us for withdrawal by electronic transfer no later than the due date for these payments. If Franchisee has not timely reported the Business's Gross Revenue to us (as defined in Section X.A) for any reporting period, then we shall be authorized, at our option, to debit Franchisee's account in an amount equal to: (a) the fees transferred from Franchisee's account for the last reporting period for which a report of the Business's Gross Revenue was provided to us as required hereunder; or (b) the amount due based on information retrieved from our approved computer system and/or software.

D. Technology Fees

Franchisee will be required to use our specific management software for the operation of the Business and must use our approved vendors for the software. The software is specific to the fitness industry and manages Member activity and incorporates contact management, scheduling, payroll and reporting functionality. The current fee for the usage and ongoing support of this software is: (i) \$100 per month commencing with the month in which Franchisee executes the Franchise Agreement through the month in which Franchisee signs the lease or purchase contract for the facility; and (ii) \$450 per month for the remainder of the term of the Franchise Agreement (subject to any periodic adjustments to the technology fee contemplated by this Agreement). This technology fee must be paid to Franchisor and is subject to change. In addition to the technology fee that must be paid to Franchisor, Franchisee shall be responsible for payment of all initial and ongoing licensing, support, updating and other fees to the licensors of any third-party software or technology not covered by the technology fee. The use of the software may require Franchisee to sign a license agreement. It is Franchisee's responsibility to install, maintain and upgrade any hardware necessary to operate the software at its own expense. We, at our sole discretion, may change such software requirements (including approved vendors) at any time and will provide Franchisee with ninety (90) days' written notice to implement such changes. Franchisee acknowledges that Franchisee must comply with such changes in software requirements at its own expense. If Franchisee fails to comply with our software requirements within the timeframe stated above, such failure may be deemed a material breach of this Agreement. We reserve the right to change the manner of payment or the amount of the fee described in this Section, or to impose additional fees, as changes are made to the System's hardware, software and other computer requirements or as required by the third-party service provider(s) or by any regulatory agency.

E. Graphic Design Fee

Franchisor, its affiliates and/or approved vendors will perform all retail designs, create local advertising assets, update and/or promote Franchisee's website, and provide other design services for Franchisee. Franchisee will pay Franchisor, its affiliates or approved vendors its then current rate, not to exceed \$200 per hour (the current hourly rate is \$125 per hour as of the Effective Date of this Agreement). Any requests for changes, edits or updates to Franchisee's website or any type of promotion over the Internet must be approved by Franchisor in writing and the work is to be performed by either Franchisor, its affiliates or approved vendors. Franchisor shall approve or deny Franchisee's request, which approval is in our sole discretion, within thirty (30) days of receipt of Franchisee's written request by email or any other form of written communication. Franchisor may change such website maintenance and promotion requirements, at its sole discretion, and Franchisee shall have ninety (90) days after receipt of Franchisor's written notice within which to adhere to the new website maintenance and promotion requirements at Franchisee's expense, without any liability to the Franchisor. If Franchisee fails to comply with Franchisor's new website maintenance and promotion requirements within the timeframe mentioned above, such failure may be deemed a material breach of this Agreement.

F. Product, Vendor and Exercise Equipment Testing Fee

Franchisee will pay a fee for our approval of any product, vendor and/or supplier or exercise equipment (to the extent not then on our list of approved exercise equipment, products, vendors and suppliers), that Franchisee wishes to use or sell in the operation of the Business which may also require third party testing. The fee is fifty dollars (\$50) for a single product, vendor and/or supplier that Franchisee wishes to use, sell and/or substitute in the Business. The fee is one-hundred fifty dollars (\$150) or the actual cost incurred by us for any piece of exercise equipment that Franchisee wishes to use or sell (if we authorize Franchisee to sell exercise equipment in the future) in the Business. We may waive these fees if the products, vendors, suppliers or exercise equipment that the Franchisee selects meet our requirements and make it on Franchisor's approved list of exercise equipment, products, vendors or suppliers for all franchise locations.

Franchisee must obtain our written approval for the use of such exercise equipment, products, vendors and/or suppliers in the Business (Section XII.H of this Agreement). Franchisor will have thirty (30) days following the receipt of Franchisee's written request to approve or disapprove proposed exercise equipment, products, vendors and/or suppliers. Such approval or disapproval shall be made by e-mail or any other form of written communication. Franchisee also acknowledges that the cost for third party testing is Franchisee's responsibility.

G. Non-Compliance Fee

If we determine that you have violated any of your obligations under this Agreement, including any failure to comply with any standards set forth in the Operations Manual (defined below), we may send you a notice of violation and assess you up to \$1,000 (the "Non-Compliance Fee"), which must be paid within 10 days from your receipt of our notice. The Non-Compliance Fee applies for each notice of violation that we send to you, even if the violation is of the same provision of this Agreement for which you previously received a notice of violation from us. We reserve all other rights and remedies available to us.

XI. FINANCING ARRANGEMENTS

Franchisee hereby acknowledges that financing is the responsibility of the Franchisee. The Franchisor does not finance or guarantee the obligations of the Franchisee for a Burn Boot Camp® Business.

XII. GENERAL OBLIGATIONS OF FRANCHISEE

A. Follow Operations Manual and Directives of Franchisor

Franchisee agrees that use of Franchisor's System and adherence to our Operations Manual (the "Operations Manual" or "Manual"), in compliance with Franchisor's standardized design and specifications for décor, signage and uniformity of the Business are essential to the image and goodwill thereof. The Manuals contain mandatory and suggested specifications for the Business, standards and operating procedures and further define Franchisee's obligations under this Agreement. Franchisor may change or add to the Manuals to reflect changes in its image, specifications and procedures and methods of operation and will lend Franchisee copies of any changes or additions. Franchisee shall cooperate and assist Franchisor with any customer or marketing research program, which Franchisor may institute from time to time. Franchisee's cooperation and assistance shall include, but not be limited to, the distribution, display and collection of surveys, comment cards, questionnaires, evaluations and similar items.

B. Operate Franchised Business Only

Franchisee shall use the System and the Names and Marks provided to Franchisee by us for the operation of the Business and shall not use them in connection with any other line of business or any other activity. Neither Franchisee, nor any of its employees, may conduct any business at the Facility other than that authorized pursuant to this Agreement, without the prior written approval of Franchisor. Neither Franchisee, nor any of its employees, may conduct any activity at the Facility or in connection therewith which is illegal or which could result in damage to the Names and/or Marks or the reputation and goodwill of Franchisor. Franchisee will not allow the Franchised Business to be used for any immoral, unethical, unauthorized or illegal purpose. Franchisee must conduct all business through the Burn Boot Camp® Business unless otherwise approved by us in writing. Franchisee must disclose to us any pre-existing businesses and sign and deliver to us, along with a signed copy of this Agreement, the Schedule 2 “Pre-Existing Businesses” attached to this Agreement.

C. Comply with Laws

1. Franchisee must comply with all applicable federal, state and local laws, ordinances and regulations regarding the operation of the Business including, without limitation, all government regulations relating to health club membership agreements and fitness centers generally, occupational hazards and health (including but not limited to OSHA), dispensing of perishable items, consumer protection, trade regulation, worker’s compensation, unemployment insurance, withholding and payment of federal and state income taxes and social security taxes and sales, use and property taxes, and the applicable provisions of the Americans with Disabilities Act (“ADA”) regarding the construction, design and operation of the Business.

2. Franchisee’s obligations with respect to compliance with all applicable laws and regulations as set forth in Section XII.C(1) above, expressly includes for the avoidance of doubt, compliance with all laws and regulations regarding music licensing (e.g. ASCAP and BMI) the privacy and security of credit card data and all other data privacy and security laws, including without limitation those regarding unsolicited communications, text messaging and other consumer communications (expressly including the CAN-SPAM Act of 2003 (“CAN-SPAM”) the Telephone Consumer Protection Act of 1991 (“TCPA”)). Furthermore, with respect to credit card transactions and Member information obtained through credit card usage, Franchisee agrees to protect the privacy of credit card holders and must, at all times, comply with the Payment Card Industry Data Security Standard (PCI-DSS) as outlined by the Payment Card Industry Security Standards Council (or such similar or successor standards organization that we may designate), whether or not compliance with PCI-DSS is mandated for Franchisee under applicable law or contracts. Copies of all subsequent inspection reports, with the conduct of a Burn Boot Camp® business which indicates the Franchisee’s failure to meet or maintain governmental or industry standards, or less than substantial compliance by the Franchisee with any applicable law, rule, regulation or industry standard, shall be forwarded to the Franchisor within five (5) days of the Franchisee’s receipt thereof. Franchisee agrees to defend, hold harmless, and indemnify us under Section XVIII of this Agreement which includes any claims arising out of Franchisee’s failure to perform Franchisee’s obligations as described above, including reasonable attorneys’ fees and expert witness fees.

3. Franchisee acknowledges that Franchisor requires that any individual who plans on instructing any camps be certified by a personal training program accredited by the National Commission for Certifying Agencies (“NCCA”), in addition to being CPR and first aid certified, and must maintain such certifications.

4. Franchisee shall agree to comply and/or assist us in our compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to antiterrorist activities, including without limitation the U.S. Patriot Act, Executive Order 13224 and related U.S. Treasury and/or other regulations. In connection with such

compliance efforts, Franchisee agrees not to enter into any prohibited transactions and to properly perform any currency reporting and other activities relating to the Franchise Business as may be required by law. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such laws, orders and/or regulations, and specifically acknowledges and agrees that Franchisee's indemnification responsibilities as provided in Section XVIII pertain to Franchisee's obligations hereunder.

D. Maintain Confidentiality of Proprietary Information

1. Neither Franchisee nor any of its Owners, officers, directors, shareholders, partners, members, agents, employees or independent contractors (if you are an Entity), except as required in the performance of the duties contemplated by this Agreement, may disclose or use at any time, whether during the terms of this Agreement or thereafter, any confidential and proprietary information disclosed to or known by Franchisee or any such person as a result of this Agreement. Such information, includes, but shall not be limited to, confidential matters, trade secrets, our Services including specific methods and techniques when executing our workout routines; fitness programs, membership options, nutrition programs, exercise equipment, Products and operational procedures; relationships with vendors and suppliers, purchasing strategies, sales techniques and methods; our build out and design specifications with unique décor, color scheme and signage; advertising, sales and promotional programs; promotional advertising and marketing materials; cost and pricing strategies, procedures for safety and quality control, our website, software, applications for mobile devices, forms, contracts, record keeping and reporting procedures, proprietary information conceived, originated, discovered, or developed by Franchisee or by any employee or independent contractor of Franchisee which is not generally known in the trade or industry about Franchisor's Services or Products, including information relating to discoveries, ideas, production, purchasing, accounting, engineering, website development and design, marketing, merchandising or selling of Services and Products (collectively referred to as "Confidential Information" and further defined in Section XVI.A of this Agreement).

2. Franchisee further acknowledges that the Confidential Information was unknown to Franchisee prior to negotiation for and execution of this Agreement and that the unique and novel combination of "know how," exercise equipment, fitness programs and workout routines, Services, Products, methods and techniques developed by Franchisor and licensed to Franchisee for the operation of a Burn Boot Camp® Business are particular to a Burn Boot Camp® business. Franchisee agrees to take all steps necessary, at Franchisee's expense, to protect the Confidential Information and shall not release it to any person that does not have a need to know, including employees, agents and independent contractors, either during the term or after the expiration or termination of this Agreement without our prior written consent. Franchisee further agrees that it will not contest in any manner the Franchisor's ownership rights to any or all of the above Confidential Information.

E. Maintain and Renovate Facility

Franchisee shall at all times maintain the Facility and all exercise equipment, furnishing, fixtures and signage in a clean, orderly condition and in first class repair in accordance with all maintenance and operating standards set forth in the Manual. Franchisee shall make, at Franchisee's expense, all additions, repairs, replacements, improvements and alterations that may be determined by Franchisor to be necessary so that the facilities which are viewed by the public will conform to the uniform corporate image, as may be prescribed by Franchisor from time to time. Franchisee shall undertake and complete such additions, repairs, replacements, improvements and alterations within the time and under the terms and conditions which may be reasonably specified by Franchisor.

If at any time, in our sole and absolute discretion, the general state of repair, appearance or cleanliness of the Facility or its fixtures, furnishings or signage does not meet our standards, Franchisee expressly agrees that we have the



right to notify Franchisee, specifying the action Franchisee must take to correct the deficiency. If Franchisee does not initiate action to correct such deficiencies within ten (10) days after Franchisee receives our notice, and then does not continue in good faith to complete any required maintenance and refurbishing, we have the right, in addition to all other remedies, to enter the premises of the Facility and do any required maintenance or refurbishing on Franchisee's behalf, and Franchisee agrees to reimburse us on demand for any expenses we incur.

F. Maintain Competent Staff

Franchisor will create, and make available to Franchisee, and its Owners if Franchisee is an Entity, education and training programs and other selected education and training materials, as Franchisor deems appropriate. Franchisee must staff a position to have day-to-day supervision for the operation and management of the Business. Franchisee must designate 1 trainer ("Head/Lead Trainer") that is responsible for overseeing the training portion of the Business that has successfully completed those portions of the franchisee education program for trainers. Franchisee may act as the Head/Lead Trainer only if Franchisee receives Franchisor's prior written consent. Additionally, Franchisee must have a person to personally oversee the operations of the Business ("Operations Manager"). Franchisee may act as the Operations Manager. The Operations Manager must have completed those portions of the franchisee education program for operations managers. You may choose to have your Head/Lead Trainer supervise the operation and management of your Business, or you may choose a separate manager, which can include one of the Owners. The Operations Manager may, but need not, be Franchisee or one of the Owners, if Franchisor approves Franchisee or an Owner in writing prior to assuming the role of Operations Manager. Franchisee's Head/Lead Trainer must be readily and continuously available to Franchisor. Franchisee will keep Franchisor advised, in writing, of all management personnel involved in the Business. Franchisee must replace and train a replacement Head/Lead Trainer in accordance with Franchisor's franchisee education program. Replacement Head/Lead Trainers or other staff may attend Franchisor's franchisee education program at Franchisor's then-current fee (currently, the fee for Additional Education Sessions is the lesser of \$150 per hour or \$300 per day, per team member, plus Franchisor's expenses as described in Section XX.A of this Agreement, the fee for Regional Continuing Education is \$200 per person, per session, and the fee for additional Burn U attendees is \$1,500 per additional individual attendee) and subject to space availability. Franchisee or its Head/Lead Trainer is responsible for all travel, room, board and food.

Franchisee must also hire adequate staff to provide childwatch services. We may, in our sole discretion, waive the requirement for Franchisee to provide childwatch services if we determine, in our sole discretion, that childwatch services are not likely to be expected by customers at the Accepted Location.

Franchisee will have sole authority and control over the day-to-day operations of the 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, 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 employees be deemed to be employees of Franchisor or its affiliate. Franchisee shall properly hire employees (subject to applicable employee protection laws), which includes carefully screening employees by the use of background checks and drug testing, before employing them, to ascertain fitness for employment.

Franchisee will require its employees to wear uniform dress bearing our Names and Marks while working at the Business and while executing Services. Such uniform dress shall be of the design and color as we may prescribe from time to time, as set forth in the Operations Manual.

Franchisee will keep us advised, in writing, of all management and non-management personnel involved in the operation of the Business.

G. Operate Business in Strict Conformity to Requirements

1. Franchisee shall operate the Business in strict conformity with such standards, techniques, and operational procedures as Franchisor may from time to time prescribe in the Operations Manual, or otherwise in writing, and shall not deviate from such standards without Franchisor's prior written consent. Franchisee agrees to purchase all furniture, fixtures, equipment, computer systems, iPads and a sound system and agrees to operate, service, repair, maintain and clean such items according to Franchisor's standards as outlined in the Operations Manual. Franchisee must keep all furniture, fixtures, equipment, computers, iPads and sound systems in clean and good working order at all times and purchase only approved parts to repair such items from Franchisor's approved vendors and suppliers. All maintenance must be performed by Franchisor's approved vendors. Franchisee agrees to replace such furniture, fixtures, equipment, computer systems, iPads and a sound system at Franchisee's expense as such items: (i) become obsolete or inoperable; or (ii) if, in Franchisor's sole discretion, replacement is necessary because of new functionality, change in software, change in methods of service or because of health or safety considerations. Franchisee has ninety (90) days after receiving written notice from Franchisor to either remove or replace such items. Failure of Franchisee to remove, replace and/or maintain the items described above may result in termination as described in Section XXIII.C of this Agreement.

2. Franchisee is required to use, offer and sell only approved Services (which includes all fitness programs, workout routines and membership options) and Products in the manner and style we specify which may, from time to time, be amended or modified in writing, designated and approved by us. Franchisee is required to offer all membership options and abide by the policies for each type of membership option as developed by Franchisor. Membership options are pre-determined membership levels, such as: a specified number of camps per month for a flat rate and for a defined length of time. Franchisor will provide Franchisee with a written list of approved membership options; fitness programs and workout routines Franchisee is required to offer during the initial franchisee education program. Franchisee agrees that Franchisor has the right, in its sole discretion, to change, modify, add or discontinue any Service or Product at any time. Franchisor will provide Franchisee with ninety (90) days' notice to implement such Service or Product changes and Franchisee agrees to immediately comply with such changes at its own expense.

3. Franchisee cannot implement, offer or sell any other service unless approved by us in writing. We will respond to Franchisee's request to implement, offer or sell a new service by email or any other form of written communication within thirty (30) days from the date the request is received. Franchisor shall have the right to require, as a condition of its approval and review, that Franchisee submit to Franchisor all materials and supporting documentation describing the service Franchisee wishes to use and/or implement with Members. The cost of such investigation for approval shall be paid by the Franchisee (if applicable) and Franchisor shall not be liable for denying Franchisee's request. Failure of Franchisee to adhere to these guidelines will result in termination of this Agreement as specified in Section XXIII.C.

4. Franchisee must comply with our required procedures for offering and executing Services and purchasing and selling Products as we may periodically adopt, and must accurately post and label the prices for all Products. Additional products Franchisee desires to use or offer for sale in its Business must be authorized in writing by Franchisor (as described in Section XII.H). Except for off-site events within its Territory (as described in Section VI), Franchisee is not permitted to offer or sell Services and/or Products from any other location, over the Internet, in any other media or alternative channels of distribution, whether known or hereinafter invented. If Franchisee fails to refrain from selling Services and/or Products on the Internet or on websites without Franchisor's written approval; and/or if Franchisor grants permission to Franchisee to sell Services and/or Products on the Internet or Websites (which Franchisor is not obligated

to do) and Franchisee does not adhere to our standards as outlined in the Operations Manual for such sales, it will be considered to be in breach of this Agreement and Franchisor, in its sole discretion, may terminate this Agreement as described in Section XXIII.C.

5. Franchisee agrees to comply with our membership option transfer policy that Franchisor has established as outlined in the Operations Manual and such policy may change from time to time. Franchisee is encouraged to accept the referral of any Member from another franchisee, licensee, company-owned business or us who desires to receive Services from Franchisee. If Franchisee chooses not to accept the referral, then Franchisor may provide Products and/or Services directly or through another franchisee or third party without compensation to Franchisee. We encourage all Burn Boot Camp® businesses, when owned by different individuals, to work out a referral arrangement. Franchisee can provide Services and Products to anyone who comes from anywhere, as described in Section VI of this Agreement.

6. Franchisee must accept credit and debit cards and other payment systems or methods and may choose to use check verification services as specified by Franchisor, and which Franchisor may change from time to time. Franchisee shall also offer for sale, and will honor for Members, any incentive, coupon, or loyalty programs, which Franchisor may institute from time to time, and Franchisee shall do so in compliance with Franchisor's standards and procedures for such programs to the extent permitted by the laws of Franchisee's state. These programs may include, without limitation, membership programs, repetitive use for service and/or product programs, co-op programs and other local and national activities. Franchisee's full and complete participation in such programs are required. Except as otherwise provided herein, compliance and participation shall be at Franchisee's expense.

7. Franchisee must respond promptly to all inquiries and complaints in order to achieve Member satisfaction. If Franchisee does not provide Members with satisfactory service and or fails to resolve complaints at the time complaint is registered or if Franchisee violates our operating standards or this Agreement, we may, in addition to our other remedies, complete the services and bill the Franchisee or client for its services. Franchisee shall reimburse us for any expense incurred. In addition, there may be other System oriented programs designed to promote to the public the quality care and service provided by a Burn Boot Camp® business that we may wish to implement on a system-wide basis and advertise and market. Franchisee shall be required to participate in the then-current specials or promotions as may be developed by and as may be modified periodically by us, in our sole discretion.

8. We may institute various programs designed to verify Member satisfaction and/or Franchisee's compliance with all operational and other aspects of the System, including (but not limited to) a toll-free number, online or email surveys, Member comment cards, secret shoppers or otherwise. Franchisor will share results of such programs as they pertain to Franchisee's Territory with Franchisee, and Franchisee will reimburse Franchisor for all costs associated with any and all such programs.

9. Franchisee must participate in any System-wide computer network, intranet system or extranet system that we implement and may be required by us to use such a network to, among other things: (i) submit reports to us; (ii) view and print updates to or portions of the Operations Manual; (iii) download approved local advertising materials; (iv) communicate with us and other System franchisees; and (v) complete franchisee education programs. Franchisee agrees to use the facilities of any such 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.

10. Franchisor may require Franchisee to join and participate in industry specific, local or national associations. Such associations include, but are not limited to, the Better Business Bureau. Franchisee is responsible for all membership fees and any related costs. Franchisor reserves the right to require Franchisee to join and participate in

other professional organizations as Franchisor deems appropriate in its sole discretion. Franchisee's full and complete participation in such programs and associations are required. Except as otherwise provided herein, compliance and participation shall be at Franchisee's expense.

11. Franchisee shall have the right to offer and sell Services and Products at any prices Franchisee may determine, except that we reserve the right to establish minimum and maximum prices for any given Service or Product nationwide to the extent allowed by federal and state laws. To clarify, Franchisee agrees we have the right, in our sole discretion, to establish minimum and maximum prices for any Service or Product (including exercise equipment if we authorize Franchisee to sell exercise equipment in the future) so long as such decisions are made with the honest belief that the measure we are adopting will help everyone in the System meet competition and succeed in the marketplace. Franchisee is prohibited from heavily discounting Services and Products offered for sale and must adhere to our minimum and maximum pricing guidelines, except as otherwise provided by applicable federal or state laws. If Franchisee elects to offer or sell any Service and/or Product at any price recommended by Franchisor, Franchisee acknowledges that Franchisor has made no guarantee, statement, or warranty that offering such Services and/or Products at the recommended price will enhance Franchisee's sales, revenues, margins, or profits. Franchisee shall participate in and comply with all sales and promotional programs and/or product promotions promulgated by us periodically, except as otherwise provided by applicable federal or state laws.

12. You must participate in any gift certificate, gift card or loyalty program we establish. You may not create or issue your own gift certificates or gift cards or institute a loyalty program unless approved by us in writing.

#### H. Use of Approved Exercise Equipment, Products, Supplies, Vendors and Suppliers

Franchisee acknowledges that we have spent considerable time in developing Products, Services, processes, methods and technology used in the operation of a Burn Boot Camp® Business. Accordingly, Franchisee acknowledges that Franchisee is to use only our approved exercise equipment, Products, supplies and services, including, but is not limited to: exercise equipment (such as: dumb bells, kettle bells, smash balls, agility equipment, etc.), safety equipment (such as an automated external defibrillator or "AED"), furniture and fixtures (such as tables, pull up systems, dehumidifiers, lockers, shelving units, racking systems, etc.), floating flooring systems, products (such as body fat analyzers, jump ropes, resistance cords and bands, supplements, etc.), proprietary products (which are products that carry the Burn Boot Camp® brand), supplies (such as: first aid kits, towels, cleaning products, miscellaneous forms, etc.), sound and microphone system, computers, iPads, software, apparel, signage, décor items, merchant services, promotional merchandise, printed advertising materials, shows and event marketing opportunities, and vendor, co-branding, affinity programs. We may derive income through license fees, promotional fees, advertising allowances, rebates or other monies paid by approved vendors and/or suppliers. Franchisee agrees that we may periodically and upon written notice, add to, modify or change such approved exercise equipment, Products, supplies, vendors and suppliers. Franchisee promises to promptly accept and implement, in the operation of the Business, all such additions, modifications and changes at Franchisee's expense. In addition, Franchisee acknowledges that:

1. We have spent considerable time designing the decoration and outfitting of a Burn Boot Camp® Business with exercise equipment, furnishing, fixtures, décor items and signage. This is part of our trade dress. Franchisee must purchase such items from us and/or our affiliates or approved vendors as specified in the Operations Manual and this Section XII.H.
2. To insure the consistent high quality and uniformity of Services and Products provided by Burn Boot Camp® Franchised Businesses, Franchisee must purchase all exercise equipment, Products, supplies and services (as described above) from us, our affiliates or approved vendors who demonstrate to Franchisor's continuing

satisfaction an ability to meet our standards and specifications. Franchisee is prohibited from purchasing exercise equipment, Products, supplies and services from unapproved vendors and/or suppliers who are not on our approved list without our written approval. All vendors and suppliers that Franchisee purchases from must be approved in writing by us and may be disapproved by us anytime thereafter. We shall approve or deny Franchisee's request, which approval is in our sole discretion, within thirty (30) days of receipt of Franchisee's written request. Such approval or disapproval shall be made by e-mail or any other form of written communication. If Franchisee purchases any exercise equipment, Products, supplies or services from any unapproved vendor or supplier without our permission, as described above, it may result in termination of this Agreement as specified in Section XXIII.C.

3. In approving any vendor or supplier, Franchisor may consider factors such as price, quality, composition, performance, accuracy of product claims, durability, safety, technical specifications, frequency of delivery, design, service maintenance programs, determination of quality control, value, customer service strength, prompt attention to complaints, litigation against the supplier, reputation of supplier, any product recalls instituted by the United States Consumer Product Safety Commission, and the supplier's financial strength and capacity to supply franchisee's needs promptly, reliably, and cost effectively. All vendors and suppliers must be approved in writing by us, and if approved, may be disapproved by us anytime thereafter. If Franchisee desires to sell and/or offer products or offer a service that has not been approved by us or that is unique to Franchisee's area; purchase unapproved exercise equipment, products or supplies from or use the services of unapproved vendors or suppliers then Franchisee must submit to us a written request for such approval. We shall approve or deny Franchisee's request, which approval is in our sole discretion, within thirty (30) days of receipt of Franchisee's written request. Such approval or disapproval shall be made by e-mail or any other form of written communication. We shall have the right to require, as a condition of its approval and review, that its representatives are permitted to inspect the facilities of the proposed vendor and that the proposed item is delivered to us or our designee for testing. The cost of such inspection and testing shall be paid by Franchisee and Franchisor shall not be liable for damage to or for the return of any sample. We may require Franchisee's vendors to sign Franchisor's pre-approved Confidentiality and Nondisclosure Agreement, guarantee our level of quality. We reserve the right, at any time, to re-inspect the facilities and to retest any piece of exercise equipment or product of any approved vendor and to revoke any approval if the vendor fails to continue to meet our high standards. Upon receipt of written notice of revocation, Franchisee must cease purchasing products from such suppliers. Franchisee must use products purchased from approved suppliers solely in connection with the operation of the Business and not for any competitive business purpose.
4. Franchisee will not make any claims against us or our affiliates with respect to any vendor and/or related supplier (including our affiliates) for exercise equipment, Products, supplies, or services (as described above) necessary for the operation of the Business (and/or our designation of, or our relationship with, any vendor/supplier/products). Any claim with respect to any vendor-related and/or similar matters shall be made only against the vendor in question. Franchisee will provide us with written notice prior to taking any action in connection with such a claim. We will use diligent efforts to assist franchisees in resolving any disputes with vendors approved and/or designated by us.
5. Franchisee will be required to use and/or offer for sale any and all branded merchandise or Proprietary Products developed by Franchisor, which will be listed in the Operations Manual. The term "Proprietary Products" is defined as all exercise equipment, products, supplies, marketing materials and Burn Boot Camp<sup>®</sup> branded exercise equipment and products all of which must be purchased by the Franchisee directly from us or our approved vendors, unless the Franchisee has submitted and received written approval from us to use

an alternate supplier. Failure of Franchisee to use and/or offer for sale Proprietary Products will result in termination of this Agreement as specified in Section XXIII.C of this Agreement.

6. Franchisee acknowledges that Franchisor may require Franchisee to maintain in inventory a minimum representation of exercise equipment, or Products and Proprietary Products in its Facility. “Minimum Representation” shall be defined as the continuous maintenance of an amount of exercise equipment, Products and/or Proprietary Products meeting requirements as defined in the Operations Manual. Franchisee shall at all times comply with Franchisor’s Minimum Representation requirements and the terms of any auto-ship requirements (currently Franchisor does not have any auto-ship requirements, however Franchisor does require that Franchisee purchase updates for all advertising, promotional and marketing materials and miscellaneous forms when designated as mandatory by us and as specified in the Operations Manual). If we require Franchisee to carry a Minimum Representation of exercise equipment, Products and/or Proprietary Products in the future, we will provide Franchisee with written notice and Franchisee will have ninety (90) days to comply with such requirement. If a particular Product or piece of exercise equipment (if we authorize Franchisee to sell exercise equipment in the future) does not sell well in the Franchisee’s Business, Franchisee may request that that specific item be removed from the Business and the required Minimum Representation list (if applicable). We shall approve or deny Franchisee’s request, which approval is in our sole discretion, within thirty (30) days of receipt of Franchisee’s written request. Such approval or disapproval shall be made by e-mail or any other form of written communication.
7. Franchisee shall not make any changes to the exercise equipment, any Product, Proprietary Product or any third-party product including modifying exercise equipment, changing containers, packaging, labeling, promotional materials, advertising, cartons or the like without Franchisor’s or the manufacturer’s prior written approval, which may be withheld in the sole discretion of the Franchisor or manufacturer. Failure to adhere to these guidelines will result in termination of this Agreement as specified in Section XXIII.C of this Agreement.
8. Franchisee may not independently act as an exclusive distributor for any third-party vendor or secure any exclusive rights to distribute exercise equipment, Products and/or Proprietary Products inside or outside of Franchisee’s Territory without our written consent. We shall approve or deny Franchisee’s request, which approval is in its sole discretion, within thirty (30) days of receipt of Franchisee’s written request. Failure to adhere to these guidelines will result in termination of this agreement as specified in Section XXIII.C of this Agreement.
9. Franchisee shall not manufacture or produce any exercise equipment or any product that is similar to, or competes with any of our exercise equipment, Products, Proprietary Products or third party exercise equipment or product offered or sold in any Burn Boot Camp® business, or offer for sale any exercise equipment, Product, Proprietary Products or third party product in any alternative channel of distribution (such as on the Internet or websites) without the advanced written consent of the Franchisor or manufacturer, which may be granted or denied in Franchisor’s or the manufacturer’s sole discretion. Violation of this shall be grounds for immediate termination as specified in Section XXIII.C of this Agreement.
10. Notwithstanding anything to the contrary contained in this Agreement, Franchisee acknowledges and agrees that, at our sole option, we may establish one or more strategic alliances or preferred vendor programs with

one or more nationally or regionally-known suppliers who are willing to supply all or some Burn Boot Camp® businesses with some or all of the exercise equipment, Products, supplies or Services (as defined above) that we require for use and/or sale in the development and/or operation of the Business. We shall have unlimited discretion to approve or disapprove of the vendors or suppliers who may be permitted to sell such items to franchisees.

11. Franchisee agrees to purchase, use, maintain, update, upgrade, and patch at Franchisee's expense all computers, mobile devices, wireless routers, and other network hardware, along with software, and implement and maintain commercially reasonable and appropriate administrative, physical and technical security protocols and processes for all such hardware and software, that meet our specifications, as we may modify them. Franchisee will be required to purchase hardware and software from us, our affiliates or approved vendors. We reserve the right to have independent and direct access to all information that Franchisee stores in or on any hardware or software related to the Business. Franchisee agrees to comply with our then-current Terms of Use and Privacy Policies and any other upgrade requirements regarding all such hardware and software, including Internet usage and network security. Supplier and/or licensor charges for use, maintenance, support and/or updates of such hardware and software are the Franchisee's responsibility. Franchisee agrees to pay any software license or maintenance fee (if required). Franchisee agrees to maintain, upgrade, update, patch, and maintain network security for all such hardware and software and obtain any additional licenses for the software at its own expense (upgrades, maintenance and support for our proprietary Software (if developed) will be provided by Franchisor as described in Section XII.H.12 below). We have the right to charge a reasonable fee for any additional licenses, modification, maintenance and/or support of Software (as defined below in Section XII.H.12) that we may license to Franchisee and other products and services that we may furnish to Franchisee related to the hardware.
12. Franchisee may be required to use our proprietary software ("Software") for the operation of the Business, if and when such Software is developed. If Franchisor develops such Software and requires Franchisee to use such Software, Franchisor will provide Franchisee with a ninety (90) day written notice to purchase (if applicable) and use such Software for the operation of the Business. If developed, Franchisor will provide all maintenance, patches, update and upgrade requirements for the Software as necessary. Any installation, maintenance, repairs, updates and upgrade costs for the proprietary software will be the responsibility of the Franchisee. Usage of Software, if developed and used by Franchisee, will be subject to the following terms:
  - a. Franchisee will use Software on a computer or other hardware device that: (i) meets our hardware specifications; (ii) is located at your Facility or on a backup system if the original hardware is inoperable; and (iii) meets Franchisor's data and network security protocols and process specifications. Franchisee will be licensed to use our Software only for Franchisee's internal, in-house data processing and data communications purposes (if and as the same are permitted by Franchisor's privacy policies and security specifications) and only in connection with the Business and not for re-marketing or redistribution under any circumstances;
  - b. Franchisee acknowledges and agrees that Franchisor (or any of our affiliates) will be the sole and exclusive owner of all right, title and interest in and to our Software, including all trade secrets and copyrights related to the Software, subject only to the rights we expressly license to Franchisee in this Agreement. This license will not provide Franchisee with title or ownership of the Software, but only a limited right of use. Franchisee agrees that Franchisee will not contest or otherwise seek to share, diminish or invalidate our ownership rights in our Software;

- c. Franchisee will not modify the Software in any way. Franchisee will promptly disclose to us all ideas and suggestions for modifications or enhancements to the Software that Franchisee conceives or develops, and we will have the right to use such ideas and suggestions. The Franchisor shall own all copyrights and other intellectual property rights to all modifications and suggestions proposed by Franchisee. All modifications or enhancements made to the Software will be our property and belong exclusively to us, without regard to the source or creator of the modification or enhancement; however, we may provide incentive programs for such contributions;
- d. We will have the right at all times to access Software and to retrieve, analyze and use all the data in Franchisee's files stored on Franchisee's hardware, software or other network component. Additionally, Franchisee will electronically transfer all files and reports to us on our request. All information that Franchisee stores in any hardware, software or other network component shall become the Franchisor's confidential and proprietary information, subject to all of the terms and conditions of this Agreement regarding the Franchisor's Confidential Information;
- e. Franchisee and Franchisee's employees will not make available the Software, or portions thereof, to any person other than Franchisee's or our employees without prior written consent. Franchisee agrees that Franchisee will not: (i) copy the Software except as necessary for use in the Business; (ii) translate, reverse engineer, reverse compile, disassemble, create interactive works, or create derivative works based on the Software; or (iii) sublicense, rent, lease, sell or otherwise transfer the Software or any portion thereof, or any rights therein, to any person or entity. Failure to adhere to these guidelines or allowing unauthorized usage of the Software may result in termination of this Agreement as specified in Section XXIII.C of this Agreement;
- f. Franchisee acknowledges and agrees that the Software, if developed, will be our valuable, proprietary product, the design and development of which took the investment of considerable time, money and the effort of skilled computer programmers. Franchisee will keep the Software and any data generated by the use of the Software confidential during and after the term of this Agreement and will maintain security precautions to maintain the secrecy of the Software and to prevent unauthorized access or use of the Software. Franchisee agrees that it will treat the Software as confidential and that the Software will contain substantial trade secrets of ours that we have entrusted to Franchisee in confidence to use only as we authorize under this Agreement or in writing. We hereby claim and reserve all rights and benefits afforded under copyright law, patent law, intellectual property law and other laws relating to confidential and proprietary material. Franchisee agrees not to improperly use, disseminate, or disclose the Software, and to ensure that Franchisee's employees who gain access to the Software will protect them against improper use, dissemination or disclosure. With respect to any Software or information systems curated by Franchisor, Franchisee will provide documents to Franchisor verifying the names and current employment status of any employees requiring access to such systems;
- g. Franchisee acknowledges and agrees that Franchisee's license to the Software will terminate immediately and automatically should Franchisee fail to adhere to any of Franchisee's obligations under this license or if this Agreement expires or is terminated for any reason;
- h. Franchisee acknowledges and agrees that any violation by Franchisee of the provisions of the Software license would cause us irreparable harm for which we would have not adequate remedy at



law and that, in addition to other remedies available to us, we will be entitled to seek injunctive relief against any such violation; and

- i. Franchisee must update and upgrade all hardware and network infrastructure used to run or operate the Software upon our request to optimize performance of the Software.
13. Franchisee acknowledges that neither we nor our affiliates will have any liability and/or obligation (and neither you or any managing partners, managing members, members, shareholders or other Owners of Franchisee will make any claims) about any loss of data, loss of information, inability to use, failures, errors bugs, viruses, Trojan horses, worms, loss of data, or any other occurrences relating to any computer, mobile device, or other system hardware or software without an express written warranty from us, even if recommended or specified by us. Franchisee acknowledges and agrees that Franchisee is solely responsible for protecting itself from these problems, including without limitation the implementation of data and network security specifications to secure Franchisee's hardware, software, networks and systems, including, but not limited to, firewalls, access code protection, anti-virus systems and use of backup systems. Franchisee must also take reasonable steps to verify that information within Franchisee's possession, custody or control regarding Franchisee's suppliers, lenders, landlords, Members and governmental agencies on which Franchisee rely, are reasonably protected by the same data and network security specifications.
  14. Franchisor may set standards or specifications for leases, real estate, the construction and build-out of the Facility, exercise equipment, furniture, fixtures, décor items, signage and Internet or network access services, at its discretion, including its subjective determinations relating to quality, value and appearance.

Nothing in this Agreement shall be construed to be a promise or guarantee by Franchisor as to the continued existence of any particular piece of exercise equipment, Product or supply, nor shall any provision herein imply or establish an obligation on the part of the Franchisor and its affiliates to sell exercise equipment, Products or supplies to Franchisee if Franchisee is in arrears on any payment to Franchisor, its affiliates, or any other designated vendor or approved supplier, or otherwise is in default under this Agreement. If Franchisee fails to pay for each shipment of items purchased, Franchisor or its affiliates shall not be obligated to sell such items to Franchisee.

I. Use Approved Design and Signage for Business

In operating a Burn Boot Camp<sup>®</sup> Business, Franchisee must adhere to our signage standards, and utilize signage designs in accordance with the standards and specifications recommended by us, or that will continue to be recommended by us. Franchisee may use an approved supplier for signage, or submit an alternate supplier to us for approval. Franchisee shall purchase or lease, subject to local building codes and regulations, such signs that provide maximum displays of our Names and Marks. Franchisee shall be responsible for obtaining and equipping the Facility with the signage that is approved for use by us from time to time. The color, size, design and location of said signage shall be as specified and/or approved by us. Franchisee shall not place additional signs, posters, newspaper racks, video games, juke boxes, gaming machines, gum machines, games, rides, vending machines or other similar devices and décor items in the Facility without our prior written consent.

J. Participation in the Operation of the Business

Franchisee may assign the supervision of the Business to an Owner or Head/Lead Trainer or Operations Manager but must notify Franchisor of such assignment in advance. Franchisee agrees that the Head/Lead Trainer or Operations

Manager will supervise all employees. The Head/Lead Trainer will also be responsible for providing continuing guidance, oversight, day-to-day management, instruction and properly process all reports or complaints.

K. Advertising the Business

1. Franchisee must spend the amount provided in Section X.B(5) during the first ninety (90) of the Business's operations. Thereafter, during the Term, Franchisee shall spend a minimum of \$1,500 a month on local advertisement and promotion. Part of this obligation may include a fee of up to \$500 per month to a vendor that we designate to carry out local marketing. Franchisee must give us a quarterly report of your local advertising expenditures within fifteen (15) days following the end of each calendar quarter. Franchisee cannot include expenditures for any of the following to satisfy the local advertising expenditure requirement: (i) incentive programs for your employees or agents; (ii) non-media promotional costs; (iii) charitable, political, or other contributions or donations; (iv) fixtures or equipment in your Facility; (v) business directory listings (online, digital, or otherwise); or (vi) grand opening expenses. If we direct you in writing, you must pay the required local advertising expenditure to us, and we will administer it on local promotional campaigns and marketing for your Business. If Franchisee is audited and found not to have spent the required amount then Franchisee must contribute any deficiency to the System Brand Fund, with payment due immediately. Franchisee agrees to create a local advertising and marketing plan by which Franchisee shall place local advertising in any media it desires, provided that such advertising conforms to the standards and requirements of Franchisor as set forth in our Operations Manual or otherwise designated by us. Such advertising may include but is not limited to: any telephone, email, Internet, domain name, electronic network, directory and listings of the Business per our written approval. Franchisee agrees to execute any and all documents needed to perfect such reversions. Franchisee shall not advertise the Business in connection with any other business, except with our prior written approval. Franchisee shall obtain our prior approval of all unapproved advertising and promotional plans and materials that Franchisee desires to use thirty (30) days before the start of any such plans. Franchisee shall submit such unapproved plans and materials to us (by personal delivery or through the mail, return receipt requested if requested or any other method we prescribe). Franchisee shall not use such plans or materials until they have been approved by us and shall promptly discontinue use of any advertising or promotional plans and material upon the request of us. We shall approve or deny Franchisee's request by email or any other form of written communication, which approval is in Franchisor's sole discretion within thirty (30) days of receipt of Franchisee's request. Any plans or materials submitted by Franchisee to us, which have not been approved or disapproved in writing, within such thirty (30) day period shall be deemed not approved.

2. Franchisee will not independently advertise or promote in any media (including on any website) without our prior written approval, except when using materials previously approved by us. Franchisee must submit a request to us for any type of Website promotion in addition to any edits, changes or updates to Franchisees website and all such edits, changes or updates must be performed by us, our affiliates or approved vendors. We shall approve or deny Franchisee's request, which approval is in its sole discretion, within thirty (30) days of receipt of Franchisee's written request. If we fail to respond to Franchisee's request within said thirty (30) day period, Franchisee's request shall be deemed denied. Franchisee will participate in, at its own expense, and cooperate with all advertising and promotional programs we or any advertising group of franchisees selects, including any franchise marketing council we may implement. Franchisee is not required to follow or maintain any sales price, except that we will set minimum and maximum prices and will suggest prices, to the extent allowed by federal or state law. All advertising and promotions by Franchisee in any medium shall be conducted in a dignified manner and shall conform to the standards and requirements of us as set forth in the Operations Manual.

3. Franchisee shall at all times use its best efforts to promote and increase recognition of the Services and Products offered by the Business pursuant to the System and Operations Manual, to effect the widest and best possible distribution of Services and Products from the Business and to devote its best efforts to growing the Business.

L. Maintain Regular Business Hours

You must operate the Business for at least those months, hours and days that we specify in the Operations Manual. The only exception to the above is if Franchisee is given written permission by us to operate at a lesser period, or if the hours of operation for the Business are required by the lease of the premises on which the Business is operated. It is required that Franchisee maintains a telephone answering system to take messages and monitor an e-mail address for the Business.

M. Maintain Uniform Operating Standards

Franchisee understands and acknowledges that every detail in the operation of the Business is important to the Franchisee, Franchisor and other franchisees in order to develop and maintain uniform operating standards, to increase the demand for the Services and Products offered by the Business under the System, and to protect our trademarks, service marks, reputation and goodwill.

Franchisee acknowledges and agrees that the System must continue to evolve in order to reflect changing market conditions and meet new and changing Member demands. As a consequence, changes, modifications and variations to the System's standards may be required from time to time to preserve and enhance the public image of the System and enhance the operational efficiency of all franchises.

Franchisee agrees that we may, periodically and upon written notice, add to, modify or change the System, including without limitation changes to approved exercise equipment, Products, Services (which includes all fitness programs and workout routines and membership options), Confidential Information, methods, strategies and techniques as used in the operation of the Business, the adoption and use of new or modified trademarks, uniform dress requirements, signage, software, sales, advertising, promotion and marketing materials. Franchisee promises to promptly accept, implement, use and display in the operation of the Business, all such additions, modifications and changes at Franchisee's expense.

Franchisee agrees to maintain high standards of honesty, integrity, fair dealing and ethical conduct in all business activities. Franchisee will not engage in any services, trade practices, abusive excessive, or illegal collection techniques or other activity; or sell any product which Franchisor determines to be harmful to the goodwill or to reflect unfavorably on the reputation of Franchisee or Franchisor, the Franchised Business, our trademarks, or products and services sold thereof; or which constitutes deceptive or unfair competition, results in unfounded litigation against Franchisee's Members or otherwise is in violation of any applicable laws. The above limitations are closely related to the business image, purpose and marketing strategy of the System, and therefore any change therefrom would fundamentally change the nature of the business.

N. Telephone Number of Business and Website

Franchisee understands and agrees that the telephone number(s), the URL address, website, for the Business (in addition to any mobile phone numbers) constitute a part of the System and are subject to the restrictions of this Agreement. Accordingly, Franchisee shall not change the telephone number(s), URL address, website for the Business without prior notice and our written approval. Franchisee shall advertise and publicize the telephone number(s) and, permitted by us, the URL address, website for the Business in the manner prescribed by us. As stated above, all telephone numbers, URL addresses, website, Internet or similar connections, directory and listings used in the Franchised Business are the Franchisor's property and upon termination will revert to us.

We may acquire or establish any Website utilizing a domain name incorporating one or more of the following words: burn, boot, camp, community, exercise, moms, women, fitness, facility, center or gym. The term “Website” includes: Internet and World Wide Web home pages, as well as other electronic sites (such as social networking sites like Facebook, Twitter, LinkedIn, Pinterest, Yelp, blogs and other applications). Franchisee shall not establish a Website on the Internet using any domain name containing the words listed above or any variation thereof. The Franchisee acknowledges that we have all right, title and interest in and to such domain names, as we shall designate in the Operations Manual. Franchisee must comply with our requirements regarding discussing, advertising or disseminating any information, or otherwise having a presence on a Website, regarding the Business. If we approve a separate Website (which we are not obligated to do), then each of the following provisions will apply: (i) Franchisee may neither establish nor use any Website without our prior written approval; (ii) before establishing any Website, Franchisee must submit to us, for our prior written approval, a sample of the proposed Website, including its domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including meta-tags), in the form and manner we may require; and all such work must be performed by us, our affiliates or approved vendors; (iii) Franchisee must not use or modify a Website without our prior written approval; (iv) Franchisee must comply with the standards and specifications for Websites that we may periodically prescribe in the Operations Manual or otherwise in writing; (v) if Franchisor requires, Franchisee must establish hyperlinks to Franchisor’s Website and other Websites; and (vi) neither Franchisee nor any of its employees shall post any information regarding Franchisor, its members, managers, officers, or employees, or the System, on any Website or any internet site, without our prior written approval, nor any disparaging statement either during or after termination or expiration of the Agreement. Further, Franchisee shall monitor its employees to avoid them making any such postings. Franchisor retains the right to pre-approve Franchisee’s use of linking and framing between the Franchisee’s website and all other Websites. Franchisee shall, within five (5) days, dismantle any blogs, frames and links between the Franchisee’s websites and any other Websites, if and as requested by Franchisor.

You may not create, distribute or operate any smartphone, tablet, computer or other app using any of the Marks or related in any way to the System.

O. Disclose Discoveries and Ideas to Franchisor

If you, your employees, or principals develop any new concept, process or improvement in the operation or promotion of the Business, you will promptly notify us and provide us with all of the information necessary to implement the improvement, without any 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 intellectual property rights related thereto. You and your principals and agents hereby assign to us any rights they 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. You and your principals and agents 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 documentations for obtaining and enforcing such rights. You and your principals and agents hereby irrevocably designate and appoint us as your 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 are found to be invalid or otherwise unenforceable, you and your principals and agents hereby grant to us a worldwide, perpetual, non-exclusive, 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 your rights therein.

P. Permit Franchisor to Enter Business

Franchisee shall permit Franchisor and its agents or representatives to enter the Business during normal business hours for the purpose of conducting inspections without notice to Franchisee and inspect the operations of the Business (which includes photographing and taking video or digital recordings of the operations of the Business) and to remove samples of exercise equipment or Products, without payment, for Franchisor's review to determine if such samples meet Franchisor's then-current standards and specifications. In addition, Franchisor may use mystery shoppers to inspect and ensure that unauthorized exercise equipment, Products, supplies and Services are not being used, offered or sold. Franchisor may contract a third party to conduct mystery shopper and other quality assurance inspections, and if Franchisor does so then Franchisee must pay the cost of these tests/inspections, but Franchisor will pay the cost to cover a total of two (2) inspections per year. This does not include any self-inspections Franchisee requests, which Franchisee must pay for, or additional inspections required by Franchisee's failure to comply with this Agreement. . . Franchisee shall cooperate fully with Franchisor's representatives in all inspections by rendering such assistance as they may reasonably request, and, upon notice from Franchisor or its agents, and without limiting Franchisor's other rights under this Agreement, shall take such steps as may be deemed necessary to immediately correct any deficiencies detected during such inspections. In the event Franchisee fails or refuses to promptly correct any deficiency detected during such inspection, Franchisor shall have the right to make or cause to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand. The foregoing shall be in addition to any other remedies Franchisor may have pursuant to this Agreement.

Q. Additional Requirements for Corporate Franchisee

If Franchisee is or becomes a corporation, limited liability company, limited partnership, general partnership or other organization or entity, the following requirements shall apply:

1. Franchisee shall confine its activities to the establishment and operation of the Business;
2. Franchisee's certificate, articles of incorporation or articles of organization, certificate of formation, shareholders agreement, operating agreement, partnership agreement, and/or Bylaws (or comparable governing documents) shall at all times provide that its activities are confined exclusively to the operation of the Business and that the issuance, redemption, purchase for cancellation and transfer of voting stock, or other ownership interest therein, is restricted by the terms of this Agreement. Franchisee shall furnish us promptly upon request copies of Franchisee's Certificate of Formation, Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, Business Trust Agreement, Shareholders Agreement, and other governing documents, and any other documents we may reasonably request, and any amendments thereto, from time to time;
3. Franchisee shall maintain a current list of all owners of record and beneficial owners of any class of voting stock or other ownership interest in Franchisee and shall furnish such list to Franchisor upon request;
4. Franchisee shall maintain stop transfer instructions against the transfer on its record of any equity securities (voting or otherwise) or the certificate of any other entity evidencing ownership. All securities or other ownership interests issued by Franchisee shall bear the following legend, which shall be printed legibly and conspicuously on each stock certificate or other evidence of ownership interest:

THE TRANSFER OF THESE SECURITIES IS SUBJECT TO THE TERMS AND CONDITIONS OF THIS FRANCHISE AGREEMENT WITH KLINE FRANCHISING, INC. AS OF THE SIGNING DATE. REFERENCE IS MADE TO SAID AGREEMENT AND TO THE RESTRICTIVE PROVISIONS OF

THE ARTICLES AND BYLAWS OF THIS CORPORATION (IF THE FRANCHISEE IS A LIMITED LIABILITY COMPANY, REFERENCE WILL BE MADE TO THE TRANSFER OF OWNERSHIP RESTRICTIONS SET FORTH IN THIS FRANCHISE AGREEMENT, IN THE LIMITED LIABILITY COMPANY'S OPERATING AGREEMENT. IF THE FRANCHISEE IS A PARTNERSHIP, REFERENCE WILL BE MADE TO THE TRANSFER OF OWNERSHIP RESTRICTIONS SET FORTH IN THIS FRANCHISE AGREEMENT, IN THE PARTNERSHIP AGREEMENT. IF THE FRANCHISEE IS A BUSINESS TRUST, REFERENCE WILL BE MADE TO THE TRANSFER OF OWNERSHIP RESTRICTIONS SET FORTH IN THIS FRANCHISE AGREEMENT, IN THE TRUST AGREEMENT);

5. All Owners of Franchisee shall jointly and severally guarantee Franchisee's performance hereunder and shall bind themselves to the terms of this Agreement;
6. If Franchisee is or becomes a partnership, corporation or limited liability company, Franchisee shall furnish Franchisor a copy of its partnership agreement or comparable agreement, and any other documents we may reasonably request, and any amendments thereto, from time to time. If Franchisee is or becomes a limited liability company, Franchisee shall furnish us with a copy of its operating agreement and any other documents we may reasonably request, and any amendments thereto, from time to time. If Franchisee is or becomes a corporation, Franchisee shall furnish us a copy of its shareholders agreement, bylaws, and any other documents we may reasonably request, and any amendments thereto, from time to time; if Franchisee is or becomes a business trust, Franchisee shall furnish us a copy of its trust agreement, and any other documents we may reasonably request, and any amendments thereto, from time to time;
7. Each individual or entity holding a 20% or greater ownership or beneficial ownership interest in the Business or the Franchisee entity, directly or indirectly (in addition to any individual holding a 50% or greater interest in any limited liability company, partnership or corporation that has a 20% or greater interest in the Franchisee entity), shall enter into a continuing guaranty agreement, in the form attached hereto as Schedule 5 as such form may be amended or modified by us, from time to time (if such guaranty agreement is to be executed subsequent to the date hereof in accordance with the terms of this Agreement); and
8. From and after the date of this Agreement, Franchisee and its Owners shall not sell, transfer, assign, pledge, mortgage, hypothecate or encumber all or any direct or indirect ownership interest in Franchisee without first obtaining our written consent, which consent shall be approved or denied within thirty (30) days of Franchisee's request.

R. Site Selection and Lease

Franchisee is responsible for selecting a site for the Business and assumes all costs, liability, expense, and responsibility for locating, obtaining and developing a site for the Business and for the build out and equipping the Business at such premises. We evaluate each proposed site and accept or reject, each one on a case-by-case basis and will notify you by email or any other form of written communication of our acceptance or rejection of any proposed site within thirty (30) days after we receive your request. If we do not respond within thirty (30) days then the proposed site will be deemed rejected. You must use a real estate search consultant or broker that we have approved in advance to assist you in your real estate search. A typical Burn Boot Camp® business has approximately 3,500-7,000 square feet of space. The space for a Burn Boot Camp® Business must be enclosed and separate from other businesses with its own locking door.

You must ensure that the lease permits sounds and vibrations consistent with the activities described herein and in our Operations Manual that will take place in your Facility. You must submit the lease for your approved site (“Lease”) for review and approval prior to execution, and you also must submit any letter of intent or term sheet with respect to a potential lease to us for approval before you execute it. We may condition our approval of any proposed Lease on, among other things, the Lease containing a use clause that is satisfactory to us, and on you and your landlord’s execution of a Collateral Assignment of Lease attached as Schedule 5 to this Agreement which grants us the unconditional right, but not the obligation, to assume and/or assign the Lease upon (a) your default under the lease, or (b) the termination, transfer or expiration of this Agreement. You may not sign a lease (or a contract to purchase the premises, if applicable) for the Business until you have obtained our written approval. The term of your Lease together with renewal options, if any, must be not less than the initial term of this Agreement plus two (2) five (5) year renewal terms. If the initial term of your Lease is shorter than the initial term of this Agreement, you will renew the term for the duration of the Lease so that it coincides with the term of this Agreement. On the execution of any lease for the Business, you will deliver to us a copy of the executed lease and an option to assume the lease executed by the lessor in favor of us in a form acceptable to us. All improvements to the Facility must be approved by us. Franchisee must deliver a copy of the signed Lease or sublease to us within five (5) business days after it is signed. Our approval of the Lease does not constitute our opinion that the Lease is sufficient to meet all of your obligations under this Agreement. We do not offer legal services to Franchisee and Franchisee is encouraged to consult with independent legal counsel for a legal review of the Lease, as well as a licensed commercial real estate broker for a review of the economic terms of the Lease. **FRANCHISEE ACKNOWLEDGES THAT OUR ACCEPTANCE OF A PROSPECTIVE SITE AND THE RENDERING OF ASSISTANCE IN THE SELECTION OF A SITE DOES NOT CONSTITUTE A REPRESENTATION, PROMISE, WARRANTY, OR GUARANTEE BY US THAT A BURN BOOT CAMP® FRANCHISE OPERATED AT THAT SITE WILL BE PROFITABLE OR OTHERWISE SUCCESSFUL.**

S. Development and Construction of the Facility

Franchisee must select and employ licensed contractors reasonably acceptable by us for the complete build out and/or any leasehold improvements. Franchisee is solely responsible for the selection and work of any contractor selected and/or employed by Franchisee, even if referred by us, and for the preparation of architectural and working drawings necessary to complete construction and/or build out at the Approved Location. Franchisee will be provided with mandatory requirements and specifications (interior and exterior) for the build out of the Business which includes specifications for Facility layout, exercise equipment specifications, storage, furnishings, fixtures, sound system, décor and signage. We may, if needed, review Franchisee’s final set of drawings and plans prior to implementation. Such drawings, plans and specifications are subject to alteration as may be necessary in our sole discretion and Franchisee must be in full and strict compliance with plans and specifications approved by us. Franchisee is responsible for the cost and installation of all build out specifications. We reserve the right to receive rebates, commissions or other forms of consideration from designated or approved suppliers involved in the construction or fixturing of the Facility and to use such rebates, commissions or other consideration in any way we deem appropriate in our sole discretion, without obligation to share or remit any portion of such rebates, commissions or other consideration to Franchisee.

We expect that a Burn Boot Camp® Business location would need construction improvements. Costs may vary widely depending on such factors as property location, size of the property, and the condition of the property, the extent of alterations required for the property. Franchisee shall be responsible for obtaining all zoning classifications, health and sanitation clearances, permits and certifications which may be required by state or local laws, ordinances, or regulations or which may be necessary or advisable owing to any restrictive covenants relating to Franchisee’s location. After having obtained such approvals and clearances, Franchisee shall submit to us, for our approval, final plans for construction based upon the preliminary plans and specifications. Once approved by us, such final plans shall not thereafter be changed or modified without our prior written permission. Any such change made without our prior written permission shall constitute

a material default under this Agreement and we may withhold our authorization to open the Business until the unauthorized change is rectified (or reversed) to our reasonable satisfaction.

Franchisee shall comply with all federal, state and local laws, codes and regulations, including without limitation, the applicable provisions of the ADA regarding the construction, design and operation of the Business. If Franchisee receives any complaint, claim or other notice alleging a failure to comply with the ADA or other law or regulation related to health or safety, Franchisee agrees that it shall provide Franchisor with a copy of such notice within five (5) days after receipt thereof.

Except as provided in Section IX.A of this Agreement, Franchisee shall construct, furnish and open the Business according to the requirements contained herein, and Franchisee shall open the Business for operation no later than three hundred (300) days from the Effective Date (or earlier as provided in an Area Development Agreement, if applicable). Time is of the essence. Prior to opening for business, Franchisee shall provide us with evidence of lien-free completion of all work (including, without limitation, any and all mechanic liens) and to comply with all pre-opening requirements set forth in this Agreement (including, without limitation, those with respect to the grand opening advertising program), the Operations Manual, and/or elsewhere in writing by Franchisor.

Franchisee shall not open the Business until we have determined that all construction has been substantially completed, and that such construction conforms to our standards including, but not limited to materials, quality of work, exercise equipment, furnishings, fixtures, signage, décor and paint and we have given Franchisee written approval to open, which approval shall not be unreasonably withheld. Our approval to open the Business does not constitute a waiver of Franchisor's right to require Franchisee to conform the Facility to our standards.

T. Franchisee Education Programs

No later than the earlier to expire of sixty (60) days immediately prior to the date Franchisee starts accepting memberships or anticipates opening the Business for operation, Franchisee, its Owners if it is an entity, or the Operations Manager must complete, to our satisfaction, those portions of the initial franchisee education program for franchisees and Operations Managers and the Head/Lead Trainer must complete, to our satisfaction, those portions of the initial franchisee education program for trainers. If you are a new franchisee to the System and are taking over an existing Business, the initial franchisee education program must be completed before the transfer is completed. In addition, you must complete general, non-proprietary initial education prior to the transfer to allow you to hit the ground running. This initial education may be conducted online. If you are an existing franchisee taking over an existing Business, the initial franchisee education program must be completed within ninety (90) days after the effective date of the consent to transfer document that you signed in connection with the transfer of the Business. Additionally, if you are taking over an existing business, we will provide the initial franchisee education program free of charge for one attendee. If Franchisee wishes to send more than three (3) people to the initial franchisee education program, subject to space, Franchisee may send more but must pay our then-current fee per additional attendee (which is currently \$1,500 per attendee). Additionally, Franchisee will be responsible for travel, accommodation, food, and other costs for all its attendees. At our option, key personnel subsequently employed by Franchisee shall also complete the initial franchisee education program. We may, at our discretion, make available additional franchisee education programs, certifications and seminars, as well as refresher courses available to the Franchisee and/or Franchisee's designated individual(s) from time to time. We may, at any time, discontinue the provision of the management education and decline to certify Franchisee and/or Franchisee's Operations Manager who fail to demonstrate an understanding of the management education acceptable to us. If Franchisee or Franchisee's Operations Manager's management education is discontinued by us, Franchisee shall have thirty (30) days to present an alternative acceptable candidate to us for management education. If Franchisee's new candidate does not adequately complete the management education, then we shall have the option of terminating this Agreement. We shall



provide instructors and training materials for all required education programs, and Franchisee, its Owners, Head/Lead Trainer, Operations Manager and/or any of its employees who attend the initial franchisee education program shall be responsible for all other expenses incurred in connection with any franchisee education programs, including, without limitation, the cost of transportation, lodging, meals, and wages.

U. Ongoing Education and Support

Franchisee will have access to our personnel for questions, ongoing education and support by phone and e-mail during regular business hours (Eastern Time Zone), subject to availability and response times. Franchisor will continue to consult with and advise Franchisee free of charge, to answer any questions from Franchisee (Section XX.A of this Agreement); provide the Manual, specifications, supplier, exercise equipment, Product, marketing and operational updates as they become available; review advertising, exercise equipment, Product and/or supplier approval requests; and administer the Fund.

XIII. OBLIGATIONS OF FRANCHISEE RELATING TO INSURANCE

A. Before Franchisee opens its Business, Franchisee must purchase insurance coverage from a responsible carrier with a performance rating of A or higher as rated in the most recent edition of Best Insurance Reports (or comparable criteria as we may specify), and Franchisee must maintain such insurance throughout the duration of the initial term of the Franchise Agreement and any renewal terms. We may change our insurance requirements on reasonable notice to you. Under our current requirements, Franchisee must procure and maintain general comprehensive liability insurance with a minimum policy limit of \$1,000,000 per occurrence and \$2,000,000 aggregate (this policy should include general tort, premises damage, personal and advertising injury should be at least \$1,000,000); \$1,000,000 in Abuse and Molestation Liability, in addition to professional liability insurance that covers you for damages that you create or damages incurred from your training that may include bodily injury or other damages and product liability insurance with a minimum policy limit of \$1,000,000, and property and casualty insurance with a minimum policy limit of \$1,000,000 or an amount specified by us. Each insurance policy that we require under this Agreement must contain a provision that the policy cannot be canceled without thirty (30) days' written notice to us. All policies of insurance maintained by Franchisee shall contain a separate endorsement naming us, and if required, our affiliates as additional insured. Franchisee must also procure and maintain property coverage for the full cost of replacement for the up-fit or betterment to the business premises and all other property in which we may have an interest with no coinsurance clause; special risk with fire, windstorm and theft is required, as well as "All Risks" or "Special Form" insurance (coverage for the full cost of replacement of the Facility and other property) in addition to business interruption insurance in amounts specified by us, and automobile liability insurance to fully insure loss of earnings for a period of one-hundred and eighty (180) days or longer as may specify and statutory workers' compensation insurance with limits of greater than \$100,000 or the minimum limits required by law. Franchisee shall also acquire tenant's liability insurance (if applicable), any other insurance required by the state or locality in which the Business is located and operated, in such amounts as required by statute, and other insurance coverage, as we or the landlord may reasonably require.

B. For any construction, renovation, refurbishment or remodeling of the site, Franchisee must require that the general contractor maintain, with an approved insurer, commercial general liability insurance (with comprehensive automobile liability coverage for both owned and non-owned vehicles, builders risk, product liability and independent contractor's coverage) with limits of no less than \$1,000,000 per claim, naming Franchisee and us as additional insureds, as their interests may appear, together with workers' compensation and employer's liability insurance as required by law and as required by the lease. It is Franchisee's responsibility to obtain certificates of insurance from the contractor prior to the initiation of any construction.

C. To the extent available, Franchisor may require Franchisee to acquire automobile liability insurance (with coverage of owned and hired vehicles with minimum coverage in amounts not less than \$100,000 combined single limit (for bodily and property damage) or what is in accordance with Franchisee's state guidelines), employer's liability insurance, employment practices liability insurance, employee dishonesty insurance, crime insurance as well as other disability benefits type insurance as may be required by the statute or rule of each state, with policy limits of \$1,000,000 or in the amount we specify.

D. All insurance policies will name Franchisee as certificate holder and us and our affiliates as an additional named insured with waiver of subrogation by Franchisee for the benefit of us. Franchisee shall furnish us with certified copies of each of the insurance policies described in this Section on either the earlier of the opening of the Business for operation or sixty (60) days following the date this Agreement is executed.

E. We may establish minimum standards for coverage to be met by underwriters for insurance and we have the right to audit Franchisee's insurance policies at any reasonable time without notice. Before opening for operation, Franchisee will obtain any other liability insurance required by law, provide us with certificates of insurance within ten (10) days of issuance, and maintain all required insurance during the term of this Agreement. Franchisee shall also furnish us with certificates and endorsements evidencing insurance coverage within ten (10) days after each of the following events: (i) at all policy renewal periods, no less often than annually; and (ii) at all instances of any change to, addition to or replacement of any insurance. Lapses, alterations, or cancellations require immediate notice to us and may be deemed a material breach of this Agreement as set forth in Section XXIII.B. If Franchisee fails to obtain the required insurance and to keep the same in full force and effect, we may, but shall not be obligated to, pay the premiums or acquire insurance, and bill Franchisee. Franchisee shall reimburse us for the full cost of such insurance, along with a reasonable service charge to compensate us for the time and effort expended to secure such insurance. We may change these insurance requirements on reasonable notice to Franchisee.

F. Franchisee's insurance will cover all claims for injury, damage and death or otherwise, arising directly or indirectly out of the Franchised Business. Franchisee shall notify us immediately in writing of the occurrence of any material event that does or could give rise to an insurable claim by Franchisee or the Franchised Business, and no later than the date on which Franchisee notifies its insurance carrier. We reserve the right to change or modify (including increasing) the required minimum coverage limits. We make no representation or warranty to Franchisee that the amount of insurance to be carried by Franchisee under the terms of this Agreement is adequate to fully protect Franchisee's interest. If Franchisee believes that the amount of any such insurance is insufficient, Franchisee is encouraged to obtain, at its sole cost and expense, such additional insurance as it may deem desirable or adequate. Franchisee agrees to seek the advice of its insurance advisor regarding the appropriate types of coverage and coverage limits Franchisee may need to sufficiently protect its Business. Franchisee acknowledges that we shall not, by the fact of approving, disapproving, waiving, accepting, or obtaining any insurance, incur any liability for or with respect to the amount of insurance carried, the form or legal sufficiency of such insurance, the solvency of any insurance companies or the payment or defense of any lawsuit in connection with such insurance coverage, and Franchisee hereby expressly assumes full responsibility therefore and all liability, if any, with respect thereto. Franchisee agrees to seek the advice of its insurance advisor regarding the appropriate types of coverage and coverage limits Franchisee may need to sufficiently protect its Business.

G. Franchisee's compliance with insurance requirements shall not relieve Franchisee of its liability under the indemnity provisions of this agreement, Section XVIII. Obligations to maintain insurance coverage will not be affected by reason of any separate insurance maintained by us, nor will the maintenance of such insurance relieve Franchisee of any obligations under this Agreement.

H. In the event the Facility shall be damaged or destroyed by fire or other casualty, or be required to be repaired, Franchisee shall commence the required repair of the Facility within thirty (30) days from the date of such casualty or notice of such governmental requirement (or such lesser period as shall be designated by such governmental requirement), and shall complete all required repairs as soon as possible thereafter, in continuity, but in no event later than ninety (90) days from the date of such casualty or requirement of such governmental notice. The minimum acceptable appearance for the restored Facility will be that which existed just prior to the casualty; however, every effort should be made to have the restored Facility include the then-current image, design and specifications of a Burn Boot Camp® business.

As between us and the Franchisee, the Franchisee shall bear the entire risk of any damage, loss, theft or destruction to the Facility from any cause whatsoever or requisition of the Facility by any governmental entity or the taking of title to the Facility by eminent domain or otherwise (collectively, "Loss"). The Franchisee shall advise us in writing within ten (10) days of any such Loss. No such Loss shall relieve the Franchisee of the obligation to pay Royalty Fees and all other amounts owed hereunder. In the event of any such Loss, we, at our option, may: (a) if the Loss has not materially impaired the Facility (in our reasonable Business Judgment), require that the Franchisee, upon our demand, place the Facility in good condition and repair reasonably satisfactory to us as mentioned above; or (b) if the Loss has materially impaired the Facility and it is substantially destroyed (in our sole judgment), we may require the Franchisee to repair the existing Facility or find an alternative location within the Territory within ninety (90) days. Franchisor may extend this period an additional thirty (30) days at its discretion and failure of Franchisee to comply may result in termination of this Agreement, in which event Franchisee may be relieved of all obligations under this Agreement, and in such case, the Franchisee must return to us the System all materials and comply with the post termination obligations of this Agreement, and Franchisor has the first right of refusal to purchase all Assets (as described in Section XXII.C).

#### XIV. **OBLIGATIONS OF FRANCHISEE RELATING TO ACCOUNTING AND RECORDS**

##### A. **Record keeping, Accounting and Records**

Franchisee acknowledges that the maintenance of accurate financial records and the preparation of financial statements on a timely basis is essential to the efficient operation of the Business. If Franchisee is not qualified to maintain accurate financial records, in our reasonable determination, the Franchisee agrees to hire a qualified bookkeeper who will maintain the financial records of the Franchisee and who will attend to the Business's needs not less than twice each month for that purpose. If applicable, Franchisee shall use the accounting software that Franchisor directs it to use.

Franchisee shall maintain during the term of this Agreement, and shall preserve for a minimum of five (5) years, full, complete accurate records of sales, payroll, accounts payable and accounts receivable in accordance with the standard accounting system described by Franchisor in the Operations Manual or otherwise specified in writing. Franchisee will keep its books and records related to the Business separate from any other business owned by Franchisee or its principals. Any such separate business will be conducted by a separate entity. Franchisee will provide Franchisor with all hard copy and electronic reports that Franchisor requires, in a format that Franchisor requires. Such required reports currently include monthly profit and loss statements. On or before the fifth (5th) day of each month or daily if Franchisor requires, Franchisee will deliver or provide electronic access to business records (we will have independent access to all information that Franchisee stores in any computer, iPad or software), including an itemized report of Franchisee's Gross Revenue for the prior period in a form Franchisor prescribes, which will include payment for the fees due for such period or month, and may include, to the extent that we require:

1. Franchisee's payroll records, certification or records of Gross Revenue (as defined in Section X.A), vendor summary reports, department summary reports and report of account receivables for the month, week, day or period reported;
2. Copies of any invoices and Member contracts with updated location information in any format we specify;
3. Copies of all invoices for purchases of exercise equipment, products and supplies;
4. Copies of all merchant account printouts received from the Franchisee's merchant account banking provider (i.e. records of credit and debit card transactions);
5. Copies of all bank deposits, and bank deposit records made by the Franchisee; and
6. A complete list of all Members, their email addresses, physical addresses and telephone numbers, who: (i) are prospective Members; (ii) have canceled or terminated membership; (iii) filed a complaint internally or with third parties (such as the Better Business Bureau); or (iv) sought refunds for Services and/or Products larger than \$100 during the preceding month, by the fifth (5th) day of each month.

Franchisee acknowledges and agrees that we, at all times during the term of this Agreement and after termination, expiration or cancellation of this Agreement, have the right to access (electronically or otherwise) all Business Records of the Business. We may use, transfer, copy or analyze such Business Records as we determine in our sole discretion to be in the best interest of the System. For purposes of this Agreement, "Business Records" means all records, documents, insurance policies, databases and the like (whether in print, electronic or other form), including all names, addresses, phone numbers, email addresses, Member records, contracts, purchase agreements, vendor and/or supplier records and all other records contained in databases created and maintained by Franchisee pertaining to the operation of a Burn Boot Camp® business, including but not limited to Members, employees, vendors and other professionals related to the Business.

Franchisee will adopt a fiscal year as approved by us and prepare all financial reports in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), consistently applied. Franchisee must periodically deliver to us accounting, tax and other information or copies of documents, as we request.

B. Franchisor's Right to Audit

Franchisor or its agents may enter the Franchisee's location to examine or audit Franchisee's business at any reasonable time without notice. Franchisor may examine, inspect or audit Franchisee's database and Business Records, which records will include, but will not be limited to: payroll records, ledgers, purchase agreements, sales reports, timecards, check stubs, bank deposits, bank statements, merchant account printouts, receipts, sales tax records and returns, insurance policies and other documents. Franchisor will bear the cost of the audit, provided, however, if Franchisee fails to report as required or understates Gross Revenue by two percent (2%) or more for any reported time period, Franchisee will pay the audit costs plus interest at eighteen percent (18%) per annum (1.5% per month) for all understated Gross Revenues, or the maximum rate allowed by the laws of the state in which Franchisee's business is located as specified in the Operations Manual. Franchisee will pay Franchisor within ten (10) days after Franchisee's receipt of the audit report. The foregoing remedies shall be in addition to any other remedies we may have pursuant to this Agreement and as provided at law and in equity.

In addition to the cost of the audit described above, Franchisee shall reimburse us for any and all costs and expenses relating to the inspection (including, without limitation, travel, lodging and wage expenses and reasonable accounting and legal costs), and, at our discretion, submit audited financial statements prepared, at Franchisee's expense, by an independent certified public accountant satisfactory to us. If an inspection discloses an understatement in any payment to us of two percent (2%) or more, twice within any two (2) year period, such act or omission shall constitute grounds for immediate termination of this Agreement, as set forth in Section XXIII.B. The foregoing remedies shall be in addition to any other remedies we may have pursuant to this Agreement and as provided at law and in equity.

C. Method of Payment

All payments Franchisee makes to Franchisor will be by any method Franchisor specifies, including cash, check, certified check, money order, credit card, automatic pre-authorized payment plan, Internet, or electronic funds transfer (as described in Section X.C of this Agreement). All payments to Franchisor and dollar amounts stated in this Agreement are in United States dollars unless otherwise expressed. Notwithstanding any other provision in this Agreement to the contrary, in the event the United States currency is redeemed, renominated or another currency is issued in its place, the new currency will be required. If a conversion of royalties or other payments from another currency is made, the conversion shall be made as of the date the payment is due, or the date the payment is actually made, whichever is more beneficial to Franchisor. Franchisee is responsible for any fees associated with payment methods other than cash, check or electronic transfer.

D. Submission of Financial Statements

Franchisee will provide us with a copy of Franchisee's (a) year-end annual financial statements including a profit and loss statement and a balance sheet and containing complete notes and disclosures; and (b) monthly financial statements including a profit and loss statement and a balance sheet. Such statements will be prepared in accordance with GAAP, by an independent accountant, and will be delivered to us within ninety (90) days after Franchisee's fiscal year end for annual financial statements and ten (10) days after the end of each calendar month.

E. Disclosure of Financial Statements

Franchisee hereby grants us permission to release to Franchisee's lenders or prospective lenders and to Franchisor's purchasers or prospective resell purchasers, any financial and operational information relating to Franchisee and/or the Business; however, we have no obligation to do so. Should we acquire Franchisee's business for resale, we may show such buyer Franchisee's financial statements and related information.

Franchisee also authorizes us to make reasonable inquiries of Franchisee's bank, suppliers, landlord, and creditors concerning the Business, and hereby directs such persons and companies to provide to us such information and copies of documents pertaining to the Business as we may request.

XV. **SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO USES OF NAMES AND MARKS**

A. Names and Marks are Owned by Franchisor

Franchisor warrants, with respect to the proprietary Names and Marks, that:

1. Pursuant to a License Agreement between Franchisor and Devan Kline Fitness, LLC, the Franchisor has been granted the exclusive right to use the Names and Marks to establish Burn Boot Camp® franchises in the United States.
2. We will take such steps as we deem reasonably necessary to preserve and protect the ownership and validity of such Names and Marks; and
3. Franchisee acknowledges that there may be third party pre-existing users or applicants/registrants of trademarks, trade names, or business names similar to the Marks. We shall investigate such use, applications, or registrations, if any, and we shall, in our sole discretion, decide on the appropriate action to be taken. Any unsuccessful challenge made by us shall not constitute a ground for the termination of this Agreement. In the event Franchisor determines in its sole judgment that challenging any such third party's use of the Marks will not likely be successful, or would not be economically feasible to achieve, or if Franchisee shall be required to cease using the Marks (or any of them) by court order, or as a result of any settlement of any such trademark claim by a prior registrant or any pre-existing user, or any other such trademark claim, or if we shall deem it necessary or appropriate to change the name of the System in order to mitigate any potential exposure or damages arising under any trademark claim, Franchisee shall, at Franchisee's sole cost and expense, promptly change the name of its Franchise, and thereafter utilize an alternative name established by us. We shall not otherwise be liable for any losses or any consequential damages, incidental damage, exemplary damages, special damages, including lost future profits, resulting from or arising out of any trademark service mark, and/or unfair competition claim(s). We shall have no obligation to reimburse the Franchisee for any costs, causes of action, damages, demands, expenses, fines, liabilities, or penalties, arising out of such a trademark, service mark, logo or trade name change.
4. Franchisor will use and permit Franchisee and other franchisees and licensees to use the Marks in compliance with the System and standards attendant thereto and contained in the Operations Manual, as well as the Franchisor's policy statements, which underlie the goodwill associated with and symbolized by the Names and Marks.

B. Franchisee is Licensed to Use Names and Marks

With respect to Franchisee's use of the Names and Marks pursuant to this Agreement, Franchisee agrees that:

1. Franchisee shall use only the Names and Marks as are approved in writing by us for Franchisee's use, and shall use them only in the manner authorized and permitted by us and that in any use whatsoever of the Names and Marks are identified as being registered to or owned by us;
2. Franchisee shall use the Names and Marks only in connection with the operation of the Business and in advertising for the Business conducted at or from the website for the Business and Accepted Location;
3. Franchisee shall use and display, as we may require in the operation of the Business, a notice in the form approved by us indicating that Franchisee is a "Franchise" of Kline Franchising, Inc. and that the Names and Marks are used by Franchisee under such Franchise. Franchisee must indicate to third parties that it is "independently owned and operated" and that we own the Marks and Franchisee uses them under a license;

4. Unless otherwise authorized or required by Franchisor, Franchisee shall operate and advertise the Business under the Name and Mark “Burn Boot Camp®”;
5. Franchisee’s right to use the Names and Marks is limited to such usages as are authorized under this Agreement, and any unauthorized use shall constitute an infringement of our rights and a material breach of this Agreement;
6. Franchisee must obtain our approval for any use of any item of printed material of any kind bearing any of the Names or Marks, unless we supplied the item. We shall approve or deny Franchisee’s request, which approval is at our sole discretion, within thirty (30) days of receipt of Franchisee’s written request. If we fail to respond to Franchisee’s request within said thirty (30) day period, Franchisee’s request shall be deemed denied. Franchisee shall use such notices of trademark registrations and copyrights as we specify;
7. Franchisee shall not use the Names and Marks to incur any obligations or indebtedness on behalf of Franchisor;
8. Franchisee shall not use the Names and Marks or any part of thereof as part of its corporate or other legal name;
9. Except as otherwise permitted in this Agreement, Franchisee shall not use the Names and Marks or any part thereof in any form on the Internet, including but not limited to, addresses, domain names, URLs, Websites, links, metatags, locators and search techniques;
10. Franchisee shall comply with our instructions in filing and maintaining the requisite trade name or fictitious name registration, and shall execute any documents deemed necessary by us or our counsel to obtain protection for the Names and Marks or to maintain their continued validity and enforceability;
11. In the event any litigation involving the Names and Marks is instituted or threatened against Franchisee, Franchisee shall promptly notify us and shall cooperate fully with us in defending such litigation. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in our sole opinion, reasonably are necessary or advisable to protect and maintain the interests of us or any other interested party in the Names and Marks. Other than what is stated in this Agreement, we are not obligated to protect Franchisee’s right to use the Marks or protect Franchisee against claims of infringement or unfair competition with respect to them and may direct Franchisee not to use the Marks or to change the trademarks at Franchisee’s expense. We will control any and all such litigation, and mediation involving our trademarks. Franchisee has no authority to institute any litigation, or institute any request for mediation regarding our trademarks, nor does the Franchisee have any authority to enter into any settlement negotiations; and
12. Franchisee further agrees to follow all of our quality standards that are inherent in the Names and Marks. Such quality standards are contained in the Operations Manual, as well as various memos or policy statements issued by us, and may be changed from time to time at the Franchisor’s sole discretion.

C. Franchisee Will Not Challenge Franchisor's Rights in Its Use of Names and Marks

Franchisee expressly understands and acknowledges that:

1. As between the parties hereto, we are the owner of all right, title, and interest in and to the Names and Marks and the goodwill associated with and symbolized by them;
2. The Names and Marks are valid and serve to identify the System and those who are franchised under the System;
3. Franchisee shall not directly or indirectly contest the validity or the ownership of the Names and Marks;
4. Franchisee's use of the Names and Marks pursuant to this Agreement does not give Franchisee any ownership interest or other interest in or to the Names and Marks, except the non-exclusive franchise granted herein;
5. Any goodwill arising from Franchisee's use of the Names and Marks in its Business under the System shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement and the franchise herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Names and Marks;
6. We reserve the right to substitute different Names and Marks for use in identifying the System, the Business and other franchised businesses operating there under;
7. Franchisee hereby agrees to comply, at Franchisee's expense, with any directions from us to discontinue, modify, substitute or add Names and Marks. We cannot and do not make any guaranty that a modification, discontinuance or otherwise will not be required for any reason. In such event, we have no liability to Franchisee. Franchisee agrees to make no claim in connection with any modification, discontinuance or other action, and/or with any dispute regarding the Names and Marks. There is always a possibility that there might be one or more businesses using a name and/or marks similar to us with superior rights;
8. Franchisee hereby agrees not to register or attempt to register Names and Marks in Franchisee's name or that of any other firm, person or corporation; and
9. The right and license of the Names and Marks granted to Franchisee is nonexclusive, and thus we have and retain the rights, among others:
  - a. to use the Names and Marks in connection with offering and selling Services and Products (including exercise equipment if we choose to do so in the future);
  - b. to use the Names and Marks to market on the Internet, including all use of Websites, domain names, URLs, linking, advertising and co-branding arrangements. Franchisee may not establish a presence on the Internet except as we may specify and only with our prior written consent. We retain the right to approve any linking to or other use of our website or any other Website specific to our Services and Products;



- c. to grant other franchises or licenses for the Names and Marks, in addition to those already granted to existing franchisees and licensees; and
- d. to develop and establish other systems using similar Names and Marks, or any other proprietary marks, and to grant licenses or franchises thereto at any location(s) whatsoever without providing any rights therein to Franchisee.

D. Ownership of Intellectual Property

Franchisee acknowledges that we are the exclusive owner of the Intellectual Property, the Names and Marks, all Confidential Information, all intellectual property associated with the Names and Marks and the System, all vendor and supplier relationships, all employees and Member lists, which include all Member phone listings/addresses/URLs held by Franchisee. Franchisee agrees that Franchisee will not use these lists for any purpose other than in relation to the Business. Franchisee will, on demand, promptly deliver to us a complete list of Franchisee’s Members and employees, including information we may request related to such Members and employees. The use of any or all such intellectual property shall not create in Franchisee, or its Owners, if it is an entity, title or interest in or to any of it, except as expressly provided in this Agreement. Neither Franchisee, nor any of its Owners, shall directly or indirectly assert any right, title or interest in or to any of the Marks or any other part of the Intellectual Property, other than as provided for in this Agreement. Franchisee acknowledges that we shall own all intellectual property rights to any materials provided to the Franchisee by us, or developed by the Franchisee pursuant to this Agreement, and regarding all such materials this Agreement shall constitute a “work for hire.” In the event that an arbitral panel or court of competent jurisdiction holds this Agreement not be a work for hire, the Franchisee agrees to assign all copyright rights to all such works to the Franchisor. Such ownership rights shall be in all media, whether now known or hereinafter invented, by all means, methods, and processes, including complete and entire interactive rights, and rights to derivative works.

**XVI. SPECIFIC OBLIGATIONS OF THE FRANCHISEE RELATING TO CONFIDENTIALITY OF PROPRIETARY INFORMATION**

A. Nondisclosure.

During the term of this Agreement, you will receive information which we consider our trade secrets and confidential information (“Confidential Information”). You will 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 including, without limitation: trade secrets, advertising strategies, fitness programs and workouts routines; strategies for increasing memberships, exercise equipment operation, safety procedures, usage of software and applications for mobile devices, cost and pricing strategies, inventory management and tracking of products and supplies, contracts, forms and waivers; hiring, training and managing employees, record keeping, accounting systems and procedures, website information and maintenance, effective sales and marketing methods in addition to lists of vendors and suppliers, price marketing mixes related to products and services offered by Businesses, supplier networks and pricing arrangements with suppliers, sales promotion aids, accounting procedures, marketing reports, inventory systems, copyrighted materials, and other methods, techniques and know-how concerning the operation of the Business which may be communicated to you or of which you may be apprised by virtue of your operation of the Business. You also acknowledge and agree that certain information, including (i) current customer and prospective customer names and addresses, (ii) information about credit extensions to customers, (iii) customer purchasing histories, (iv) rates charged to customers; and (v) CRM reports (subsections (i)-(v) collectively “Customer Lists”) also constitute our trade secrets and Confidential Information. You may divulge Confidential Information only to those of your employees as must have access to it in order to operate the Business. All information, knowledge, know-how, techniques, and other data which we

designate as confidential will be deemed Confidential Information for purposes of this Agreement. You further agree to abide by any policies regarding to customer privacy that we may establish from time to time.

B. Franchisee's Employees Will Not Disclose Confidential Information

All managers and key personnel must execute covenants that they will maintain the confidentiality of the information they receive in connection with their employment by you at the Business. Such covenants will be in a form satisfactory to us and substantially similar to the Non-Compete and Confidentiality Agreement attached as Schedule 8 to this Agreement. Employee Non-Competes must include, without limitation, specific identification of Franchisor as a third-party beneficiary of such covenants with independent rights to enforce them.

C. Injunctive Relief is Available to Franchisor

Franchisee acknowledges that any failure to comply with the requirements of this Section XVI will cause us irreparable injury, and we shall be entitled to obtain specific performance of, or an injunction against any violation of, such requirements; Franchisee waives any requirements for the posting of any bond(s) relating thereto. Franchisee agrees to pay all court costs and reasonable attorneys' fees incurred by us in obtaining specific performance of, or an injunction against, violation of requirements of this Section XVI. The foregoing remedies shall be in addition to any other legal or equitable remedies, which we may have. 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 incurs as a result of the wrongful issuance.

D. Franchisor's Patent Rights and Copyrights

We do not own rights in or to any patents that are material to the System at this time. However, Franchisor claims copyright protection for several aspects of the System such as the Operations Manual, Membership options, all fitness programs and workout routines, Software (if developed) and all promotions, marketing, sales and operations literature. Such copyright ownership shall extend to all media, whether now known or hereinafter invented, by all means, methods, and processes, whether now known or hereinafter invented, including rights to interactive works, and derivative works. Furthermore, we claim rights to certain trade secrets and Confidential Information as discussed above.

E. Franchisee Shall Not Contest the Franchisor's Ownership Right to Any Confidential Information, Trade Secrets, Patents or Copyrights

Franchisee expressly understands and acknowledges that:

1. To the best of Franchisee's knowledge, we are the owner of all Confidential Information, trade secrets, copyrights, and patent rights;
2. Franchisee shall not directly or indirectly contest the validity or the ownership of our Confidential Information, trade secrets, copyrights, and patents;
3. Franchisee's use of our Confidential Information, trade secrets, copyrights, and patents does not give Franchisee any ownership interest or other interest in or to the Confidential Information, trade secrets, copyrights, and patents, except the non-exclusive Franchise granted herein;

4. Any goodwill arising from Franchisee's use of the Confidential Information, trade secrets, copyrights, and patents in its Business under the System shall inure solely and exclusively to our benefit, and upon expiration or termination of this Agreement and the Franchise herein granted, no monetary amount shall be assigned as attributable to any licensed Confidential Information, trade secrets, copyrights, and patents;
5. We reserve the right to substitute different Confidential Information, trade secrets, copyrights, and patents for use in operating and maintaining the System;
6. Franchisee hereby agrees to comply, at Franchisee's expense, with any directions from us to discontinue, modify, substitute or add any new Confidential Information, trade secrets, copyrights and patents. We cannot and do not make any guarantee that a modification, discontinuance or otherwise will not be required for any reason. In such event, we have no liability to Franchisee. Franchisee agrees to make no claim in connection with any modification, discontinuance or other action, and/or with any dispute regarding any licensed Confidential Information, trade secrets, copyrights and patents; and
7. Franchisee hereby agrees not to register or attempt to register any Confidential Information, trade secrets, copyrights or patents in Franchisee's name or that of any other firm, person or corporation.

#### **XVII. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO TAXES, PERMITS AND LAWSUITS**

##### **A. Franchisee Must Notify Franchisor of Lawsuits**

Franchisee shall notify us in writing within five (5) days of notice of the commencement of any action, suit, or proceeding against Franchisee, and of the issuance of any inquiry, subpoena, order, writ, injunction, award or decree of any court, agency, or other governmental instrumentality, which arises out of, concerns, or may affect the operation or financial condition of the Business, including, without limitation, any criminal action or proceedings brought by Franchisee against its employees, clients, or other persons. The Franchisee shall give us advance written notice of Franchisee's intent to institute legal action against us, specifying the basis for such proposed action, and shall grant us thirty (30) days from receipt of said notice to cure the alleged act upon which such legal action is to be based.

##### **B. Franchisee Must Pay Taxes Promptly**

Franchisee shall promptly pay when due all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and all accounts and other indebtedness of any kind incurred by Franchisee in the conduct of the Business. Franchisee shall pay us an amount equal to any sales tax, gross receipts tax or similar tax imposed on us with respect to any payments to us required under this Agreement, unless tax is credited against income tax otherwise payable by us. Franchisee shall not permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor to occur against the site of the Business, or any improvements thereon.

#### **XVIII. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO INDEMNIFICATION**

Franchisee understands and agrees that 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 or the name of any of our officers, owners, members, agents, directors, shareholders or employees. Franchisee further understands and agrees that Franchisor, and its officers, owners, members, agents, directors, shareholders and employees, shall in no event have or assume liability for, or be deemed liable as a result of, any such action, or by reason of any act or omission of Franchisee in its conduct of the Business or any claim or judgment arising there from against Franchisee.

For the purposes of this indemnification, the terms “claim, loss or obligation” will include: compensatory, special, exemplary or punitive damages; fines and penalties; attorneys’ fees; experts’ fees; court costs; costs associated with investigating and defending against claims; settlement amounts, judgments, compensation for damages to Franchisor’s reputation and goodwill; and all other costs associated with any of the foregoing claims, losses or obligations.

Franchisee shall defend, indemnify and hold us and our officers, owners, members, agents, directors, shareholders and employees harmless against all fines, suits, proceedings, claims (including but not limited to, any safety and security claims, claims of injury, claims of theft, claims of neglect, abuse, death, vicarious or other liability), demands, actions, losses, damages, costs, expenses, fees (including legal fees, disbursements and related expenses), penalties and/or any other liability of any kind or nature, however arising, growing out of or otherwise connected with and/or related to any act, error and/or omission of Franchisee (including Franchisee’s ownership, operation and/or management of the Business) and/or any referral, service provider, supplier or other agent/independent contractor or employee of Franchisee including acts, errors or omissions committed or incurred, negligent or intentional acts in connection with Franchisee’s operation of the Business and infringement, violation or alleged infringement or violation of any Name, Mark, patent or copyright or any misuse of the Confidential Information. This provision shall include all claims as indicated above, of Franchisor, directly against Franchisee (without a third-party involvement) due to acts or omissions of Franchisee or Franchisor in which Franchisor suffers damages, including, but not limited to, harm to its goodwill and reputation.

We will have the right to control all litigation, including selection and management of counsel and defend and/or settle any claim, against and/or including us and/or our-related persons/entities, or affecting our and/or their interests with no obligation to Franchisee and without affecting our rights under this indemnity or otherwise. Franchisee may appoint separate independent counsel to represent Franchisee’s interest in such suits, proceedings, claims, etc., all at Franchisee’s expense. Franchisee’s indemnification obligations survive termination of this Agreement.

## **XIX. MISCELLANEOUS COVENANTS OF FRANCHISEE**

### **A. Covenants are Independent**

The parties agree that each covenant herein shall be construed to be independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Agreement is held to be unenforceable or unreasonable by a court or agency having competent jurisdiction in any final decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resultant covenant were separately stated in and made a part of this Agreement.

### **B. Franchisee’s Principals**

The term “Principals” shall include, collectively and individually, Franchisee’s spouse, if Franchisee is an entity, all managing partners, general partners, members, managers, shareholders, officers, directors and other operational personnel whom we designate as a Principal, and the spouse of each such person, and all holders of an ownership interest in any entity directly or indirectly controlling Franchisee, and the spouse of such person, and any other person or entity controlling, controlled by or under common control with Franchisee and the owners of said entity (if applicable) and spouses of each said person. The initial Franchisee’s Principals shall be listed on Schedule 6 of this Agreement.

C. Franchisee Will Not Compete Against Franchisor

You acknowledge that as a participant in Franchisor's System, you and your employees and Principals will receive proprietary and confidential information and materials, trade secrets, and access to the unique methods, procedures and techniques for operating a Business that Franchisor has developed. Therefore, to protect Franchisor, the System, and other System franchisees, you agree to the following covenants:

1. During the term of this Agreement, neither you nor your Owners, Principals, Head/Lead Trainer nor any member of your immediate family or the immediate family of your Owners, Principals and Head/Lead Trainer who work at the Business 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 as an officer, director, or principal of, lend money to, extend credit to or have any interest in any other business or entity which operates or licenses others to operate a business that offers fitness, wellness, health, weight loss, body conditioning, 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 Business under Franchisor's System; or
- (ii) Solicit the Business's Members or customers or contact any of our suppliers or vendors for any competitive business purpose.

2. For a period of two (2) years after the expiration, nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither you nor your Owners, Principals, Head/Lead Trainer, nor any member of your immediate family or the immediate family of your Owners, Principals and Head/Lead Trainer who work at the Business may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

- (i) Enter into any business competing in whole or in part with us by granting franchises or licenses for businesses which offer fitness, wellness, health, weight loss, body conditioning, or any other business offering products and services offered or authorized for sale by System franchisees at the time this Agreement is terminated or otherwise expires and is not renewed;
- (ii) Own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any Competing Business: (i) at the Accepted Location premises; (ii) within the Territory; or (iii) within a ten (10) mile radius of (a) the Territory being granted hereunder or (b) any other Territory licensed by us as of the date of expiration or termination of this Agreement; or
- (iii) Solicit the Business's Members or customers or contact any of our suppliers or vendors for any competitive business purpose.

The unenforceability of all or part of this covenant not to compete in any jurisdiction will not affect the enforceability of this covenant not to compete in other jurisdictions, or the enforceability of the remainder of this Agreement. This covenant not to compete is given in part in specific consideration for access to trade secrets provided as

a part of our franchisee education programs or ongoing support programs. In any jurisdiction in which the covenant contained in this Section XIX or any part of it is deemed not enforceable in whole or in part, Franchisee hereby grants us an option to purchase Franchisee's Business on expiration or termination of this Agreement. We may exercise this option by giving thirty (30) days' written notice to Franchisee (Sections XXII.C). Upon termination or expiration, Franchisee will deliver to us a list of these Assets (as described in Section XXIV.B) and their cost as well as receipts evidencing their cost. Franchisee must relinquish possession on receipt of payment, but no later than ninety (90) days after expiration or termination. Franchisee's other post termination obligations under this Agreement and by law remain in effect on termination or expiration of this Agreement. This Section XIX.C hereof shall not apply to ownership by Franchisee or any of its Owners of less than a five percent (5%) beneficial interest in the outstanding equity securities of any Publicly-Held Corporation. As used in this Agreement the term "Publicly-Held Corporation" shall be deemed to refer to a corporation which has securities that has been registered under the Federal Securities Exchange Act of 1934.

D. Intent and Enforcement

It is the parties' intent that the provisions of this Section XIX 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 will not render any other part unenforceable. In the event of the actual or threatened breach of this Section XIX by you, any of your Principals, or any member of the immediate family of you or your Principals, we will be entitled to an injunction restraining such person(s) from any such actual or threatened breach. You acknowledge that the covenants contained herein are necessary to protect the goodwill of the Business, other Burn Boot Camp franchisees, and the System. You further acknowledge that covenants contained in Section XIX.C are necessary to protect our procedures and know-how transmitted during the term of this Agreement. You agree that in the event of the actual or threatened breach of Section XIX.C, our harm will be irreparable and that we have no adequate remedy at law to prevent such harm. You acknowledge and agree on your behalf and on behalf of the persons who are liable under Section XIX.C that each has previously worked or been gainfully employed in other careers and that the provisions of Section XIX.C in no way prevent any such person from earning a living. You further acknowledge and agree that the time limitation of Section XIX.C will be tolled during any default under the Section.

E. Covenants Are Enforceable Independent of Claims

Franchisee expressly agrees that the existence of any claim it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by us of the covenants of this Section XIX. Franchisee further agrees that we shall be entitled to set off any amounts owed by us to Franchisee against any loss or damage to us resulting from Franchisee's breach of this Section XIX.

F. No Right of Set-Off

Franchisee expressly agrees that the existence of any claims it may have against us, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by us of the covenants in this Section XIX and there shall be no set off for Franchisee's claim. Franchisee agrees to pay all damages, costs and expenses (including reasonable attorneys' fees) incurred by us in connection with the enforcement of this Section XIX.

**XX. OBLIGATIONS OF THE FRANCHISOR: SUPERVISION, ASSISTANCE OR SERVICES**

We shall provide the Franchisee with the following assistance and services:

## A. The Initial Franchisee Education Program

1. We will provide the initial franchisee education program at our headquarters or another location of our choice. We will provide this initial franchisee education (five (5) day program at corporate headquarters) without charge for Franchisee and up to two (2) additional individuals (for a total of three (3) people), being the Owners, Head/Lead Trainer, and Operations Manager, as designated by Franchisee no earlier than the date that Franchisee signs the lease for the premises. However, if Franchisee wishes to send more than three (3) people to the initial franchisee education program, subject to space, Franchisee may send more but must pay our then-current fee per additional attendee. Additionally, Franchisee will be responsible for travel, accommodation, food, and other costs for all its attendees, and Franchisee must attend and satisfactorily complete such initial franchisee education program within the timeframe mentioned above. If, during the initial franchisee education program we determine, in our sole discretion, that you (or your managing partner, member or shareholders) are not qualified to manage a Burn Boot Camp® Business, you can appoint someone else to be trained at your expense. If Franchisee, its Owners, its Operations Manager or Head/Lead Trainer fails to timely complete the initial franchisee education program to our satisfaction, Franchisee has the right to appoint another Head/Lead Trainer or Operations Manager, as applicable, to attend initial franchisee education program at Franchisee's expense, and if the other Head/Lead Trainer or Operations Manager, as applicable, does not satisfactorily complete the franchisee education to our satisfaction, then we may terminate this Agreement as described in Section XXIII.C. Any Owner, Operations Manager, and/or Head/Lead Trainer designated by Franchisee replacing a previously trained Owner, Operations Manager, and/or Head/Lead Trainer must be trained by us within thirty (30) to ninety (90) days of first employment, at Franchisee's cost as provided below. If you or your affiliate has owned and operated a Burn Boot Camp® Business previously and you purchase another existing Burn Boot Camp® location, then we will not be obligated to provide all of the aforementioned franchisee education to you at no cost.

2. Franchisor may reasonably require Franchisee, its Owners, its Operations Manager or Head/Lead Trainers to receive or attend and complete to Franchisor's satisfaction additional or advanced education programs from time to time. Franchisee may be required to pay a fee for such education as we reasonably determine. Franchisee must also pay for travel, food, and accommodations and all other related expenses. We may, in our sole discretion, hold refresher and ongoing franchisee education courses. We may require you and your management personnel to attend franchisee education courses at the location we designate. All expenses, including you and your personnel's transportation, meal, and lodging expenses to attend such franchisee education courses, will be your sole responsibility. We may also provide franchisee education courses for employees and managers to complete over our intranet system at your expense.

3. As part of the initial franchisee education program, we will provide Franchisee with: a written list of approved Services (including fitness programs, workout routines and membership options) and Products Franchisee is required to offer and sell; a written list of approved exercise equipment, Products, supplies and services (as described in Section XII.H) Franchisee is authorized to purchase and use; a written list of approved vendors and suppliers from whom Franchisee must purchase exercise equipment, products, supplies and services; specifications, maintenance and operation guidelines for all exercise equipment and computer systems; recommended (but not mandatory) procedures and standards for hiring and training employees; techniques in efficiencies, operational standards, customer service, safety procedures, suggested rates and pricing for Services and Products; and sales training, advertising, marketing and promotional programs that have been developed by us (or our affiliates) and are necessary in the operation of the Business. We reserve the right, in our sole discretion, to add, modify, change or discontinue any Service or Product from time to time as specified in Sections XII.H and XII.I of this Agreement. Franchisee will be responsible for all costs associated with the administration of such changes.

We will provide regularly scheduled conference calls and additional guidance in the operation of the Business in an effort to provide assistance to resolve operational challenges Franchisee may encounter outside the scope of the

Operations Manual (subject to availability). This guidance can be furnished in whatever manner we consider appropriate in our business judgment, including electronically via an intranet system, free of charge, to answer questions from Franchisee and its staff (during regular business hours in the Eastern Time Zone). Guidance may also be furnished in writing, telephonically, through franchisee education programs and/or on-site consultations, and web-based computer franchisee education, among other methods. Onsite consultations are subject to additional franchisee education fees as mentioned above.

5. We may, from time to time, provide to Franchisee, at Franchisee's expense, such advertising and promotional plans and materials for local advertising and may direct the discontinuance of such plans and materials, from time to time. All other advertising and promotional materials that Franchisee proposes to use must be reviewed and approved by us, pursuant to Section XII.K of this Agreement.

6. We may provide Franchisee with announcements, memos, bulletins, brochures, manuals and reports, if any, as may from time to time be published by or on our behalf regarding our plans, policies, developments and activities. In addition, we may provide such communication concerning Services, Products, industry developments and improvements to the management of the Business that we determine are relevant to the operation of the Business and communication with other franchisees by means of an intranet system. We may also establish a franchisee-elected peer group whose main purpose will be to mentor, support and regularly communicate with franchisees. We have the power to dissolve, merge, or change such peer advisory groups.

7. We shall provide guidance for establishing a standardized accounting, bookkeeping and cost management control system. We will provide Franchisee with all update and upgrade requirements for computers and related software programs in response to changes in the Operations Manual or changes in its policies that are communicated to Franchisee in writing. The cost for such updates and/or upgrades is Franchisee's sole responsibility.

8. We will provide a telephone helpline, free of charge, to answer any questions from Franchisee or its staff (during regular business hours, Eastern Time Zone). Franchisee will also be able to send us questions and suggestions using Internet email or intranet system as described above. We will consult with Franchisee at no additional charge regarding policies, sales, marketing and operational issues.

9. We may establish and conduct an annual conference for all Business owners and operators, and may require Franchisee to attend this conference for no more than five (5) days each year. We reserve the right to charge Franchisee our then-current registration fee in connection with any conference conducted pursuant to this Section, and Franchisee will be solely responsible for all expenses incurred in attending such conferences.

#### B. Website and Social Media Policy

We will provide to Franchisee a Burn Boot Camp® website which is a URL housed within the corporate website that may include interactive functionality and portals online for additional franchisee education, advertising, operational and support materials. Franchisee may customize parts of the website with our approval; however, the look must remain consistent as specified in the Operations Manual or otherwise in writing. Franchisee agrees and acknowledges that maintenance and any changes, edits or updates to the website and/or any promotions over the Internet must be performed by us, our affiliates and/or approved vendors. Upon approval of Franchisee request, which must be submitted in writing, Franchisee is responsible for the cost of such changes. Franchisee may neither establish nor use any Website without our prior written approval and if such approval is granted Franchisee must comply with our requirements regarding discussing, advertising or disseminating any information on a Website. Such approval may be revoked at any time by us in our sole and absolute discretion. We shall own all copyright and other intellectual property rights to the website, as well as the



contents of the corporate website or any other Website upon expiration or termination of this Agreement as described in Section XXIV.A, and this agreement constitutes a “work for hire.” In the event that an arbitral panel or a court of competent jurisdiction holds that the customizations or contents are not works for hire, then the Franchisee agrees to assign all copyright and other intellectual property rights to the customizations to the Franchisor. The term “all copyright and other intellectual property rights” shall include ownership rights in all media, whether now known or hereinafter invented, by all means, methods, and processes, whether now known or hereinafter invented, including interactive rights and rights to derivate works.

You may conduct advertising without our written permission in Social Media as long as you comply with our social media policy. You must adhere to the social media policies that we establish from time to time, and must require your employees to do so as well. Use of social media, including any pictures that may be posted on, using or through one or more social media sites, must be in compliance with our Operations Manual and System standards, including our take-down policies.

C. Site Selection

We will review and grant or withhold our approval of locations selected by you for your Business, in the manner required by Section XII.R of this Agreement. You must use a real estate search consultant or broker that we have approved in advance to assist you in your real estate search.

D. Facility Layout and Design

Franchisor will provide Franchisee with guidelines of the layout and design of its Facility; however, Franchisee may need to hire its own architect to create a complete set of drawings based on the facility size and local permitting requirements. Franchisor reserves the right to review Franchisee’s final set of drawings. Our approval of Franchisee’s final set of drawings is not a representation or warranty that such drawings or plans will meet local permitting requirements or that such drawings or plans will not have to be revised or done over again in order to get final approval by local authorities. Approval is intended only to indicate that the Facility layout meets our minimum criteria. Franchisee agrees that our approval or disapproval of Franchisee’s final set of drawings do not impose any liability on us. The costs of leasehold improvements, furniture, fixtures, exercise equipment, signage and décor for finishing out the Facility are the sole responsibility of the Franchisee. The Franchisee is also responsible for all lease negotiations.

We will make available, at no charge to Franchisee, and will advise Franchisee with regards to floor plans and mandatory specifications for the construction of a Burn Boot Camp® business, which includes the exterior and interior design. Franchisee acknowledges that Franchisee is responsible for all costs associated with architectural floor plans and all setup required for the Facility. Franchisee acknowledges that such specifications shall not contain the requirements of any federal, state or local law, code or regulation (including, without limitation, those concerning the Americans with Disabilities Act (the “ADA”) or similar rules governing public accommodations or commercial facilities for persons with disabilities). Franchisee must adhere to all local zoning ordinances, regulations, fire, health and building codes, compliance with all of which shall be Franchisee’s responsibility and at Franchisee’s expense. Franchisee shall adapt, at Franchisee’s expense, the standard specifications to the Facility location, subject to Franchisor’s approval, as provided in Section XII.S of this Agreement, which will not be unreasonably withheld, provided that such plans and specifications conform to our general criteria.

Franchisee understands and acknowledges that we have the right to modify the final set of drawings, architectural plans, floor plans, schematics and/or specifications as we deem appropriate, periodically; however, we will not modify the final set of drawings, architectural plans, floor plans, schematics and/or specifications for the Facility developed

pursuant to this Agreement once those final set of drawings, architectural plans, floor plans, schematics and/or specifications have been approved by us and given to Franchisee.

E. Hiring Employees

You will have sole authority and control over the day-to-day operations of your Business and your employees and/or independent contractors. You agree to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws, 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 you or your employees be deemed to be our or our affiliates' employees. Failure of Franchisee to adhere to the requirement of criminal background checks for all prospective employees may be considered a breach of this Agreement and Franchisor may terminate, in its sole discretion, the Agreement, except where the Franchisee has reasonable cause to deviate from Franchisor's standards, as described in Section XXIII.C of this Agreement.

F. No Warranties Other Than in Writing

With respect to exercise equipment, Products, supplies and/or services (as described in Section XII.H) provided by us or our affiliates and/or any person/company referred/approved by us or our affiliates, other than specific written warranties expressly provided in connection with such items, such items are provided without any warranties, express or implied, the warranties of merchantability and suitability for a particular purpose being expressly disclaimed. In addition, we make no warranties regarding any open source code contained in any software that we may provide to the Franchisee. We do not warrant that any such software shall be free of bugs, viruses, worms, or Trojan horses.

We are not liable for any guarantee or warranty that Franchisee or any Owners, Head/Lead Trainers or employees make to a Member or third party. Franchisee will fully comply with any customer service or Member loyalty programs. Franchisee will not misrepresent or omit or fail to state any warranty or guarantee to Members.

G. Operations Manual

We will make available to you in electronic form our proprietary and confidential Operations Manual and any other manual we may now or hereafter designate for use in operating a Business (collectively, the "Operations Manual"). We reserve the right to provide the Operations Manual to you solely electronically and not via hard copy. You must operate the Business in strict compliance with the Operations Manual, as it may be reasonably changed from time to time. The Operations Manual must remain confidential and our exclusive property. You agree that you will 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. You must ensure that your copy of the Operations Manual is current and up to date, and keep a copy of the Operations Manual on the Business's premises at all times. 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. We reserve the right to disclose updates to the Operations Manual via electronic means, including over our website or any intranet or extranet system established in connection with the System.

H. Selecting Vendors

We shall provide Franchisee with a written list of approved vendors and suppliers that may include or be limited to us or our affiliates for exercise equipment, Products, supplies and services (as described in Section XII.H) necessary for the operation of the Business. We will provide Franchisee with a list of all approved exercise equipment, Products, supplies and Services that Franchisee is authorized to use, offer or sell in the operation of its Business, and a written list

of all approved vendors and suppliers to purchase such items from during the initial franchisee education program. Franchisee understands that such lists will be updated and may change periodically at our discretion and Franchisee agrees to implement such updates at Franchisee's expense as described in Section XII.H of this Agreement. Franchisee will be required to submit in writing alternate exercise equipment, Products, supplies, services, vendors or suppliers to us for approval as described in Section XII.H of this Agreement. Franchisee acknowledges that we may receive royalties and/or other payments from some or all of the approved vendors.

I. Availability of Exercise Equipment, Products and Supplies

We require that the Franchisee purchase exercise equipment, Products, supplies and Services from us, our affiliates or approved vendors and/or suppliers. We will provide Franchisee with a list of written specifications for such items along with a list of our approved vendors, and Franchisee is responsible for acquiring all such items as they are necessary for the operation of the Business. All items that are provided by us will be competitively priced, taking into account equivalent quality and other reasonable considerations.

We reserve the right to establish lower suggested retail prices on certain Services and Products from time to time based on competition prevalent within the fitness industry (as further described in Section XX.K). We shall publish inventory and Minimum Representation requirements in the Operations Manual and such requirements may be amended from time to time by us in our sole discretion.

We reserve the right to implement a centralized purchasing system for franchisees, to negotiate prices and terms with vendors and suppliers; and to receive rebates or other financial incentives from such purchases by franchisees. We may utilize such rebated funds in any manner it chooses in our sole discretion. We reserve the right to require franchisees to purchase all exercise equipment, Products, supplies and services through our proprietary business to business intranet portal.

J. Advertising and Promotion

We shall develop and provide creative materials that could be used for local and regional advertising and make such advertising and promotional materials available for publication or distribution in the Franchisee's market area at Franchisee's own expense. We will provide specific guidelines for advertising, marketing and promotions initiated by individual franchisees and shall reserve the right to disapprove any advertising, marketing and promotions, which, in our opinion, is not in accordance with these guidelines. However, no such approval shall be unreasonably withheld or denied. Immediately upon notification to do so, Franchisee shall discontinue any advertising that would, in our opinion, be detrimental to any franchisee or any part of the System, our trademarks, or the Franchise.

K. Suggested Rates & Pricing for Services and Products

We will provide Franchisee with guidance and suggested pricing for Services (including a written list of membership options) and Products offered by its franchisees. Franchisee shall have the right to offer Services and Products at any rate and price Franchisee may determine and we reserve the right to establish minimum and maximum pricing for any given Service or Product nationwide to the extent allowed by federal and state laws as explained in Sections XII.G of this Agreement. Suggested pricing for Services and Products may vary from region to region to the extent necessary to reflect differences in costs and other factors applicable to such regions. If Franchisee elects to offer any Service or Product at any price recommended by us, Franchisee acknowledges that we have made no guarantee or warranty that offering such Services or Products at the recommended prices will enhance Franchisee's sales or profits.

We will provide Franchisee with recommended procedures when accepting returns from Members for Products, in addition to sample set forms including policies, contracts, waivers, agreements, advertising, promotional and marketing materials, as well as various operational forms for use in the Business during the initial franchisee education program. We do not warrant the completeness, legality or enforceability of any agreements or forms. Franchisee must retain its own counsel to review and revise such agreements and forms to comply with applicable federal and state laws. At our discretion, any and all forms used by Franchisee shall be subject to our review and approval and our decision of such approval will be provided within thirty (30) days after such forms are received by us.

We will continue to research and develop new Services (including fitness programs, workout routines and membership options) and Products as we deem appropriate in our sole discretion. We may conduct market research and testing to determine consumer trends and salability of new Services and Products. If Franchisor chooses Franchisee, Franchisee will participate in a market research program to test marketing new Services and Products in the Business and provide us with timely reports and other relevant information regarding that market research. If Franchisee participates in any test marketing, Franchisee agrees to purchase, at Franchisee's expense, a reasonable quantity of products or services being tested and to effectively promote and make a good faith effort to offer and/or sell them.

Franchisee shall participate in and comply with all membership options, sales and promotional programs and/or product promotions established by us.

L. Assistance

After Franchisee signs this Agreement, we may review and comment on any business plan and pro-forma financial projections Franchisee prepares. We do not represent that we have any special expertise in reviewing or developing business plans, or that any business plan developed by us will result in any profits, revenues, incomes, margins, or sales. Our review and commentary of business plan or financial pro-forma is not a representation or warranty that the Franchisee's business will be profitable, that the Franchisee will earn any revenues, or that Franchisee's sales will attain any pre-determined sales levels. Our review and commentary is intended only to provide information sharing to Franchisee, and Franchisee agrees that such review and commentary does not impose any liability on us. Franchisee specifically acknowledges that we have not reviewed or commented on any business plan or pro-forma prior to the Effective Date of this Agreement.

XXI. VARYING STANDARDS

Because complete and detailed uniformity under many varying conditions may not be possible or practical, we specifically reserve the right and privilege, at our sole and absolute discretion and as we may deem in the best interests of all concerned in any specific instance, to vary standards for any franchisee based upon the peculiarities of a particular business or circumstance, business potential, demographics, density of population or trade area, existing business practices or any other condition which we deem to be of importance to the successful operation of such Business. Franchisee shall not have any right to object to a variation from standard specifications and practices granted to any other franchisee and shall not be entitled to require us to grant to Franchisee a like or similar variation, unless the laws of the Franchisee's state expressly require us to grant such a similar variation. Franchisee acknowledges that some present franchisees of Franchisor may operate under different forms of franchise agreements and, consequently, that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

## XXII. RELOCATION, ASSIGNMENT, TRANSFER, SALE OR REPURCHASE OF FRANCHISED BUSINESS

### A. Relocation

Any relocation (i) shall be to a location within the Territory (unless waived by us), (ii) requires our prior written consent, which we may grant, condition or withhold in our business judgment (and may be withheld, in any case, if you are not in good standing), (iii) will be at your sole expense and (iv) will require that you (and each Owner, if an entity) sign a general release. If you request that the new location be outside of your Territory, and we grant such a request, then you must also pay us a relocation fee equal to \$15,000.

### B. General Requirements for Assignment by Franchisee

You understand and acknowledge that the rights and duties set forth in this Agreement are personal to you, and that we have entered into this Agreement in reliance on your personal attributes and financial capacity. You will not, without our prior written consent, by operation of law or otherwise, sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber any interest in you (if you are an entity) or this Agreement, nor offer, permit or suffer the same, without our prior, written consent. You agree that any attempted or completed sale, assignment, transfer, or other act referred to in this Section without our prior written consent will be null and void and will constitute a material breach, which is good cause for immediate termination of this Agreement, without prior notice or opportunity to cure that material breach.

For purposes of this Agreement, each of the following will be deemed a transfer of this Agreement:

1. Any sale, assignment, transfer or other conveyance by you, with or without consideration, of any right or interest granted to you by this Agreement;
2. Any pledge, encumbrance or the granting of any security interest in any right or interest granted to you by this Agreement without our prior written consent;
3. Any sale of the assets of the Business outside of the ordinary course of business;
4. Any sale at judicial sale or under power of sale, conveyance or retention of collateral in satisfaction of debt, or other procedure to enforce the terms of any pledge, encumbrance or security interest in this Agreement which results in disposition of all or any portion of your interest herein; or
5. If you are a corporation, partnership, limited liability company, unincorporated association or similar entity, the terms of this Section XXII will apply to any sale, resale, pledge, assignment, transfer or encumbrance of the voting stock of, membership interest, partnership interest, or other ownership interest in you.

If you wish to engage in any transfer described in this Section XXII, you must give written notice of the proposed transfer to us, setting forth in detail the nature of the items to be transferred, the name, address and background of the proposed transferee, the consideration for the transfer and any other information that we may reasonably require. Franchisee must submit for our review copies of the Asset Purchase Agreement or Ownership Purchase Agreement, all draft Promissory Notes, and Security Agreements, with the transferee, regardless of whether they are Franchisee financed or lender financed. After reviewing the notice, we will decide whether to grant our consent to such transfer, which consent will not be unreasonably withheld. We will condition our approval of the transfer upon the fulfillment of the following conditions:

1. Franchisee shall have substantially complied with all of the terms and provisions of this Agreement, any amendment hereof or successor hereto, or any other agreements between the Franchisee and our subsidiaries or affiliates and, at the time of transfer, shall not be in default and shall have paid in full all fees due and have settled all outstanding accounts with us, our affiliates and all suppliers;

2. The proposed transferee (if an entity then including its owners) must: meet our subjective and objective standards, including all quality standards, experience, talent, skills, educational, managerial, business and financial capacity; have the aptitude and ability to operate a Burn Boot Camp® business; have adequate financial resources and capital to operate the Business; and the transferee's Head/Lead Trainer and Operations Manager must complete the initial franchisee education program to our satisfaction;

3. We have not exercised the right of first refusal pursuant to Section XXII(C) hereof;

4. The proposed transferee (or, if an entity, its owners, managers, directors or officers) must not operate a franchise, license another or operate businesses offering products and services similar to those offered by a Burn Boot Camp® Business;

5. Franchisee must pay us a transfer fee as follows:

- a. \$2,500, for partial transfers of ownership interests in the entity that is currently the franchisee under the Franchise Agreement so long as such transfer do not constitute a change in control of franchisee;
- b. \$12,500, if there is a change in controlling owner or a new franchisee or owner is entering the System for the first time; or
- c. \$10,000, for a transfer to an existing and fully trained Burn Boot Camp® franchisee or owner. In addition, if the transferee was already in our lead database at the time of first contact between Franchisee and the transferee, we may require Franchisee to pay the amount of any broker fees that we are responsible for paying to third parties (which does not include our employees).

6. Transferee must pay for and successfully complete our franchisee education programs then required of new franchisees and pay our then current franchisee education fees and any other expenses we incur prior to the effective date of the transfer;

7. If transferee is an existing franchisee acquiring an existing Burn Boot Camp® Business, transferee must complete our initial franchisee education programs then required of new franchisees within ninety (90) days from the effective date of the written assumption agreement;

8. Franchisee shall have executed a general release, in a form satisfactory to us, of any and all claims against us and our officers, directors, shareholders, and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances;

9. The transferee (and, if an entity, its owners of a beneficial interest in the transferee as we may request) shall enter into a written assumption agreement, in a form satisfactory to us, assuming and agreeing to discharge all of Franchisee's obligations, known by transferee after reasonable inquiry, under this Agreement and/or any new franchise agreement;

10. The transferee must execute our then current form of Franchise Agreement for the remaining unexpired term of this Agreement, the terms of which may materially differ from the terms of this Agreement;

11. The transferee, at its expense, shall upgrade the Business to conform to the then-current standards and specifications of the System and shall complete the upgrading and other requirements within the time specified by us;

12. Franchisee must obtain and submit satisfactory evidence of transfer or consent of lenders, lessors and governmental authorities for all material permits, approvals and licenses;

13. The transferee shall agree to a sublease or to a transfer and assignment, and assumption of the lease of the Business from the original Franchisee and shall obtain the landlord's approval if required prior to any transfer or sublease, if applicable;

14. Franchisee must request that we provide the prospective transferee with our current form of disclosure document and we will not be liable for any representations not included in the disclosure document;

15. We will have the right to disclose to any prospective transferee such revenue reports and other financial information concerning the Business as you have supplied to us hereunder; and

16. In addition to all other grounds for rejection, we have the right to reject any proposed purchase of the assets of the Franchised Business or any type of ownership interest in the Franchisee or Franchised Business on the grounds that the proposed transferee has, in the sole opinion of the Franchisor taken on too much debt, or the purchase price and the terms of the proposed transfer would be so burdensome to the prospective transferee as to impair or materially threaten its future operation of the Business and performance under its franchise agreement.

C. Transfer, Sale or Assignment by Franchisor and Franchisor's Right of First Refusal

We have an unrestricted right to sell, transfer or assign our rights or obligations under this Agreement to any transferee or legal successor of ours.

If you have received and desire to accept a signed, bona fide offer from any third party to purchase any interest in any legal entity you create to operate the franchise (including any partnership, limited liability company or corporation), the Business or your interest in this Agreement, you must notify us in writing of each such offer. The notice must include a signed copy of the offer. We will have the right and option, exercisable within thirty (30) days after our receipt of the written notice, to give notice to you, in writing, that we intend to purchase the interest in the Business or your interest in this Agreement on the same terms and conditions offered by the third party. If the third party offers property, we will be entitled to offer cash or cash equivalents equal to the fair market value of the property. If we exercise our option the closing of the transaction will be within sixty (60) days from our dispatch of the notice of the exercise of its option. If we do not exercise our option but have not consented to the proposed transfer as required by Section XXII(B), and the terms of the offer from the third party go unaccepted, or if the offer from the third party is materially altered, or if the transaction is not consummated and closed within six (6) months with the same third party, this right of first refusal will again pertain and we must, in each instance, be notified in writing of terms of the offer and will again have thirty (30) days from the date of our receipt of the notice, to notify you that we intend to purchase on such modified terms. If we fail to exercise this option, the terms of this Section will govern any subsequent transfer.

If we elect to exercise our option, we must receive, and Franchisee agrees to provide, all customary representations and warranties given a seller of assets of a similar business or the ownership interests in a similar legal entity, as applicable, including, but not limited to, representations and warranties regarding:

- (i) Ownership and condition of and title to ownership interests and/or;
- (ii) Liens and encumbrances relating to ownership interests and/or assets;
- (iii) All exercise equipment, products, supplies, computers, software, sound system, security system and other such equipment necessary to operate the Business is in good working condition and suitable for use;
- (iv) No litigation or administrative proceedings pending against the Franchisee, or any of its officers, directors, or Owners arising out of the Franchisee's Business;
- (v) No notices from any federal, state, or local governmental authority to make any changes to the Business or that negatively affect it; and
- (vi) No tax or employee claims or issues.

D. Transfer upon Death or Mental Incapacity

Upon the death or mental incapacity of any person with an interest in the Business, the executor, administrator, or personal representative of that person must transfer his interest to a third party approved by us within six (6) months after death or mental incapacity. These transfers, including, without limitation, transfers by devise or inheritance, will be subject to the same restrictions and conditions as any inter vivos transfer. However, in the case of a transfer by devise or inheritance, if the heirs or beneficiaries of any deceased person are unable to meet the conditions of this Agreement, the personal representative of the deceased Franchisee shall have six (6) months to dispose of the deceased's interest in the Business, which disposition will be subject to all the terms and conditions for transfer contained in this Agreement. If the interest is not disposed of within six (6) months, we may terminate this Agreement.

Upon the death of the Franchisee, or if an entity an Owner who owns more than twenty percent (20%) or more of the Business or in the event of any temporary or permanent mental or physical disability of the Principal, an Operations Manager or a Head/Lead Trainer shall be employed for the operation of the Business who has successfully completed our initial franchisee education program to operate the Business for the account of Franchisee. If after the death or disability of the named Owner, the Business is not being managed by such trained Operations Manager or Head/Lead Trainer, we are authorized to appoint a manager or a Head/Lead Trainer to maintain the operation of the Business until an approved transferee will be able to assume the management and operation of the Business, but in no event for a period exceeding ninety (90) days without the approval of the personal representative of the named Owner; such manager or Head/Lead Trainer shall be deemed an employee of the Franchisee. All funds from the operation of the Business during the period of management by such appointed or approved manager or Head/Lead Trainer shall be kept in a separate fund and all expenses of the Business, including compensation of such Operations Manager or Head/Lead Trainer, other costs and travel and living expenses of such appointed or approved manager or Head/Lead Trainer, shall be charged to such fund. As compensation for the management services provided, in addition to the fees due, Franchisor shall charge Franchisee a fee of no more than three percent (3%) of the Gross Revenue derived during Franchisor's period of management, provided that Franchisor shall only have a duty to utilize reasonable efforts and shall not be liable to Franchisee, the named Owner or personal representative, or any person or entity having an interest therein for any debts, losses or obligations incurred by the Business, or to any creditor of Franchisee or the named Owner during any period in which it is managed by a Franchisor-appointed or approved manager.



Within thirty (30) days after the effective date of legal transfer of the franchise to Franchisee's heirs or successors or the heirs or successors of Franchisee's Owners, the heirs or successors must notify us in writing and make application for approval of such transfer. The application for such transfer is subject to the same conditions, procedures and costs as any other transfer, including, without limitation, payment of the transfer fee.

### **XXIII. TERMINATION OF FRANCHISE**

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

1. Voluntary Bankruptcy. If 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 Business.

2. Involuntary Bankruptcy. If proceedings are commenced to have you adjudicated bankrupt or to seek your 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 you or the Business without your consent, and the appointment is not vacated within sixty (60) days.

3. Unauthorized Transfer. You purport to sell, transfer or otherwise dispose of any entity you create to operate the Business or any interest in the Business in violation of Section XXII hereof.

B. Termination of Franchise Without Right to Cure.

Notwithstanding the foregoing, Franchisee shall be deemed to be in breach and we, at our option, may terminate this Agreement and all rights granted under it without affording Franchisee any opportunity to cure the breach, effective immediately upon Franchisor notifying Franchisee in writing of such breach, if Franchisee or any of its Owners does any of the following:

1. Fails to secure a lease and/or fails to open the Business within the time limits as provided in Section IX above (or otherwise required by the applicable area development agreement, if any);

2. Fails to attend and satisfactorily complete the initial franchisee education program before Franchisee starts accepting memberships or anticipates opening of the Business for operation (whichever comes first and as described in Section XII.T);

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3. Attends the initial franchisee education program and we determine, in our sole discretion, that the Franchisee, its Owners, its Operations Manager or Head/Lead Trainer has failed the initial franchisee education program and does not appoint another Head/Lead Trainer to attend, or another Head/Lead Trainer appointed by Franchisee fails the initial franchisee education program and/or is deemed not qualified to manage a Burn Boot Camp® business (as described in Section XX.A);

4. Voluntarily or otherwise abandons the Business. The term "abandon" includes any conduct which indicates a desire or intent to discontinue operating the Business in accordance with the terms of this Agreement and will apply in any event if you fail to operate the Business as a Burn Boot Camp business for a period of two (2) or more consecutive days without our prior written approval;

5. Fails or refuses, on more than three (3) occasions during the term of this Agreement, to submit when due any financial statement, tax return or schedule or to pay when due Royalty Fees, or any other payments due to us or our affiliate;

6. Operates the Business in a manner that presents a safety, health or environmental hazard to Members, violates any federal, state, or local law, rule, regulation or ordinance (which includes failure to use its best efforts when hiring employees, including taking every action required by applicable laws related to criminal background checks for all prospective employees.);

7. Fails, for a period of fifteen (15) days (or such lesser period as required by applicable law) after notification of violation or non-compliance by us or any appropriate authority, to comply with any federal, state or local law, ordinance or regulation applicable to the operation of a Burn Boot Camp® Business;

8. Violates any environmental, health, safety or sanitation law, ordinance or regulation, or operates the Business in an unsafe manner, and does not begin to cure the violation immediately and to correct the violation within seventy-two (72) hours after Franchisee receives notice from us or another party;

9. Makes a material misrepresentation or omission on the application for the Franchise (or Area Development Agreement as applicable);

10. Discloses or divulges, to any unauthorized person, the contents of the Operations Manual, training or education materials or any other Confidential Information provided to Franchisee by us;

11. Fails to comply with modifications to System standards as required by us within a ninety (90) day period from the time of written notice by us;

12. Engages in any other activity, which has a material adverse effect on us or the Names and Marks;

13. Makes or allows any unauthorized use or copy of our Confidential Information, Marks, Proprietary Products and/or Software (if developed) or seeks to challenge our ownership rights in the System, including our Confidential Information, Marks, Proprietary Products and/or Software;

14. Engages in any activity to translate, reverse engineer, reverse compile, disassemble or create derivative works based on our Confidential Information, Proprietary Products and/or Software (if developed);

15. Manufactures or produces any exercise equipment or product that is similar to, or competes with any of Franchisor's Products, Proprietary Products, third party exercise equipment or products used or offered in the Business without the advanced written consent of the Franchisor;

16. Engages in activity to distribute, act as an exclusive distributor of or secure exclusive rights to distribute any exercise equipment, Products, Proprietary Products, third party exercise equipment or other products without our written consent;

17. Engages in activity to sublicense, rent, lease, sell, distribute or otherwise transfer our Confidential Information and/or Software or any portion thereof, or any rights therein, to any person or entity;

18. Exhibits a reckless disregard for the physical or mental well-being of employees, Members, us or our representatives, or the public at large, including battery, assault, sexual harassment or discrimination, racial harassment or discrimination, alcohol or drug abuse or other forms of threatening, outrageous or unacceptable behavior as determined in our sole and absolute discretion;

19. Fails or refuses to: (i) offer, modify, change or discontinue any Service, Product or Proprietary Product as Franchisor specifies; (ii) cease using and/or remove or replace any exercise equipment, Product, Proprietary Product or other items necessary for the operation of the Business deemed to constitute a violation of this Agreement by us; (iii) maintain all computers, tablets and sound systems as specified by Franchisor; (iv) execute and perform Services (including all fitness programs and workout routines) according to our standards; and/or (v) purchase or use the exercise equipment, Products, supplies, and services as specified by us or purchase such items from us, our affiliates or approved vendors and suppliers (as specified in Sections XII.H of this Agreement);

20. Sells Products and/or exercise equipment (if we authorize Franchisee to sell exercise equipment in the future) on the Internet or Websites (or any other alternative channel of distribution) without our written permission;

21. ;

22. Engages in Target Marketing to solicit and obtain Members by any type of advertising or marketing outside Franchisee's assigned Territory, or fails or refuses to refer off-site events or Members to other franchisees or company-owned businesses (as described in Section VI) more than twice during the Term;

23. Uses the Names and Marks or any part thereof in any form on the Internet, including but not limited to, addresses, domain names, URLs, Websites, links, metatags, locators, search techniques and co-branding arrangements, without Franchisor's prior written consent;

24. Is convicted of a felony or has pleaded nolo contendere to a felony, is arrested or convicted on charges relating in any way to the possession or use of illegal drugs, controlled substances or steroids or is charged and convicted of a crime of moral turpitude;

25. Engages in unfair business practices or unethical conduct, whether arising out of this Agreement or any Area Development Agreement, if applicable.;

26. Fails to discharge, within a reasonable time, any valid lien placed against the property of the Business;

27. If execution is levied against Franchisee's Business or property or against any ownership interest in Franchisee;

28. If any real or personal property of Franchisee's Business shall be sold after levy by any sheriff, marshal, or constable;

29. If, in material violation of the terms of Sections XII, XVI, XX and/or XXII;

30. If Franchisee maintains false books or records, or submits any false reports to us;

31. If any inspection of Franchisee's records discloses an under-statement of payments due to us of two percent (2%) or more, two or more times in any two (2) year period; or

32. If Franchisee's Business has six (6) or more material complaints reported to a governmental entity or other public forum (material complaints are determined in Franchisor's sole and absolute discretion) with respect to the Business in any twelve (12) month period.

C. Termination upon 30 Days' Notice to Cure. We have the right to terminate this Agreement if Franchisee fails to perform or comply with any one or more of the terms or conditions of this Agreement, the Operations Manual, or any other agreements between Franchisee and us or our affiliates, and Franchisee fails to cure such default within thirty (30) days after receiving written notice from us.

D. General Effect of Termination. On termination or expiration, all of Franchisee's post-termination obligations, including covenant not to compete, non-disclosure, return of the Operations Manual and other proprietary materials, and indemnity, will remain in force and effect. If this Agreement terminates for any reason prior to its expiration date, Franchisor will be entitled to its average royalties and other fees for either the remaining of the term of this Agreement or two (2) years (whichever comes first) and to all other applicable remedies. Average royalties will be calculated using the total Gross Revenue of the Business for the final twelve (12) months of operations.

E. Territory Alteration as an Alternative to Termination. If you are in default of the Franchise Agreement, as an alternative to termination, we may modify or completely eliminate any rights that you may have with respect to exclusivity in the Territory, effective ten (10) days after delivery of written notice to you. In addition, we may modify or completely eliminate your Territory.

F. Step in Rights. In addition to our right to terminate this Agreement, and not in lieu of such right, or any other rights, we may have against Franchisee, upon a failure to cure any default within the applicable time period (if any), we have the right, but not the obligation, to enter the Business's premises and exercise complete authority with respect to the operation of the Business until such time as we determine, in our sole discretion that the default has been cured, and Franchisee is otherwise in compliance with this Agreement. All funds from the operation of the Business during the period of management by Franchisor or such appointed or approved manager or Head/Lead Trainer shall be kept in a separate fund and all expenses of the Business, including compensation of such Operations Manager or Head/Lead Trainer, other costs and travel and living expenses of such appointed or approved manager or Head/Lead Trainer, shall be charged to such fund. As compensation for the management services provided, in addition to the recurring fees due, Franchisor shall charge Franchisee a fee of no more than fifteen percent (15%) of the Gross Revenue derived during Franchisor's period of management. If we undertake to operate the Business pursuant to this Section, Franchisee agrees to indemnify and hold us (and our representative(s) and employees) harmless from and against any fines, claims, suits or proceedings which may arise out of our operation of the Business.

#### **XXIV. FRANCHISEE'S OBLIGATIONS UPON TERMINATION OR EXPIRATION**

A. Effect of Termination. Upon termination of this Agreement, regardless of the cause, or upon expiration and nonrenewal or transfer of this Agreement, you must, at your expense, comply with all of the following:

1. Immediately cease operations under this Agreement;
2. Immediately pay us and our affiliates, and approved and designated suppliers all monies owed;

3. Immediately discontinue use of the Proprietary Marks;
4. Prior to termination, comply with Franchisor's policies and procedures for contacting Members, and repayment of Members, upon closure, as outlined in the Operations Manual and use its best, commercially reasonable efforts to cooperate with Franchisor in connection with same;
5. Upon our request, within five (5) days of our request, assign to another franchisee, company-owned business or to Franchisor any of the membership agreements Franchisee has with its Members for re-assignment;
6. Immediately return the Operations Manual and all other Proprietary Materials and Confidential Information loaned to you, and immediately and permanently cease the use of such information and materials;
7. Immediately cease using all telephone numbers, web sites (if any), and listings used in connection with the operation of the Business, and direct all telephone agencies and listing companies to transfer all numbers and listings to us or our designee pursuant to the conditional Assignment of Telephone Numbers attached hereto as Schedule 3 or, if we direct, to disconnect the numbers within fifteen (15) calendar days of termination or expiration of this Agreement;
8. If we exercise our rights pursuant to the Collateral Assignment of Lease attached as Schedule 6 to this Agreement, arrange for the transfer of the Lease to us within fifteen (15) calendar days of the termination or expiration of this Agreement and vacate the premises;
9. Immediately 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 immediately, as we direct, no later than five (5) calendar days after the termination or expiration of this Agreement;
10. Immediately cease to hold yourself out as a System franchisee;
11. Take such action as will be necessary 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 furnish us with satisfactory evidence of your compliance with this obligation within fifteen (15) calendar days after the termination, expiration or transfer of this Agreement;
12. Permit us to make a final inspection of your financial records, books, and other accounting records within one (1) month of the effective date of termination, expiration, or transfer;
13. Comply with all of the provisions of this Agreement that survive, expressly or impliedly, the Term, including your covenants to maintain the confidentiality of the Confidential Information, covenant against competition, and your indemnity obligations, all of which will survive the transfer, termination or expiration of this Agreement;
14. Cease to use in advertising or in any other manner, any methods, procedures or techniques associated with us or the System; and
15. Execute from time to time any necessary papers, documents, and assurances to effectuate the intent of this Section.

B. Franchisor May Purchase Assets

Upon the termination or expiration of this Agreement, we or any party we designate will also have the option, but not the obligation, to purchase any personal property used in connection with operation of your Business by providing you with written notice of our election within ten (10) calendar days after such termination or expiration and paying you the book value for such personal property within sixty (60) calendar days of such notice. For purposes of this paragraph, “book value” means the amount you 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 you use for accounting purposes). Notwithstanding the foregoing, to the extent that we exercise our right to purchase any personal property that is subject to a lease or finance agreement, the purchase price will be net of the the remaining amounts due under the lease agreement or financing arrangement, including prepayment penalties. We will be entitled to offset the purchase price by amounts you owe to us and any payments necessary to acquire clear title to property or for any other debt. If we exercise our option to purchase, pending the closing of such purchase, we have the right to appoint a manager to maintain the operation of the Business, or we may require you to close the Business during such period without removing any assets. You are required to maintain in force all insurance policies required under this Agreement until the date of such closing. We have the unrestricted right to assign this option to purchase the Business. We will be entitled to all customary warranties and representations in connection with our purchase of your 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. We may exclude from the personal property purchased under this Section cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the Business’s operation or that we have not approved as meeting standards for the Business.

C. Damages, Costs, and Expenses.

In the event of termination for any default by you, you will promptly pay us for all damages, costs and expenses, including reasonable attorneys’ fees, incurred by us as a result of the default, which obligation will give rise to and remain, until paid in full, a lien in favor of us against any and all of your personal property, furnishings, equipment, signs, fixtures and inventory related to the operation of the Business.

D. Savings Clause.

To the extent that it is determined by any court or any other tribunal having jurisdiction over the subject matter of this Agreement that any provision of this Agreement provides for notice less than that required by applicable law, or provides for termination, cancellation or non-renewal other than in accordance with applicable law, such provision, to the extent that it is determined by such court or other tribunal to be not in accordance with applicable law, will be deemed to be modified to the extent that such court or other tribunal determines to be necessary to bring such provision into accordance with applicable law.

E. Liquidated Damages.

If we terminate this Agreement as a result of your default or this Agreement is otherwise terminated prior to the expiration date besides by mutual agreement, you shall pay to us an amount equal to the lesser of 24 or the number of months remaining in the term multiplied by the average monthly Royalty Fees and System Brand Fees accrued during the 12-month period before the month of termination (or, if your Business has been open less than 12 months, during the period during which the Business has been open) (the “Liquidated Damages”) on or before thirty (30) days following the termination thereof. The parties intend that the Liquidated Damages constitute compensation, and not a penalty. The parties acknowledge and agree that the harm caused by early termination of this Agreement would be impossible or very difficult to accurately estimate as of the Effective Date, and that the Liquidated Damages are a reasonable estimate of the

anticipated or actual harm that might arise from early termination of this Agreement. Your payment of the Liquidated Damages is not your sole liability with respect to early termination of this Agreement.

## XXV. PROVISIONS RELATING TO ENFORCEMENT

### A. Franchisee May Not Withhold Payments Due Franchisor

Franchisee agrees that Franchisee will not withhold payments of any Royalty Fees, System Brand Fees or any other amounts of money owed to Franchisor for any reason, on grounds of alleged nonperformance by Franchisor of any obligation. The Franchisee has no right of offset, or set off to any amounts due and owing to the Franchisor.

### B. Severability

Each section, part, term or provision of this Agreement is severable, and if, for any reason, any section, part, term or provision of this Agreement is deemed to be invalid and contrary to, or in conflict with, any existing or future law, decision, ruling or regulation of a court or agency having valid jurisdiction, that will not impair the operation or affect the remaining portions, sections, parts, terms or provisions of this Agreement, and the latter will continue to be given full force and effect and bind you and us, and the invalid sections, parts, terms or provisions will not be a part of this Agreement.

### C. Internal Dispute Resolution.

You must first bring any claim or dispute between you and us to our President and Chief Executive Officer, after providing notice as set forth in Section XXV.K below. You must exhaust this internal dispute resolution procedure before you may bring your dispute before a third party. This agreement to first attempt resolution of disputes internally will survive termination or expiration of this Agreement.

### D. Mediation

At our option, all claims and disputes between you and us arising out of this Agreement, or any other agreement by and between you and us or our affiliates, or any of the parties' respective rights and obligations arising from such agreements, which are not first resolved through the internal dispute resolution procedure set forth in Section XXV.C. above, must be submitted first to mediation, in Mecklenburg County, North Carolina, 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 us or our affiliates with respect to any such claim or dispute, you must submit a notice to us, which specifies, in detail, the precise nature and grounds of such claim or dispute. We will have a period of thirty (30) days following receipt of such notice within which to notify you whether we or our affiliates elects to exercise our option to submit such claim or dispute to mediation. You may not commence any action against us or our affiliates with respect to any such claim or dispute in any court unless we fail to exercise our 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 our written declaration. Our rights to mediation, as set forth herein, may be specifically enforced by us. Each party will bear its own cost of mediation and you and us will share mediation costs equally. This agreement to mediate will survive any termination or expiration of this Agreement. The parties agree that there will be no class action mediation. The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section XXV.D 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):

- (1) Any federally protected intellectual property rights in the Proprietary Marks, the System, Proprietary Materials, Proprietary Software, or in any Confidential Information;
- (2) Any claims pertaining to or arising out of any warranty issue;
- (3) Any of the restrictive covenants contained in this Agreement; or
- (4) Any claims to collect past due amounts owed to us or our affiliates.

E. Selection of Venue.

Nothing contained in this Agreement will prevent us 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 our interests. The parties expressly agree to the jurisdiction and venue of any court of general jurisdiction in or near Mecklenburg County, North Carolina and the exclusive jurisdiction and venue of the United States District Court for the Western District of North Carolina. You acknowledge that this Agreement has been entered into in the State of North Carolina, and that you are to receive valuable and continuing services emanating from our headquarters in North Carolina, including but not limited to franchisee education, assistance, support and the development of the System. In recognition of such services and their origin, you hereby irrevocably consent to the personal jurisdiction of the state and federal courts of North Carolina set forth above. The parties agree that all proceedings will be conducted on an individual, not a class-wide basis, and that any proceeding between you, your Owners or your Principals, on the one hand, and we or our affiliates or employees, on the other hand, may not be consolidated with any other proceeding between us and any other person or entity.

F. Rights of Parties are Cumulative

The rights of Franchisor and Franchisee are cumulative, and the exercise or enforcement by Franchisor or Franchisee of any right or remedy shall not preclude the exercise or enforcement by Franchisor or Franchisee of any other right or remedy hereunder which Franchisor or Franchisee is entitled by law to enforce by the provisions of this Agreement or of the Operations Manual. Nothing in this Agreement bars Franchisor's right to obtain injunctive relief against threatened conduct that may cause it loss or damage, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

G. Injunctive Relief

Nothing in this Agreement will prevent us from seeking to obtain injunctive relief, without posting a bond, against threatened conduct that will cause us 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, your only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, you expressly waive all claims for damages you incurred as a result of the wrongful issuance.

H. Choice of Law

This Agreement will be governed by and construed in accordance with the laws of the State of North Carolina (without reference to its conflict of laws principles).



I. Attorneys' Fees

If you are in breach or default of any monetary or non-monetary material obligation under this Agreement or any related agreement between you and us or our affiliates, and we engage an attorney to enforce our rights (whether or not formal judicial proceedings are initiated), you must pay all reasonable attorneys' fees, court costs and litigation expenses we incur. If you institute any legal action to interpret or enforce the terms of this Agreement, and your claims in such an action are denied or the action is dismissed, we are entitled to recover our 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.

J. Third Party Beneficiaries

Our 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, each having authority to specifically enforce the right to mediate/arbitrate claims asserted against such person(s) by you.

K. Prior Notice of Claims.

As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, you must notify us within thirty (30) days after you are aware or reasonably should be aware of the violation or breach, and failure to timely give such notice will preclude any claim for damages.

L. Limitation of Action.

You further agree that no cause of action arising out of or under this Agreement may be maintained by you against us 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 us hereunder, whichever occurs sooner, and that any action not brought within this period will be barred as a claim, counterclaim, defense, or set-off. You hereby waive the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by us, 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.

M. Waiver of Punitive Damages.

You hereby 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) 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 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 will continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

N. 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 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 YOUR PURCHASE FROM US OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES.**

O. Binding Effect

This Agreement is binding upon the parties hereto and their respective permitted assigns and successors in interest. Nothing in this Agreement is intended to confer any rights or benefits on anybody other than the parties to this Agreement and their permitted successors and assigns.

P. Entire Agreement/Integration/No other Agreements/Manual(s) May Change

This Agreement and the exhibits to this Agreement constitute the final, complete and exclusive agreement of the parties with respect to the subject matter hereof and supersedes and merges all prior discussions between the parties. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnished to you. No amendment to this Agreement shall be binding on either party unless mutually agreed to by the parties in writing. The Operations Manual may be amended at any time by Franchisor, and Franchisee shall adapt its methods or procedures to comply with the requirements thereof.

Q. Force Majeure

Except for monetary obligations or as otherwise specifically provided in this Franchise Agreement, if either party to this Agreement shall be delayed or hindered in or prevented from the performance of any act required under this Agreement by reason of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war, or other causes beyond the reasonable control of the party required to perform such work or act under the terms of this Agreement through no fault of such party, then performance of such act shall be excused for the period of the delay, but in no event to exceed ninety (90) days from the stated time periods as set forth in this Franchise Agreement.

R. No Personal Liability.

You agree that fulfillment of any and all of our obligations written in this Agreement or based on any oral communications which may be ruled to be binding in a Court of Law shall be our sole responsibility and none of our agents, representatives, nor any individuals associated with us shall be personally liable to you for any reason. This is an important part of this Agreement. You acknowledge that nothing you believe you have been told by us or our representatives will be binding unless it is written in this Agreement. This is an important part of this Agreement. Do not sign this Agreement if there is any question concerning its contents or any representations made.

**XXVI. NOTICES**

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered mail, email or by other means which affords the sender evidence of delivery, or of rejected delivery, to the respective parties at the addresses shown on the signature page of this Agreement, unless and until a different address has been designated by written notice to the other party. Any notice by a means which affords the sender

evidence of delivery, or rejected delivery, shall be deemed to have been given at the date and time of receipt or rejected delivery.

**XXVII. COUNTERPARTS**

This Agreement and any amendments or supplements hereto may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all of which counterparts together shall constitute but one and the same instrument. This Agreement shall become effective upon the execution of a counterpart hereof by both of the parties hereto.

**XXVIII. TIME IS OF THE ESSENCE**

Time is of the essence. The parties to this Agreement hereby agree that time is of the essence with respect to each of their respective duties and obligations under this Agreement.

**XXIX. APPROVALS AND WAIVERS**

Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefore, and such approval or consent shall be obtained in writing.

Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, by providing any waiver, approval, consent, or suggestion to Franchisee or in connection with any consent, or by reason of any neglect, delay, or denial of any request thereof.

No failure of Franchisor to exercise any power reserved to it by this Agreement or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with any of the terms herein. Waiver by Franchisor of any particular default or breach by Franchisee shall not affect or impair Franchisor's rights with respect to any later default or breach of the same, similar or different nature, nor shall any delay, forbearance, or omission, breach or default by Franchisor to exercise any power or right arising out of any breach or default by Franchisee of any of the terms, provisions, or covenants hereof, affect or impair Franchisor's right to exercise the same, nor shall such constitute a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

**XXX. AUTHORITY**

Franchisee or, if Franchisee is a corporation, limited liability company or partnership, the individuals executing this Agreement on behalf of such corporation, limited liability company or partnership, warrant to Franchisor, both individually and in their capacities as Owners, partners, members, shareholders, directors and officers, that all of them as the case may be, have read and approved this Agreement, including the restrictions which this Agreement places upon their right to transfer their respective interests in such entity as set forth in Section XXII.

**XXXI. FURTHER REPRESENTATIONS AND WARRANTIES BY THE FRANCHISEE**

Franchisee acknowledges and warrants that it has received a complete and final copy of this Agreement, Franchisor's Disclosure Document and applicable exhibits, in a timely fashion as required; and that before signing this Agreement, Franchisee was given ample opportunity to review and examine Franchisor's Disclosure Document and was

furnished with copies of the documents. **NO ORAL, WRITTEN OR VISUAL CLAIM OR STATEMENT THAT CONTRADICTS THE DISCLOSURE DOCUMENT WAS MADE.**

**FRANCHISEE ACKNOWLEDGES THAT FRANCHISEE AND ALL OF ITS OWNERS, HAVE BEEN ADVISED TO HAVE THIS AGREEMENT AND ALL OTHER DOCUMENTS REVIEWED BY AN ATTORNEY AND THAT FRANCHISEE AND ITS OWNERS HAVE READ, UNDERSTOOD, HAD AN OPPORTUNITY TO DISCUSS AND AGREED TO EACH PROVISION OF THIS AGREEMENT. THE FRANCHISEE AND ITS OWNERS AGREE THAT THERE HAS BEEN NO PRESSURE OR COMPULSION BY FRANCHISOR OR ITS AGENTS TO SIGN THIS AGREEMENT.**

**FRANCHISEE ACKNOWLEDGES AND AGREES THAT THE SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED TO BE UNDERTAKEN BY FRANCHISEE AND ITS OWNERS IS SPECULATIVE AND WILL BE DEPENDENT ON PERSONAL EFFORTS AND SUCCESS IS NOT GUARANTEED. FRANCHISEE AND ITS OWNERS ACKNOWLEDGE AND REPRESENT THAT IT HAS ENTERED INTO THIS AGREEMENT AND MADE AN INVESTMENT ONLY AFTER MAKING AN INDEPENDENT INVESTIGATION OF THE OPPORTUNITY, INCLUDING HAVING RECEIVED A LIST WITH THE FRANCHISE DISCLOSURE DOCUMENT OF OTHER CURRENTLY AND PREVIOUSLY OPERATED BURN BOOT CAMP® FRANCHISES.**

*Signatures appear on the following page.*

**IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Kline Franchising, Inc. Franchise Agreement in duplicate on this date \_\_\_\_\_ / \_\_\_\_\_ 20\_\_\_\_.**

**FRANCHISOR:**

Address for Notices:  
Kline Franchising, Inc.  
17036 Kenton Dr., Suite 100, Cornelius, North  
Carolina 28031  
Telephone: 1-833-289-2876  
Email: [Franchisedevelopment@burnbootcamp.com](mailto:Franchisedevelopment@burnbootcamp.com)  
Attn: Jolene Purchia

**KLINE FRANCHISING, INC.**

Signed: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Dated: \_\_\_\_\_

**FRANCHISEE:**

Address for Notices:  
  
\_\_\_\_\_  
\_\_\_\_\_  
Telephone: \_\_\_\_\_  
Email: \_\_\_\_\_  
Attn: \_\_\_\_\_  
\_\_\_\_\_

[ \_\_\_\_\_ ]  
Signed: \_\_\_\_\_  
Name: \_\_\_\_\_  
Date: \_\_\_\_\_  
Signed: \_\_\_\_\_  
Name: \_\_\_\_\_  
Date: \_\_\_\_\_  
Signed: \_\_\_\_\_  
Name: \_\_\_\_\_  
Dated: \_\_\_\_\_

**SCHEDULE 1**  
**KLINE FRANCHISING, INC.**  
**AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS**  
**(DIRECT DEPOSIT)**

BY AND BETWEEN KLINE FRANCHISING, INC. AND \_\_\_\_\_  
("FRANCHISEE") DATED \_\_\_\_\_ 20\_\_.

The undersigned depositor ("DEPOSITOR") hereby authorizes Kline Franchising, Inc. ("COMPANY") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account(s) indicated below and the depository designated below ("DEPOSITORY") to debit such account pursuant to COMPANY's instructions.

\_\_\_\_\_  
DEPOSITOR

\_\_\_\_\_  
Branch

\_\_\_\_\_  
Address

\_\_\_\_\_  
City, State and Zip Code

\_\_\_\_\_  
Bank Transit/ABA Number

\_\_\_\_\_  
Account Number

This authority is to remain in full force and effect until DEPOSITORY has received joint written notification from COMPANY and DEPOSITOR of the DEPOSITOR's termination of such authority in such time and in such manner as to afford DEPOSITORY a reasonable opportunity on which to act. If an erroneous debit entry is initiated to DEPOSITOR's account, DEPOSITOR shall have the right to have the amount of such entry credited to such account by DEPOSITORY, if (a) within 15 calendar days following the date on which DEPOSITORY sent to DEPOSITOR a statement of account or a written notice pertaining to such entry or (b) 45 days after posting, whichever occurs first, DEPOSITOR shall have sent to DEPOSITORY a written notice identifying such entry, stating that such entry was in error and requesting DEPOSITORY to credit the amount thereof to such account. These rights are in addition to any rights DEPOSITOR may have under federal and state banking laws.

\_\_\_\_\_  
DEPOSITOR

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

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**SCHEDULE 2**  
**KLINE FRANCHISING, INC.**  
**PRE-EXISTING BUSINESSES**

As a condition precedent to the effectiveness of the Franchise Agreement and in consideration of the terms and conditions of the Franchise Agreement, Franchisee represents and warrants to Franchisor as follows:

1. Individually and as an entity owned by [Franchisee and or affiliates of Franchisee], Franchisee currently operates a business known as \_\_\_\_\_ (“Pre-Existing Business”).
2. Any and all existing franchise agreements, stockholder agreements, partnership agreements, option agreements or any other third-party rights relating to the Pre-Existing Business, do not contain any covenants, terms and conditions which do now, or may in the future, prohibit the execution of the Franchise Agreement and the participation of any of the Owners, managers or employees of the Franchisee in the Franchised Business; and
3. Other than the consents of Franchisee and Franchisor there is no other third-party consent required for the acquisition of the franchise to be legally binding and effective; and
4. There are no existing restrictive covenants, other than those which the Pre-Existing Business has waived, binding on Franchisee or any of its partners, owners, agents, representatives or employees that would be breached by the acquisition and operation of the Franchised Business obligations of Franchisee to Franchisor; and
5. The Pre-Existing Business provides the following goods and services to its Members at the following locations:

5.1 Goods and services of Pre-Existing Business(es)

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5.2 Location(s) of Pre-Existing Goods Business(es)

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and from the date hereof will continue to operate as [an independent organization] and shall not carry out any other businesses directly or indirectly competing with the Franchised Business, and

6. Franchisee shall convert the entire Pre-Existing Business into the Franchised Business and shall hence forth operate that business as Franchised Business under the trade name “Burn Boot Camp®”; and
7. Franchisee agrees that any business currently operated or to be operated by any affiliate of Franchisee outside of the Franchised Business which later becomes a part of the Franchised Business shall be folded into the Franchised Business after notice and approval by Franchisor, and
8. Franchisee shall indemnify, defend and hold harmless Franchisor and its affiliates, against all losses, costs, proceedings, judgments, liabilities, expenses, court costs, and reasonable fees of attorneys and other professionals, arising out of or resulting from any breach of the representations and warranties set out in this Exhibit or in

connection with any willful or negligent act or omission of Franchisee or Franchisee’s employees or agents, including but not limited to such act or omission that contributes to any economic damage, bodily injury, sickness, disease or death. This indemnity shall survive termination of the Franchise Agreement.

FRANCHISEE

Signed: \_\_\_\_\_

Printed Name : \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



**SCHEDULE 3**

**CONDITIONAL ASSIGNMENT  
OF TELEPHONE NUMBERS AND LISTINGS**

The undersigned \_\_\_\_\_, doing business at \_\_\_\_\_ (“Assignor”), in exchange for valuable consideration provided by Kline Franchising, Inc. (“Assignee”), the receipt of which is hereby acknowledged hereby:

1. Conditionally assigns to Assignee all current and future telephone numbers, cell phone numbers, fax numbers, and all listings including, but not limited to telephone book, Google, Yahoo, Craigslist and other online listings utilized by Assignor in the operation of its Business at Assignor’s above-referenced address.

2. This conditional agreement will become effective automatically upon termination, transfer, expiration, or nonrenewal of Assignor’s franchise agreement for any reason.

3. Assignor agrees to pay the telephone company on or before the effective date of assignment all amounts owed for the use of the telephone number(s) and listings. Assignor further agrees to indemnify Assignee for any sums Assignee must pay the telephone company and/or listings providers to effectuate this agreement, and agrees to fully cooperate with the telephone company or listing provider and Assignee in effectuating this assignment.

4. Assignor hereby appoints Assignee as its attorney-in-fact to execute and file any such documentation and to do all other lawful acts as are necessary to effectuate the forgoing.

**ASSIGNOR:**

By: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ASSIGNEE:**

**KLINE FRANCHISING, INC.**

By: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**SCHEDULE 4**  
**KLINE FRANCHISING, INC.**  
**FRANCHISE AGREEMENT: INDIVIDUAL GUARANTY**  
**(USE FOR CORPORATE, PARTNERSHIP OR OTHER ENTITY FRANCHISEE)**

The undersigned persons (individually and collectively, “Guarantor”) hereby represent to Kline Franchising, Inc. (“Franchisor”) that you are all of the Principals (as that term is defined in the Franchise Agreement) of \_\_\_\_\_ (“Franchisee”).

1. Guarantor, individually and on behalf of his or her martial community, agrees to personally and unconditionally guarantee the performance of Franchisee under the Franchise Agreement and to perform all obligations under this Agreement on default by Franchisee. The undersigned further agree to pay any judgment or award against Franchisee obtained by Franchisor. Guarantors are also bound by covenants of the Agreement that by their nature or terms survive the expiration or termination of the Agreement, including but not limited to non-competition, indemnity and non-disclosure provisions.
2. During the term of this Agreement, Guarantor will receive information which Franchisor considers a trade secret and confidential information (“Confidential Information”). Guarantor will not disclose or use at any time, whether during the terms of this Agreement or thereafter, any Confidential Information, without limitation, confidential matters, trade secrets, information regarding specific methods and techniques when executing Franchisor’s workout routines; fitness programs, membership options, membership lists, nutrition programs, exercise equipment, products and operational procedures; relationships with vendors and suppliers, purchasing strategies, sales techniques and methods; Franchisor’s build out and design specifications with unique décor, color scheme and signage; advertising, sales and promotional programs; promotional advertising and marketing materials; cost and pricing strategies, procedures for safety and quality control, our website, software, applications for mobile devices, forms, contracts, record keeping and reporting procedures, proprietary information conceived, originated, discovered, or developed by Franchisee or by any employee or independent contractor of Franchisee which is not generally known in the trade or industry about Franchisor’s Services or Products, including information relating to discoveries, ideas, production, purchasing, accounting, engineering, website development and design, marketing, merchandising or selling of Services and Products.
3. During the term of the Franchise Agreement, neither Guarantor nor your nor any member of Guarantor’s immediate family 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 as an officer, director, or principal of, lend money to, extend credit to or have any interest in any other business or entity which operates or licenses others to operate a business that offers fitness, wellness, health, weight loss, body conditioning, 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 Business under Franchisor’s System; or
  - (b) Solicit the Business’s Members or customers or contact any of our suppliers or vendors for any competitive business purpose.

4. For a period of two (2) years after the expiration, nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Guarantor nor any member of Guarantor's immediate family or may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:
  - (a) Enter into any business competing in whole or in part with us by granting franchises or licenses for businesses which offers fitness, wellness, health, weight loss, body conditioning, or any other business offering products and services offered or authorized for sale by System franchisees at the time this Agreement is terminated or otherwise expires and is not renewed;
  - (b) Own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any Competing Business: (i) at the Accepted Location premises; (ii) within the Territory; or (iii) within a ten (10) mile radius of (a) the Territory being granted hereunder or (b) any other Territory licensed by us as of the date of expiration or termination of this Agreement;
  - (c) Solicit the Business's Members or customers or contact any of our suppliers or vendors for any competitive business purpose.
5. It is the parties' intent that the non-competition provisions of Sections 3 and 4 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 will not render any other part unenforceable. In the event of the actual or threatened breach of this Sections 3 or 4 by Guarantor or any members of Guarantor's immediate family, Franchisor will be entitled to an injunction restraining such person from any such actual or threatened breach. Guarantors agree that in the event of the actual or threatened breach of Sections 3 and 4, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. Each Guarantor acknowledges and agrees that each has previously worked or been gainfully employed in other careers and that the provisions of Sections 3 and 4 in no way prevent Guarantor from earning a living. Guarantor further acknowledges and agrees that the time limitation of Sections 3 and 4 will be tolled during any default under this Guaranty.
6. Each Guarantor has consulted legal counsel of his/her own choosing as to his/her responsibilities and liabilities under this Guaranty.
7. Each Guarantor waives:
  - (a) Notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed;
  - (b) Protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed;
  - (c) Any right he or she may have to require that an action be brought against Franchisee or any other person as a condition of liability;
8. Each Guarantor consents and agrees that:

- (a) Liability under this Guaranty is joint and several with any other guarantor and the Franchisee;
- (b) Each will render any payment or performance required under this Guaranty on demand, if Franchisee fails or refuses punctually to do so;
- (c) Each will individually comply with the provisions and all subsections of the Agreements and associated documents;
- (d) Liability is not contingent or conditioned on Franchisor's pursuit of any remedies against Franchisee or any other persons; and
- (e) Liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person;
- (f) Liability is not affected by any extension of time, acceptance or part performance, release of claims, or other compromise that Franchisor may grant Franchisee or other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Agreement.
- (g) Each waives acceptance and notice of acceptance by Franchisor; waives notice of demand, and waives protest and notice of default, except as may be required by the Franchise Agreement.

9. Each Guarantor further hereby consents and agrees that:

- (a) Guarantor's liability under this undertaking shall be direct, immediate, and independent of the liability of Franchisee, other guarantors, and the other owners of the Franchisee;
- (b) This undertaking will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by an abandonment of the Agreement by a trustee of Franchisee. Neither the Guarantor's obligations to make payment or render performance in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by impairment, modification, change, release or limitation of the liability of the Franchisee or its estate in bankruptcy or any remedy for enforcement resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency
- (c) Franchisor may proceed against Guarantor and Franchisee jointly and severally, or Franchisor may, at its option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against Franchisee. Guarantor hereby waives the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed; and;
- (d) Guarantor agrees to pay all reasonable attorneys' fees and costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in the enforcing this undertaking against Guarantor.

Guarantor acknowledges and agrees to be personally bound by all of the dispute resolution provisions obligations under Section XXV of the Agreement.

**IN WITNESS THEREOF**, each of the undersigned has affixed his or her signature on the same day and year as the Agreement was executed.

Dated on the \_\_\_\_\_ date of \_\_\_\_\_ 20\_\_\_\_.

**(Set forth the name, address and percentage ownership of each Principal of Franchisee, their spouse and their percentage ownership, if applicable):**

NAME	ADDRESS	PERCENTAGE
_____ Signed	_____ _____ _____	_____
_____ Printed	_____	
_____ Signed	_____ _____ _____	_____
_____ Printed	_____	
_____ Signed	_____ _____ _____	_____
_____ Printed	_____	

**SCHEDULE 5**  
**KLINE FRANCHISING, INC.**  
**CONDITIONAL COLLATERAL ASSIGNMENT OF LEASE**

**FOR VALUE RECEIVED**, the undersigned (“Assignor”) hereby assigns and transfers to Kline Franchising, Inc. (“Assignee”), all of Assignor’s right, title and interest as tenant in, to and under the lease, attached hereto as Exhibit 1 (the “Lease”) respecting premises commonly known as \_\_\_\_\_ (“Business Site”) by and between Assignor and \_\_\_\_\_ (“Lessor”). This Assignment is for collateral purposes only and except as specified herein, Assignee has no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee takes possession of the premises demised by the Lease pursuant to the terms hereof and assumes the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously assigned or transferred, and is not obligated to assign or transfer, any of its interest in the Lease or the Business Site demised thereby. Upon a default by Assignor under the Lease or under the franchise agreement for a Business between Assignee and Assignor (the “Franchise Agreement”), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, or upon expiration or termination of the Franchise Agreement or this Agreement, Assignee has the right and is hereby empowered to take possession of the Business Site, expel Assignor therefrom, and, in such event, Assignor will have no further right, title or interest in the Lease. Assignor hereby authorizes the Lessor to disclose to Assignee, upon its request, sales and other information furnished to the Lessor by Assignor.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it must elect and exercise all options to extend the term of or renew the Lease not less than 30 days prior to the last day that the option must be exercised, unless Assignee otherwise agrees in writing.

If Assignee does not otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as aforesaid, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the purpose of effecting such extension or renewal.

**ASSIGNOR:**

Dated: \_\_\_\_\_

SIGNED AND SEALED this \_\_\_\_\_  
day of \_\_\_\_\_, 20\_

Notary Public: \_\_\_\_\_

## CONSENT AND AGREEMENT OF LESSOR

1. **Amendment to Lease.** Notwithstanding anything contained in the Lease to the contrary, the following terms are hereby incorporated and shall control:

a. Lessor shall notify Assignee in writing of, and upon the failure of Assignor to cure, any default by Assignor under the Lease at the following address: 17036 Kenton Dr., Suite 100, Cornelius, North Carolina 28031;

b. Assignee has the right, but is not obligated, to cure any default by Assignor under the Lease within 30 days after delivery by Lessor of notice thereof in accordance with paragraph (a) above;

c. Lessor consents to the foregoing Collateral Assignment and agrees that if Assignee takes possession of the Business Site and confirms to Lessor the assumption of the Lease by Assignee as tenant thereunder, Lessor must recognize Assignee as tenant under the Lease;

d. If Franchisor or its designee assumes the Lease, Franchisor (or its designee) shall not be responsible for any of Franchisee's debts or obligations to Lessor that Assignee incurred before the date of the assumption;

e. If Franchisor assumes the Lease, Lessor waives any administrative, assignment, or transfer fee that the Lease may otherwise require following an assignment or assumption;

f. Franchisor or its appointed representatives have the right to enter the Business Site to make any modification necessary to protect Franchisor's trademarks or to cure any default under the Franchise Agreement or the Lease; and

g. Assignee may further assign the Lease to a person, firm or corporation who must agree to assume the tenant's obligations under the Lease and who is reasonably acceptable to Lessor and upon such assignment Assignee will have no further liability or obligation under the Lease as assignee, tenant or otherwise.

2. **Exercise of Remedies:** Furthermore, in any case of default by the Franchisee under the terms of the Lease or under the Franchise Agreement, the Franchisor shall be entitled to exercise any one or more of the following remedies in its sole discretion:

a. to take possession of the Business Site, or any part thereof, personally, or by its agents or attorneys;

b. to, in its discretion, without notice and with or without process of law, enter upon and take and maintain possession of all or any part of the Business Site, together with all furniture, fixtures, inventory, books, records, papers and accounts of the Franchisee;

c. to exclude the Franchisee, its agents or employees from the Business Site;

d. as attorney-in-fact for the Franchisee, or in its own name, and under the powers herein granted, to hold, operate, manage and control the Business and conduct the Business, if any, thereof, either personally or by its agents, with full power to use such measures, legally rectifiable, as in its discretion may be deemed proper or necessary to cure such default, including actions of forcible entry or detainer and actions in distress of rent, hereby granting full power and authority to the Franchisor to exercise each and every of the rights, privileges and powers herein granted at any and all times hereafter;

e. to cancel or terminate any unauthorized agreements or subleases entered into by the Franchisee, for any cause or ground which would entitle the Franchisor to cancel the same;

f. to disaffirm any unauthorized agreement, sublease or subordinated lien, to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements to the Business Site or the Business Site that may seem judicious, in the sole discretion of the Franchisor; and

g. to insure and reinsure the same for all risks incidental to the Franchisor's possession, operation and management thereof; and/or

h. notwithstanding any provision of the Franchise Agreement to the contrary, to declare all of the Franchisee's rights but not obligations under the Franchise Agreement to be immediately terminated as of the date of the Franchisee's default under the Lease.

The Lessor hereby consents, agrees with, approves of and joins in with this **CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE**.

**"LESSOR":**

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_



**SCHEDULE 6**  
KLINE FRANCHISING, INC.  
STATEMENT OF OWNERSHIP INTERESTS AND PRINCIPALS

A. The following is a list of all managing partners, partners, members, managers, shareholders, other Owners, investors in Franchisee (including all investors who own or hold direct or indirect interest in Franchisee) as well as all Franchisee's Principals described in and designated pursuant to Section XIX.B of the Franchise Agreement. A description of the nature of their interest is also provided below.

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

B. In addition to the persons listed in paragraph A., the following is a list of all Franchisee's Principals described in and designated pursuant to Section XIX.B of the Franchise Agreement. Unless otherwise required to sign the Personal Guaranty, each of Franchisee's Principals shall execute the Confidentiality and Non-Compete Agreement in the form set forth in Schedule 7.

**SCHEDULE 7**  
**KLINE FRANCHISING, INC.**

**CONFIDENTIALITY AND NON-COMPETE AGREEMENT**  
***(for execution by limited principals)***

In consideration of my involvement or association with \_\_\_\_\_ (the “Franchisee”), and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that Franchisee has acquired the right and franchise from Kline Franchising, Inc. (the “Company”) to establish and operate a Burn Boot Camp franchised Business (the “Business”) and the right to use in the operation of the 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 the Business (the “System”), as they may be changed, improved and further developed from time to time in the Company’s sole discretion, only at the following authorized and approved location: \_\_\_\_\_ (the “Business Premises”).

1. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes trade secrets, advertising strategies, fitness programs and workouts routines; strategies for increasing memberships, exercise equipment operation, safety procedures, usage of software and applications for mobile devices, cost and pricing strategies, inventory management and tracking of products and supplies (the “Confidential Information”).

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

3. In consideration of my involvement or association with Franchisee, the Company and/or Franchisee will disclose the Confidential Information to me in furnishing to me the franchisee education program and subsequent ongoing franchisee education, the Company’s Operations Manual for system franchisees (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 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 will 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 not disclose and/or use the Confidential Information except in connection with the operation of the Business, and will not to disclose any such information even after I cease to be in that position.

6. During the term of the Franchise Agreement, I will 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:

(a) Own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any other business or entity which operates or licenses others to operate a business that offers fitness, wellness, health, weight loss, body conditioning, 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 Business under Company’s System; or

(b) Solicit the Business’s Members or customers or contact any of our suppliers or vendors for any competitive business purpose.

7. Except as otherwise approved in writing by the Company, I will not, for a period of two (2) years after my position with the Franchisee terminates, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company:

(a) Enter into any business competing in whole or in part with us by granting franchises or licenses for businesses which offers fitness, wellness, health, weight loss, body conditioning, or any other business offering products and services offered or authorized for sale by System franchisees at the time this Agreement is terminated or otherwise expires and is not renewed;

(b) Own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any Competing Business: (i) at the Business Premises; (ii) within the Franchisee’s Territory; or (iii) within a ten (10) mile radius of (a) the Franchisee’s Territory or (b) any other Territory licensed by Company as of the date my position with the Franchisee terminates; or

(c) Solicit the Business’s Members or customers or contact any of our suppliers or vendors for any competitive business purpose.

8. I agree that each of the foregoing covenants will 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.

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

10. 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.

11. This Agreement will be construed under the laws of the State of North Carolina (without reference to its conflict of laws principals). The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

SIGNATORY:

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Address: \_\_\_\_\_

Title: \_\_\_\_\_

**ACKNOWLEDGED BY FRANCHISEE**

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

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ACKNOWLEDGED BY FRANCHISOR**

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

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**SCHEDULE 8**  
KLINE FRANCHISING, INC.  
CONFIDENTIALITY AND NON-COMPETE AGREEMENT

***(THIS IS A TEMPLATE ONLY. WE STRONGLY RECOMMEND YOU SEEK LOCAL COUNSEL REGARDING THE EXECUTION AND ENFORCEMENT OF THIS DOCUMENT.)***  
***(for Operations Managers and Head/Lead Trainer of Franchisee)***

In consideration of my being a ***[insert here position of employee - Operations Manager or Head/Lead Trainer]*** of ***[insert here name of franchisee entity]*** (the “Franchisee”), and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that Franchisee has acquired the right and franchise from Kline Franchising, Inc. (the “Company”) to establish and operate a Burn Boot Camp franchised Business (the “Business”) and the right to use in the operation of the 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 the Business (the “System”), as they may be changed, improved and further developed from time to time in the Company’s sole discretion, only at the following authorized and approved location: ***[Insert location of business]*** (the “Business Premises”).

1. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes trade secrets, advertising strategies, fitness programs and workouts routines; strategies for increasing memberships, exercise equipment operation, safety procedures, usage of software and applications for mobile devices, cost and pricing strategies, inventory management and tracking of products and supplies (the “Confidential Information”).

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

3. As ***[insert here position of employee - Operations Manager or Head/Lead Trainer]*** of the Franchisee, the Company and/or Franchisee will disclose the Confidential Information to me in furnishing to me the franchisee education program and subsequent ongoing franchisee education, the Company’s Operations Manual for system franchisees (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 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 will 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 as ***[insert here position of employee - Operations Manager or Head/Lead Trainer]*** of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position.

6. During the term of the Franchise Agreement, I will 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:

(a) Own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any other business or entity which operates or licenses others to operate a business that offers fitness, wellness, health, weight loss, body conditioning, 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 Business under Company’s System; or

(b) Solicit the Business’s Members or customers or contact any of our suppliers or vendors for any competitive business purpose.

7. Except as otherwise approved in writing by the Company, I will not, for a period of two (2) years after my position with the Franchisee terminates, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company

(d) Enter into any business competing in whole or in part with us by granting franchises or licenses for businesses which offers fitness, wellness, health, weight loss, body conditioning, or any other business offering products and services offered or authorized for sale by System franchisees at the time this Agreement is terminated or otherwise expires and is not renewed;

(e) Own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any Competing Business: (i) at the Business Premises; (ii) within the Franchisee’s Territory; or (iii) within a ten (10) mile radius of (a) the Franchisee’s Territory or (b) any other Territory licensed by Company as of the date my position with the Franchisee terminates; or

(f) Solicit the Business’s Members or customers or contact any of our suppliers or vendors for any competitive business purpose.

8. I agree that each of the foregoing covenants will 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.

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

10. 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.

11. This Agreement will be construed under the laws of the State of [Insert state] (without reference to its conflict of laws principals). The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

EMPLOYEE:

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Address: \_\_\_\_\_

Title: \_\_\_\_\_

**ACKNOWLEDGED BY FRANCHISEE**

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

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT B**  
**AREA DEVELOPMENT AGREEMENT**



## AREA DEVELOPMENT AGREEMENT

This Area Development Agreement (“Agreement”) entered into this \_\_\_ day of \_\_\_, 202\_\_ (the “Effective Date”), between: (i) Kline Franchising, Inc., a North Carolina corporation with an address at 17036 Kenton Dr., Suite 100, Cornelius, North Carolina 28031 (“Franchisor”, “we”, “us” or “our”); and (ii) \_\_\_\_\_, a \_\_\_\_\_, with a principal business address at \_\_\_\_\_ (“Developer”, “you” or “your”).

### BACKGROUND

A. Franchisor has developed a uniform system for the establishment and operation of a fitness facility that offers its members (“Members”) group fitness sessions using fitness programs and high intensity workout routines, membership options, nutrition coaching and meal planning programs (collectively referred to as “Services”) in addition to limited supplements and fitness-related apparel, products and merchandise for sale (collectively referred to as the “Products”) at any Burn Boot Camp® franchised location (hereinafter referred to as the “Franchised Business”).

B. Franchisor identifies its system by means of certain trade names, service marks, trademarks, logos, emblems, trade dress and other indicia of origin, including but not limited to the marks “Burn Boot Camp®” and such other trade names, service marks, trademarks and trade dress as are now designated (or may be designated hereafter by Franchisor in writing) for use in connection with our System (referred to as the “Marks”).

C. Franchisor has entered into an exclusive license (“License Agreement”) with Devan Kline Fitness, LLC for the right to use and sublicense to its franchisees the Names, Marks and other property in connection with the operation of a Burn Boot Camp® business and has developed expertise (including confidential information) and a unique, distinctive and comprehensive system (“System”) for the establishment and operation of Businesses.

D. Developer desires to enter into an agreement with Franchisor to obtain the rights to operate three (3) or more Franchised Businesses using the System.

E. Franchisor grants qualified third parties the right to develop either two (2) Franchised Businesses (a “2-Pack”) or three (3) Franchised Businesses (a “3-Pack”) within a defined geographical area (the “Development Area”) in accordance with a mandatory development schedule that must be strictly adhered to, with each Franchised Business within the Development Area being opened and operated utilizing the Marks and System pursuant to the terms and conditions set forth in Franchisor’s then-current form of franchise agreement (each, a “Franchise Agreement”).

F. 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.

G. Developer has applied for the right to open and operate a certain number of 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.

H. 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 Franchisor’s 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.** Subject to the terms and conditions set forth herein, Franchisor grants Developer the right, and Developer undertakes the obligation, to develop and establish either two (2) Franchised Businesses or three (3) Franchised Businesses, as set forth in the data sheet attached hereto as Exhibit “A” (the “Data Sheet”), within the geographic area described in the Data Sheet (the “Development Area”). Each Franchised Business must be located within the Development Area at a specific site approved by Franchisor in accordance with the applicable Franchise Agreement. Franchisor and its affiliates have the right to continue to own and operate, and allow others to own and operate, Burn Boot Camp® businesses existing inside your Development Area as of the date you sign this Agreement. However, during the term of this Agreement and except as provided herein, Franchisor will not open or operate, or license any third party the right to open or operate, any new Franchised Business within the Development Area.

2. **Development Fee.** Upon the execution of this Agreement, Developer shall pay Franchisor a development fee (the “Development Fee”) equal to: (a) \$105,000 if Developer purchase a 2-Pack; or (b) \$130,000 if Developer purchase a 3-Pack. Notwithstanding the terms of Developer’s individual Franchise Agreements, Developer shall not be required to pay any additional “initial franchise fee” for Franchised Businesses opened pursuant to this Agreement. The Development Fee is deemed fully earned and nonrefundable upon payment to cover administrative and other expenses incurred by Franchisor and for the development opportunity lost or deferred as a result of the rights granted to Developer under this Agreement.

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 as are required for Developer to timely meet, and strictly adhere to, its development obligations under the Development Schedule. The Franchise Agreement for each additional Franchised Business must be signed at least eight (8) months before the scheduled opening date for the applicable Franchised Business.

5. **Development Obligations.** Developer shall open each Franchised Business no later than the prescribed opening deadline set forth in the development schedule that is included on the Data Sheet (the “Development Schedule”) and must continuously operate each such Franchised Business for the duration of the term of the applicable Franchise Agreement. For the avoidance of doubt, Developer must open each Franchised Business no later than the opening deadline designated in the applicable Franchise Agreement, even if the opening deadline in such Franchise Agreement is earlier than the corresponding opening deadline designated for such Franchised Business in the Development Schedule. 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, or Developer’s closure of any Franchised Business prior to the expiration of the term of the applicable Franchise Agreement, is grounds for immediate termination of this Agreement (and any future development rights granted hereunder).

## 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 last day of the calendar month that the final Franchised Business is required to be opened and operating under the Development Schedule. 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 (pursuant to 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 with respect to any Franchised Business and fails to cure such default within 30 days of receiving notice thereof; and (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.

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, including but not limited to a transfer, sale or assignment of any shares, stock, membership or other ownership interest in Developer, without Franchisor's prior written consent, which may be withheld in its sole discretion. Notwithstanding the foregoing, 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 pursuant 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 via recognized courier such as UPS or FedEx, 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's CEO or such other individual who Franchisor may designate, by providing Franchisor with notice of and a reasonable opportunity to cure and 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 set forth in Section 12 above, must be submitted first to non-binding mediation, in Mecklenburg County, North Carolina, 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 that 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 commencement of any mediation proceeding or pending the trial or handing down of a decision or award pursuant to any proceeding conducted hereunder.

15. **Jurisdiction and Venue.** With respect to any proceeding not subject to mediation, the parties expressly agree to the exclusive jurisdiction and venue of any state court of general jurisdiction in or near Mecklenburg County, North Carolina and the exclusive jurisdiction and venue of the United States District Court for the Western District of North Carolina. Developer acknowledges that this Agreement has been entered into in the State of North Carolina, and that Developer is to receive valuable and continuing services emanating from Franchisor's headquarters in Cornelius, North Carolina. 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 AND CLASS ACTION 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. THE PARTIES FURTHER AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN DEVELOPER, DEVELOPER'S GUARANTORS AND FRANCHISOR OR ITS AFFILIATES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

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 Developer is in breach of any monetary or non-monetary material obligation under this Agreement or any related agreement between Developer and Franchisor and/or its affiliates, and Franchisor engages an attorney to enforce its rights (whether or not formal judicial proceedings are initiated), Developer must pay all of Franchisor's reasonable attorneys' fees, court costs and litigation expenses that Franchisor incurs. If Developer institutes any legal action to interpret or enforce the terms of this Agreement, and Developer's claim in such action is denied or the action is dismissed, Franchisor is entitled to recover its 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.

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 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 will have the meaning that 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.** Developer 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. **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 Developer's initial Franchised Business is located, then the valid law or regulation of such state will supersede any provision of this Agreement that is less favorable to Developer.

27. **Entire Agreement.** This Agreement contains the entire agreement between the parties concerning Developer's 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 in any related agreement, however, is intended to disclaim any of the representations Franchisor made in the Franchise Disclosure Document that Franchisor furnished to Developer.

*Signatures 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.**

**DEVELOPER**

\_\_\_\_\_  
(Individual or Entity Name)

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

Title: \_\_\_\_\_

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

Title: \_\_\_\_\_

**KLINE FRANCHISING, INC.**

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

Title: \_\_\_\_\_

**EXHIBIT A to DEVELOPMENT AGREEMENT**

**DATA SHEET**

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:

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2. **Number of Franchised Businesses.** Developer will be required to open the total number of Franchised Businesses listed below (check appropriate box):

\_\_\_\_ Developer is purchasing a 2-Pack and must open two (2) Franchised Businesses

\_\_\_\_ Developer is purchasing a 3-Pack and must open three (3) Franchised Businesses

3. **Development Schedule.** Developer must open each Franchised Business according to the following development schedule:

Units Developed	Development Schedule - Opening Deadlines*	
	(2-Pack)	(3-Pack)
Franchised Business # 1	240 days after Effective Date of ADA	240 days after Effective Date of ADA
Franchised Business # 2	600 days after Effective Date of ADA	480 days after Effective Date of ADA
Franchised Business #3	Not Applicable	720 days after Effective Date of ADA

\* Developer must open each Franchised Business no later than the opening deadline designated in the applicable Franchise Agreement, even if the opening deadline in the Franchise Agreement is earlier than the corresponding opening deadline designated for that Franchised Business in the Development Schedule listed above. Developer must sign the Franchise Agreement for each Franchised Business a minimum of 240 days prior to the opening deadline prescribed for such Franchised Business in the Development Schedule listed above.

**APPROVED AND AGREED TO BY:**

**FRANCHISOR**

**DEVELOPER**

**KLINE FRANCHISING, INC.**

**[INSERT NAME]**

By: \_\_\_\_\_  
[Authorized Officer], [Title]

By: \_\_\_\_\_  
[Authorized Officer], [Title]



**EXHIBIT C**  
**LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS**

If a state is not listed below, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process. There also may be additional agents appointed in some of the states listed below.

<b>STATE</b>	<b>AGENCY</b>	<b>PROCESS, IF DIFFERENT</b>
<b>California</b>	<p>Department of Financial Protection &amp; Innovation  <i>Los Angeles</i>            320 West 4th Street, Suite 750            Los Angeles, CA 90013-2344            (213) 576-7500</p> <p><i>Sacramento</i>            1515 K Street            Suite 200            Sacramento, CA 95814-4052            (916) 445-7205</p> <p><i>San Diego</i>            1350 Front Street, Room 2034            San Diego, CA 92101-3697            (619) 525-4233</p> <p><i>San Francisco</i>            One Sansome Street, Suite 600            San Francisco, CA 94104-4428            (415) 972-8565</p> <p>Toll Free (866) 275-2677</p>	<p>Commissioner of Financial Protection &amp; Innovation            320 West 4th Street, Suite 750            Los Angeles, CA 90013-2344</p>
<b>Connecticut</b>	<p>State of Connecticut            Department of Banking            Securities &amp; Business Investments            Division            260 Constitution Plaza            Hartford, CT 06103-1800            (860) 240-8230</p>	<p>Agent: Banking Commissioner</p>
<b>Hawaii</b>	<p>Department of Commerce and            Consumer Affairs            Business Registration Division            P.O. Box 40            Honolulu, HI 96810            (808) 586-2727            (808) 586-2740            (808) 586-2744</p>	<p>Commissioner of Securities of            Department of Commerce and Consumer            Affairs            Business Registration Division            Securities Compliance Branch            King Kalakaua Building            335 Merchant Street, Room 205            Honolulu, HI 96813</p>

STATE	AGENCY	PROCESS, IF DIFFERENT
<b>Illinois</b>	Franchise Division Office of Attorney General 500 South Second Street Springfield, IL 62701 (217) 782-4465	
<b>Indiana</b>	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681	
<b>Maryland</b>	Office of Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, MD 21202-2020
<b>Michigan</b>	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section G. Mennen Williams Building, 1st Floor 525 W. Ottawa St. Lansing, MI 48909 (517) 335-7567	
<b>Minnesota</b>	Minnesota Department of Commerce Securities Unit 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101 (651) 539-1500	Minnesota Department of Commerce Securities Unit Commissioner of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101

STATE	AGENCY	PROCESS, IF DIFFERENT
<b>New York</b>	NYS Department of Law Investor Protection Bureau 28 Liberty St., 21st Floor New York, NY 10005 (212) 416-8222	Attention: New York Secretary of State New York Department of State The Division of Corporations One Commerce Plaza 99 Washington Avenue, 6 <sup>th</sup> Floor Albany, NY 12231-0001 (518) 473-2492
<b>North Dakota</b>	North Dakota Securities Department 600 Boulevard Avenue, State Capitol Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	Securities Commissioner 600 East Boulevard Avenue State Capitol, Fifth Floor Bismarck, ND 58505-0510
<b>Rhode Island</b>	Securities Division Department of Business Regulation 1511 Pontiac Avenue John O. Pastore Complex – Bldg 69-1 Cranston, RI 02920-4407 (401) 462-9527	
<b>South Dakota</b>	Department of Labor and Regulation Division of Securities 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	
<b>Virginia</b>	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, Ninth Floor Richmond, VA 23219-3630 (804) 371-9051	Clerk State Corporation Commission 1300 East Main Street, First Floor Richmond, VA 23219
<b>Washington</b>	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760 -or 150 Israel Road SW Tumwater, WA 98501	Director of Dept. of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, WA 98501 (360) 902-8760

STATE	AGENCY	PROCESS, IF DIFFERENT
<b>Wisconsin</b>	Division of Securities Department of Financial Institutions P.O. Box 1768 Madison, WI 53701 -or 345 West Washington Avenue Fourth Floor Madison, WI 53703 (608) 266-2801 (608) 266-2139	Administrator, Division of Securities Department of Financial Institutions 345 W. Washington Ave., 4th Floor Madison, Wisconsin 53703

**EXHIBIT D**  
**STATE ADDENDA**

**- NONE -**

**EXHIBIT E**  
**OPERATION MANUAL**  
**TABLE OF CONTENTS**

ARTICLE I	Burn Philosophy (9 pages)
ARTICLE II	Compliance Philosophy (1 page)
ARTICLE III	Policies (6 Pages)
ARTICLE IV	HQ Provided Templates (1 page)
ARTICLE V	Burn Brand Standards (3 pages)
ARTICLE VI	Secret Shopper Program (2 pages)
ARTICLE VII	Renewal Process (1 page)
ARTICLE VIII	Resale Process (1 page)
ARTICLE IX	Burn Operating System (2 pages)
ARTICLE X	People Process (9 pages)
ARTICLE XI	Education Process (3 pages)
ARTICLE XII	Blue Carpet Experience (2 pages)
ARTICLE XIII	Burn Sales Academy (3 pages)
ARTICLE XIV	Fitness Product (8 pages)
ARTICLE XV	Marketing (2 pages)
ARTICLE XVI	Accounting (6 pages)
ARTICLE XVII	Revenue Streams (9 pages)

Total Pages in Operations Manual: 80

**EXHIBIT F  
LIST OF FRANCHISEES**

**Open Locations as of December 31, 2022**

<b>State / Province</b>	<b>Street Address</b>	<b>City</b>	<b>Zip / Postal Code</b>	<b>Owner Legal First Name</b>	<b>Owner Legal Last Name</b>	<b>Phone</b>
Alabama	1627 Opelika Road Unit 19	Auburn	36830	Jason	Roberts	(334) 399-7352
				Karen	Roberts	(770) 789-3499
Alabama	1035 Broadway Park	Homewood	35209	Gabriel	Safron*	(706) 289-9762
Alabama	5401 Stadium Trace Parkway	Hoover	35244	Nicole	Rosado*	(704) 799-5584
				Gabriel	Safron*	(706) 289-9762
Alabama	2030 Cecil Ashburn Drive SE	Huntsville	35802	Jason	Canada*	(720) 810-4253
				Lindsey	Canada*	(720) 810-4253
				Clark	Lambert*	(615) 476-3882
				Jamie	Lambert*	(615) 476-2481
Alabama	5510 Promenade Point Parkway	Madison	35758	Jason	Canada*	(720) 810-4253
				Lindsey	Canada*	720-810-4253
				Jamie	Lambert*	(615) 476-2481
				Clark	Lambert*	(615) 476-3882
Alabama	8880 Minnie Brown Rd.	Montgomery	36117	Michael	Botti	(347) 804-4860
				Charles	Dyer*	(704) 654-9855
Arizona	2815 East Ocotillo Rd.	Chandler	85249	Carie	Perham*	(602) 750-0010
				Chad	Perham*	(480) 329-7240

Arizona	7400 S. Power Rd Bldg 3	Gilbert	85297	Chad	Perham*	(480) 329-7240
					Carie	Perham*
Arizona	690 S. Cooper Road	Gilbert	85233	Alicia	Pretzer	(720) 939-2245
					Danielle	Miller
Arizona	1118 N. Recker Road	Mesa	85205	Kelly	Jondahl	(480) 298-7113
					Judie	Tunny
Arizona	Pueblo Point Shopping Center	Phoenix	85032	Dana	Johnstone	(480) 254-8915
	13835 N. Tatum Boulevard, Suite 5					Jeff
Arizona	4711 E. Ray Rd.	Phoenix	85044	Tamara	Opfer	(480) 560-4142
Arkansas	103 SW Winsted Ln, Suite 21	Bentonville	72712	Rena	Elkins	(704) 712-6262
Arkansas	2668 E. Citizens Drive	Fayetteville	72703	Roni	Dickershied*	(479) 270-0210
					Shambrey	Walker*
Arkansas	7321 West Sunset, Suite I  Springdale, AR 72762	Springdale	72762	Roni	Dickershied*	(479) 270-0210
California	2675 Irvine Avenue St A	Costa Mesa	92627	Shannon	Boyer*	(408) 930-2104
					Kelly	Hall*
California	125 Old Grove Road Suite 1	Oceanside	92057	Erica	Ames*	(407) 924-3339
					Seth	Bradley*



				Allison	Bradley*	(619) 992-2897
				Dustin	Russell*	(541) 261-7673
California	14767 Pomerado Road	Poway	92064	Erica	Ames*	(407) 924-3339
				Seth	Bradley*	(302) 430-2728
				Allison	Bradley*	(619) 992-2897
				Dustin	Russell*	(541) 261-7673
California	6823 Lonetree Rd.	Rocklin	95765	Jennifer	Bodenhaus	(916) 505-2688
				Zachary	Bodenhaus	(925) 724-4662
California	30570 Rancho California Road	Temecula	92591	Robbie	Boyer	(214) 422-1887
				Shannon	Boyer*	(408) 930-2104
				Jared	Hall	(714) 642-4101
				Kelly	Hall*	(630) 649-1283
Colorado	2456 Montebello Square Dr	Colorado Springs	80918	Andy	Dills	(571) 201-6490
				Racquel	Dills	(719) 641-8089
Colorado	3333 S. Wadsworth Blvd	Lakewood	80227	Amy	Craig	(704) 678-3224
				Mark	Craig	(919) 367-8874
				Rebecca	Bachman	(773) 387-3228
Colorado	12840 Stroh Ranch Ct. Ste 103	Parker	80134	Carman	Ragatz	(303) 827-8704
				Sarah	Ragatz	(720) 822-9946
Connecticut	1939 Black Rock Turnpike	Fairfield	06825	Michael	Lamparski	(203) 858-9115
				Alyssa	Lamparski	203-858-1478

Connecticut	836 Hopmeadow Street	Simsbury	06070	Melissa	Reynolds	(860) 655-3861
				Joseph	Reynolds	(860) 670-6913
Connecticut	37 Danbury Road	Wilton	06897	Emma	Halliwell	(203) 451-4682
Delaware	1877 Pulaski Highway	Bear	19701	Michelle	Massey	(610) 637-0479
Florida	252 Harbor Village Lane, Space #106-118	Apollo Beach	33572	Heather	Hand	(813) 924-2489
Florida	607 Golden Dawn Lane	Apopka	32712	Katerina	Sullivan	(651) 283-4925
				Jory	Sullivan	(816) 349-2878
Florida	1150 Celebration Blvd	Celebration	34747	Thabet	Alsheikh	(850) 516-9901
				Stephanie	Meads	(407) 625-0204
				Omaima	Mousa	(850) 572-0237
				Diego	Palacio	(407) 973-8040
Florida	2455 North McMullen Booth Road	Clearwater	33759	Tara	Koop	(727) 259-8060
				Nico	Koop	(727) 421-5484
				Morgan	Weber	(727) 492-1998
				Zack	Weber	(727) 692-6210
Florida	2761 Citrus Tower Blvd.	Clermont	34711	Scott	Goodman*	(704) 905-1730
				Maryann	Hungarter*	(704) 746-2975
				Mike	Sherwood*	(704) 905-2172
				Greta	Sherwood*	(704) 906-6719
Florida	10020 Coconut Road Suite 100	Estero	33928	Bradley	Leder	(917) 291-5798
				Jennifer	Varoski	(239) 777-1539

Florida	406 Old Hard Road	Fleming Island	32003	Amanda	Leonard	(904) 563-6316
Florida	6810 Plantation Shoppes Drive	Fort Myers	33912	Craig	Toggweiler	(239) 357-4668
				Sydney	Toggweiler	(770) 713-4134
Florida	3655 Longleaf Pine Pkwy	Fruit Cove	32259	Chandler	Hunt	(704) 999-2131
				Denise	Hunt	(704) 361-6471
				Erin	Hunt	(704) 995-0544
				Ernie	Hunt	(704) 361-4302
Florida	10950 San Jose Blvd	Jacksonville	32223	Amanda	Leonard*	(904) 563-6316
Florida	401 Maplewood Drive Ste 12	Jupiter	33458	Christopher	Green*	(917) 488-5605
				Gilda	Green*	(718) 930-5264
Florida	2505 Drane Field Rd.	Lakeland	33811	Brent	Arey	(813) 240-4596
				Patricia	Arey	(813) 335-0213
				Stephanie	Saccaro	(772) 349-1102
				Terrence	Saccaro	(813) 758-3852
Florida	101 N. Country Club Rd., Suite 220	Lake Mary	32827	Melissa	Perez*	(919) 506-5773
				Adam	Perez*	(919) 523-0518
Florida	1600 Missouri Ave N	Largo	33770	Sandra	Calkins*	(813) 748-0316
				Eugene	Calkins*	(860) 235-4956
Florida	6709 Colonnade Ave, Suite #103	Melbourne	32940	Erin	Burgner	(704) 258-1332
				Alena	Tyler	(980) 721-5418

Florida	13020 Livingston Road Suite 4	Naples	34105	Holly	Strickland	(239) 216- 3555
				Justin	Strickland	(239) 290- 0811
Florida	2400 SW College Road Suite 504	Ocala	34470	Sandra	Aiken	(352) 638- 2730
				Walter	Aiken	(352) 638- 2730
Florida	1361 Alafaya Trail	Oviedo	32765	Adam	Perez*	(919) 523- 0518
				Melissa	Perez*	(919) 506- 5773
Florida	31075 US Highway North	Palm Harbor	34684	Sandra	Calkins*	(813) 748- 0316
				Eugene	Calkins*	(860) 235- 4956
Florida	15611 Starfish Street	Panama City Beach	32413	Ginger	House*	(704) 956- 7690
				Jefferson	House*	(704) 999- 2435
Florida	7280 Plantation Rd Suite A-1 32504	Pensacola	32504	Ginger	House*	(704) 956- 7690
				Jefferson	House*	(704) 999- 2435
Florida	150 Pine Lake Drive	Ponte Vedra	32081	Jessica	Melquist	(312) 576- 6063
Florida	5045 Fruitville Rd. Suite 141 & 145	Sarasota	34232	Travis	Scheuer*	(941) 266- 2376
				Lindsay	Scheuer*	(941) 730- 7919
Florida	3904 Central Sarasota Parkway	Sarasota	34238	Lindsay	Scheuer*	(941) 730- 7919
				Travis	Scheuer*	(941) 266- 2376
Florida	4132 Mariner Blvd.	Spring Hill	34609	Amy	Passarella*	(727) 481- 8183
				Scott	Passarella*	(727) 687- 1556
Florida	525 SR 16	St. Augustine	32084	Jarrett	Robinson	(843) 540- 4165

				Kalley	Robinson	(704) 699-0684
				Kelsey	Vawter	(704) 699-3328
				Wesly	Vawter	(252) 876-3129
Florida	7141 22nd Avenue North	St. Petersburg	33710	Janeice	Worthy	(813) 395-3881
Florida	3207 SE Gran Park Way	Stuart	34997	Gilda	Green*	(718) 930-5264
				Christopher	Green*	(917) 488-5605
				Jason	Sable	(914) 522-4749
Florida	6800 Thomasville Rd. Unit 113	Tallahassee	32312	Rebecca	Patterson	(850) 728-8484
Florida	12059 Anderson Road	Tampa	33624	Daniel	Ballard	(704) 995-5375
				Billy	Haynes*	(704) 662-2474
Florida	17512 Dona Michelle Drive	Tampa	33647	Tammy	Henrici	(813) 948-4657
Florida	12080 Race Track Road Unit P10	Tampa	33626	Kayla	Zeiner	813-340-8340
Florida	3210 Little Rd. Suite 5	Trinity	34655	Amy	Passarella*	(727) 481-8183
				Scott	Passarella*	(727) 687-1556
Florida	15512 West Colonial Drive	Winter Garden	34787	Brooke	Eager	(661) 607-2233
				James	Eager	(310) 936-6051
Georgia	856 Seven Hills Connector	Acworth	30101	Caroline	Jones	(404) 310-0311
				Daniel	Jones	(404) 310-0311
Georgia	5950 North Point Parkway	Alpharetta	30022	Patrick	Hartmann*	(239) 919-9178
Georgia	2700 NE Expressway	Atlanta	30345	Amy	Henderson	(704) 507-9598
				Brooks	Henderson	(704) 201-1429

Georgia	6014A Sandy Springs Circle	Atlanta	30328	Missy	Stroud	(704) 506-5186
Georgia	3616 South Bogan Road, Suite 204	Buford	30519	Jennifer	Lawrence*	(571) 277-0972
				Scott	Lawrence*	703.568.2469
Georgia	5967 Bethelview Rd.	Cumming	30040	Patrick	Hartmann*	(239) 919-9178
Georgia	2659 East College Ave	Decatur	30030	Christina	Cocita*	(404) 384-7808
				Kyle	Cocita*	(404) 384-7808
				Derek	Landino*	(309) 453-3301
				Katherine	Landino*	(978) 942-1517
Georgia	4490 Washington Road	Evans	30809	Noemi	Parsons^	(210) 396-1834
				Nathan	Parsons	(210) 454-4903
Georgia	1240 Highway 54 W  Building 700, Suite 702	Fayetteville	30314	Ezzie	Rauls*	(404) 908-1733
				Jodie	Rauls*	(850) 459-9222
				Ezzie	Rauls*	(850) 508-5706
Georgia	7310 Spout Springs Rd.	Flowery Branch	30542	Heather	Smoak	(706) 255-4908
				Lee	Smoak	(917) 531-1947
Georgia	662 Dawsonville Hwy	Gainesville	30501	Christina	Cocita*	(404) 384-7808
				Kyle	Cocita*	(404) 384-7825
				Derek	Landino*	(309) 453-3301
				Katherine	Landino*	(978) 942-1517
Georgia	5157 Jimmy Lee Smith	Hiram	30141	Deangelo	Yancey	(470) 553-2323

	Pkwy Suite 225						
				Montayla	Yancey	(470) 553-2323	
Georgia	10955 Jones Bridge Road	Johns Creek	33076	David	Harvey	(404) 723-4880	
				Ronda	Harvey	(404) 723-3325	
Georgia	2851 Cobb Parkway NW Suite 108 & 109	Kennesaw	30152	Caroline	Jones*	(404) 310-0311	
				Daniel	Jones*	(404) 310-0311	
Georgia	798 Lawrenceville Suwanee Rd. Suite 1000	Lawrenceville	30043	Jennifer	Lawrence*	(571) 277-0972	
				Scott	Lawrence*	703.568.2469	
Georgia	1000 Whitlock Ave Suite 150 & 160	Marietta	30064	Nacim	Khavarian-Roby	(770) 324-7359	
Georgia	2100 Roswell Rd. NE Suite 1120	Marietta	30062	Terry	Siddall*	(404) 788-6545	
Georgia	1997 Jonesboro Road	McDonough	30122	Anthony	Lawson	(404) 290-8144	
				Christy	Lawson	(404) 291-3763	
Georgia	21 Market Square Way	Newnan	30265	Ezzie	Raulls*	(404) 908-1733	
				Jodie	Raulls*	(850) 459-9222	
Georgia	5450 Peachtree Pkwy	Norcross	30092	Sandra	Pacl	(262) 744-9131	
				Angie	Votta	(404) 386-5766	
Georgia	2834 HWY 54	Peachtree City	30269	Ezzie	Raulls*	(404) 908-1733	
				Jodie	Raulls*	(850) 459-9222	

Georgia	118 Pipemakers Circle	Pooler	31322	Stephanie	Worley	(603) 391- 4330	
				Jared	Worley	(603) 860- 9991	
Georgia	12060 Crabapple Rd	Roswell	30075	Terry	Siddall*	(404) 788- 6545	
Georgia	3150 Highlands Parkway	Smyrna	30082	Allison	Schleuger	(704) 819- 2214	
Georgia	2135 East Main Street	Snellville	30078	Kristin	Moore	(706) 631- 4404	
				Sean	Moore	(706) 941- 1039	
Georgia	1825 Rockbridge Rd Suite 11D	Stone Mountain	30087	Josh	Davis	(706) 564- 3615	
				Francesca	Davis	(706) 564- 3615	
Georgia	3255 Lawrencevill e Suwanee Rd Suite 10-S	Suwanee	30024	Christophe r	Vinyard*	(678) 825- 7350	
				Megan	Vinyard*	(678) 825- 7350	
Georgia	4993 Russell Parkway Suite 180	Warner Robins	31088	Bradley	Griffin	(478) 456- 9044	
				Samantha	Tickle	(201) 452- 6125	
Georgia	1105 Parkside Ln #1100	Woodstock	30189	Terry	Siddall*	(404) 788- 6545	
Idaho	10557 W. Carlton Bay Drive Suite 103	Garden City	83714	Curt	Johnson	(920) 858- 3575	
				Elisabeth	Johnson	(602) 284- 7323	
Illinois	698 S. Rand Road	Lake Zurich	60047	Christina	Allocco*	(773) 519- 8352	
				David	Allocco*	(630) 215- 3869	
Illinois	476 S. Route 59	Naperville	60540	Julie	Troutman	(630) 544- 0769	
				Blake	Troutman	(630) 677- 2256	
Illinois	5615 Wansford Way	Rockford	61109	Ross	Allen	(608) 921- 1047	



				Stacey	Allen	(608) 921-1047
Illinois	9412 Skokie Blvd	Skokie	60077	David	Allocco*	(630) 215-3869
				Christina	Allocco*	(773) 519-8352
Illinois	818 East Ogden Ave	Westmont	60559	Robyn	Deren	(847) 337-7972
Indiana	12955 Old Meridian Street, Suite 107	Carmel	46032	Kristen	Katibah	(704) 995-2746
Indiana	8607 E. 116th Street	Fishers	46038	Margaret	Browning*	(317) 446-3231
				Ben	Browning*	(317) 446-8189
Indiana	15615 State Road 23	Granger	46530	Amanda	Kinnucan	(574) 274-2957
				Andrew	Kinnucan	(574) 274-0155
Indiana	6210 Technology Center Drive Suite 325	Indianapolis	46278	Margaret	Browning	(317) 446-3231
Iowa	502 N. Ankeny Blvd. Suite 8	Ankeny	50021	Darci	Evans*	(608) 574-1523
				Terry	Evans*	(608) 345-3087
Iowa	8801 University Ave Suites C36 and C38	Clive	50325	Darci	Evans*	(608) 574-1523
				Terry	Evans*	(608) 345-3087
Kansas	6600 College Boulevard, Suite 100	Overland Park	66211	Suzanne	Berger	(913) 306-7697
				Peter	Berger	(913) 335-5754
Kentucky	6408 W. Highway 146	Crestwood	40014	Charlie	Judy*	(304) 541-1562
				Brittnay	Judy*	(304) 541-1562
Kentucky	2505 Dixie Highway	Ft. Mitchell	41017	Teryl	Greist*	(704) 904-1442
				Tom	Wylie*	(859) 509-5089

Kentucky	363 Thompson Rd	Lexington	40508	Teryl	Greist*	(704) 904- 1442
				Tom	Wylie*	(859) 509- 5089
Kentucky	230 N Hurstbourne Parkway	Louisville	40222	Brittnay	Judy*	(304) 541- 1562
				Charlie	Judy*	(304) 541- 1562
Kentucky	13206 US Highway 42	Prospect	40059	Brittnay	Judy*	(304) 541- 1562
				Charlie	Judy*	(304) 541- 1562
Louisiana	6401 Bluebonnet Blvd	Baton Rouge	70836	Jim	Deal	(704) 562- 8477
				Rob	Matchen	(704) 351- 1699
				Margaret	Matchen	(704) 351- 1699
Maryland	1800 Monocacy Blvd Suite 107	Frederick	21701	Krystal	Tarleton	(704) 975- 5302
				Teresa	Waas	(301) 922- 7488
Maryland	1170 Rockville Pike Suite LL1	Rockville	20852	Katelyn	Bitonti	(301) 351- 5041
				James	Bitonti	(301) 820- 5890
				Jim	Bitonti	(703) 608- 1720
Massachusetts	101 President Ave	Fall River	02720	Aaron	Shemenski	(401) 633- 2916
				Christina	Shemenski	(401) 662- 2021
Massachusetts	969 Concord St.	Framingham	01701	Alexis	Gates*	(617) 224 - 3552
				Christine	Sandonato*	(508) 340- 5312
Massachusetts	60 Needham Street	Newton	02461	Christine	Sandonato*	(508) 340- 5312
Massachusetts	686 Washington St	Norwood	02062	Leah	Pinkerton	(704) 770- 1648
				Tara	Reese	(704) 400- 2672

Massachusetts	800 South Main Street	Sharon	02067	Alexis	Gates*	(617) 224 - 3552
				Christine	Sandonato*	(508) 340-5312
Michigan	5700 Beckley Rd.	Battle Creek	49015	Megan	Johnson	(269) 578-3870
Michigan	7399 N. Lilley Rd.	Canton	48187	Chelsie	Spencer*	(734) 377-5019
Michigan	6272 28th Street SE	Grand Rapids	49546	Chelsie	Spencer*	(734) 377-5019
Michigan	30809 Milford Rd.	New Hudson	48165	Chelsie	Spencer*	(734) 377-5019
Michigan	16999 Ridge Rd.	Northville	48168	Monica	Dressler*	(248) 444-5839
				Daniel	Dressler*	(248) 686-9950
Michigan	7545 S Westnedge Ave	Portage	49024	Aubrey	Miller	(269) 788-7142
				Jason	Miller	(269) 788-7143
Michigan	3279 Rochester Rd	Troy	48083	Jessica	Chauvin	(586) 840-6375
				Dustin	Wilds	(734) 323-2375
Minnesota	10950 Club West Parkway	Blaine	55449	Christina	Hegna*	(218) 668-4723
Minnesota	11650 Round Lake Blvd NW	Coon Rapids	55433	Amanda	Brauer	(763) 443-4966
				Stephen	Brauer	(763) 232-7982
Minnesota	6545 Flying Cloud Drive	Eden Prairie	55344	Christina	Hegna*	(218) 668-4723
Minnesota	17472 91st Avenue N	Maple Grove	55311	Harlan	Hegna	(218) 209-1114
				Christina	Hegna*	(218) 668-4723
Minnesota	6301 Bandel Rd NW	Rochester	55901	Sonya	Pennel*	(608) 633-0224
				Dean	Pennel*	(608) 633-0229
Minnesota	1300 Salem Rd SW	Rochester	55902	Sonya	Pennel*	(608) 633-0224
				Dean	Pennel*	(608) 633-0229
Mississippi	115 Laurel Park Cove	Flowood	39232	Charles	Dyer*	(704) 654-9855

Mississippi	2160 Main St.	Madison	39110	Charles	Dyer*	(704) 654-9855
Mississippi	1200 Merchants Drive	Oxford	38655	Charles	Dyer*	(704) 654-9855
Missouri	14377 Manchester Rd	Ballwin	63011	Ted	Theodoropolous*	(704) 957-5134
				Chelsea	Theodoropolous*	(704) 650-5751
Missouri	10461 Manchester Road	Kirkwood	63112	Ted	Theodoropolous*	(704) 957-5134
				Chelsea	Theodoropolous*	(704) 650-5751
Missouri	3680 NE Akins Dr.	Lee's Summit	64064	Angela	Mendenhall	(615) 473-8213
Missouri	6706 State Hwy N	O'Fallon	63301	Ted	Theodoropolous*	(704) 957-5134
				Chelsea	Theodoropolous*	(704) 650-5751
Missouri	5246 S. Lindbergh Blvd	Sappington	63126	Ted	Theodoropolous*	(704) 957-5134
				Chelsea	Theodoropolous*	(704) 650-5751
Nevada	2520 West Horizon Ridge Parkway	Henderson	89052	LaTanya	Wynn	(571) 233-1667
				Renaldo	Wynn	(571) 233-1671
Nevada	4235 S. Fort Apache Rd., Suite 170	Las Vegas	89147	Jenna	Stevens	(619) 348-8196
				Michael	Stevens	(619) 348-8196
Nevada	6605 Grand Montecito Pkwy	Las Vegas	89149	Michael	Humphrey	(702) 769-8960
				Zulema	Humphrey	(702) 408-0903
New Jersey	1390 SR Route 38	Hainesport	08036	Sandra	Sweeney	(609) 217-9525
				Michael	Sweeney	(609) 267-4588
New Jersey	872 Union Mill Road	Mt Laurel	08054	Heather	Hirsh*	(215) 429-2117

				Joseph	Hirsh*	(215) 518-6256
New Jersey	485 Nassau Park Blvd.	Princeton	08540	Sara	Baran	(609) 234-8856
				Danielle	Butchko	(609) 694-7298
New Jersey	20 Millburn Ave	Springfield	07081	Sandra	Pando	(973) 698-6622
New Jersey	1140 White Horse	Voorhees	08043	Heather	Hirsh*	(215) 429-2117
				Joseph	Hirsh*	(215) 518-6256
New Mexico	10127-10131 Coors Road NW Suite H-07	Alberquerque	87114	Carolotta	Park	(219) 314-8352
				Yong	Park	(505) 440-1735
New Mexico	8200 Carmel Ave NE Suite 102	Alberquerque	87122	Jin Peng	Li	(612) 986-5898
				Xiaoya	Ma	(706) 566-6017
				Eric	McDermott	(505) 217-4524
				Ying	Zhang	(626) 559-4729
New York	1758 Route 9	Clifton Park	12065	Christa	Resavy	(315) 415-7436
New York	1851 Empire Blvd	Penfield	14609	Shannon	Lamendola*	(704) 604-7238
				Tom	Lamendola*	(704) 907-3002
New York	3300 Monroe Ave. Suite 109	Pittsford	14534	Shannon	Lamendola*	(704) 604-7238
				Tom	Lamendola*	(704) 907-3002
New York	5221 Main Street Suite 6	Williamsville	14221	Leanne	McCann	(704) 728-2018
				Paul	McCann	(980) 254-7878
North Carolina	100 Julian Shoals Road Suite 20	Arden	28704-8793	Jenny	Cooke	(919) 760-9033
				Carrie	Robitzer*	(704) 641-7812

North Carolina	6404 Wilkinson Blvd	Belmont	28021	Lindsay	Bushnell*	(214) 755- 2518
				Lindsay	Bushnell*	(214) 755- 2518
				Melissa	Price*	(704) 968- 9656
North Carolina	1071 Piper Ln.	Burlington	27215	Jarrad	Egert*	(704) 661- 1964
				Wendy	Egert*	(704) 953- 1033
North Carolina	1951 High House Road	Cary	27519	Bethany	Williams*	(704) 458- 7149
				Brian	Williams*	(919) 218- 7747
North Carolina	223 S. Elliot Rd	Chapel Hill	27514	Bethany	Williams*	(704) 458- 7149
				Brian	Williams*	(919) 218- 7747
North Carolina	1945 E. 7th Street	Charlotte	28204	Lindsay	Bushnell*	(214) 755- 2518
				David	Bushnell*	(704) 343- 1992
North Carolina	4400 Park Rd. Suite 100	Charlotte	28209	Lindsay	Bushnell*	(214) 755- 2518
				David	Bushnell*	(704) 343- 1992
North Carolina	2101 Cambridge Beltway Dr.	Charlotte	28273	Allyson	Earnhardt*	(704) 609- 3056
				Bridgett	Earnhardt*	(704) 904- 1516
North Carolina	8700 Pineville- Matthews Rd.	Charlotte	28226	Billy	Haynes*	(704) 662- 2474
				Rita	Haynes*	(704) 662- 2474
				Thomas	Rusling*	(704) 661- 8280
North Carolina	8505 Davis Lake Parkway	Charlotte	28269	Melissa	Price*	(704) 968- 9656
				Sharon	Bernard	(910) 364- 5340
North Carolina	354 George W Liles Pkwy	Concord	28027	Andrea	Hartshorne*	(248) 505- 5688
				Mike	Hartshorne*	(518) 281- 7107

North Carolina	10020 Edison Square	Concord	28027	Melissa	Price*	(704) 968-9656
North Carolina	7558 Hwy 73 #107	Denver	28037	Billy	Haynes*	(704) 662-2474
				Rita	Haynes*	(704) 662-2474
				Thomas	Rusling*	(704) 661-8280
North Carolina	5410 NC Highway 55	Durham	27713	Anelli	Morrison	(901) 857-1499
				Megan	Pippitt	(919) 943-2609
North Carolina	864 Prestige Blvd	Fayetteville	28314	Courtney	Foy	(828) 734-7856
				Justin	Foy	(910) 574-2250
				Laura	Thomas	(828) 734-8478
				Raymond	Thomas	(828) 734-6537
North Carolina	22620 Timber Dr	Garner	27529	Katy	Downer*	(703)774-4738
				William	Downer*	(703) 434-9494
North Carolina	3610 N Elm Street	Greensboro	27455	Dana	Staz	(814) 464-7054
North Carolina	4200 Main Street	Harrisburg	28075	Andrea	Hartshorne*	(248) 505-5688
				Mike	Hartshorne*	(518) 281-7107
North Carolina	970 2nd St. NE	Hickory	28601	Carrie	Robitzer*	(704) 641-7812
North Carolina	3910 Tinsley Drive	High Point	27265	Lindsay	Arvelo	(704) 975-8057
				Eddie	Arvelo	(704) 975-8057
				Bradley	Fisher	(704) 965-3555
				Jane	Fisher	(704) 965-3555
North Carolina	158 W. Holly Springs Road	Holly Springs	27540	Aaron	Aguilar	(951) 201-0951
				Laura	Aguilar	(951) 403-0582
North Carolina	810 N Main St	Kernersville	27284	Jarrad	Egert*	(704) 661-1964

				Wendy	Egert*	(704) 953-1033
North Carolina	706 Money Court	Knightdale	27545	William	Downer*	(703) 434-9494
				Katy	Downer*	(703)774-4738
North Carolina	343 W John Street	Matthews	28105	Josh	Rudolph	(207) 650-9212
				Lindsey	Rudolph	(434) 609-7320
North Carolina	491 Williamson Road	Mooresville	28117	Tami	Coffey*	(704) 619-8512
				Craig	Coffey*	(704) 619-8512
North Carolina	3702 Hillsborough Rd	North Durham	27705	Stephanie	Drew	(704) 785-0197
North Carolina	2442 Wycliff Road	Raleigh	27607	William	Downer*	(703) 434-9494
North Carolina	4701 Atlantic Avenue #145	Raleigh	27604	Lindsay	Gilbert	(828) 320-9623
				Jason	Gilbert	(828) 320-9623
				Kimberly	Parro Stork	(347) 853-1566
North Carolina	14460 Falls of Neuse	Raleigh	27614	Sherry	Jones	(919) 418-2832
				Justin	Jones	(919) 795-1800
North Carolina	7910 Skyland Ridge Parkway	Raleigh	27617	Scott	Tobin*	(631) 767-6066
North Carolina	6300 Creedmoor Rd.	Raleigh	27612	Scott	Tobin*	(631) 767-6066
North Carolina	5924 Weddington-Monroe Road	Wesley Chapel	28104	David	Bushnell*	(704) 343-1992
				Lindsay	Bushnell*	(214) 755-2518
				Kyle	Lane	(980) 254-6851
North Carolina	50 Hays Lane	Wilmington	28411	Monica	Dressler*	(248) 444-5839
				Daniel	Dressler*	(248) 686-9950
North Carolina	5077 Country Club Rd	Winston-Salem	27104	Tyler	Owen	(336) 391-6244



				Stephanie	Owen	(336) 391-6244
North Carolina	124 Beacon Drive Suite E	Winterville	28590	Paul	Hackney	(704) 361-2898
				Susan	Hackney	(704) 798-0273
Ohio	32814 Walker Road	Avon Lake	44012	Jared	Ridenour	(908) 907-2080
				Jill	Ridenour	(336) 906-8646
Ohio	24085 Chagrin Blvd.	Beachwood	44122	Christina	Peebles	(704) 607-8073
Ohio	1547 Lyons Rd	Centerville	45458	Teryl	Greist*	(704) 904-1442
				Tom	Wylie*	(859) 509-5089
Ohio	442 Ohio Pike	Cincinnati	45255	Anthony	Bommarito	(847) 756-0741
				Krista	Bommarito	(847) 756-0741
Ohio	4325A Red Bank Road	Cincinnati	45227	Teryl	Greist*	(704) 904-1442
				Tom	Wylie*	(859) 509-5089
Ohio	5334 N Hamilton Rd	Columbus	43230	Kimberly	Jamison	(803) 873-1804
				Elizabeth	Walker	(614) 595-4884
Ohio	33-A Shiawassee Ave.	Fairlawn	44333	Renee	Starr*	(330) 419-8388
				Jeffrey	Starr*	(330) 780-7501
Ohio	1604 Norton Rd.	Stow	44224	Renee	Starr*	(330) 419-8388
				Jeffrey	Starr*	(330) 780-7501
Ohio	406 E Wilson Bridge Rd.	Worthington	43085	Danielle	Segelhorst	(614) 795-3025
				Stephanie	Union	(614) 561-7656
Oklahoma	2121 West Edmond Rd.	Edmond	73012	Kay	Koziol*	(469) 765-2737
				Michael	Koziol*	(940) 300-9025
Oklahoma	500 Riverwalk Terrace	Jenks	74037	Kay	Koziol*	(469) 765-2737

				Michael	Koziol*	(940) 300-9025
Oklahoma	1344 N Interstate Dr	Norman	73072	Casey	Christian	(405) 476-9056
				Scott	Christian	(405) 570-5009
				Alisha	Jones	(405) 990-6693
				Nick	Jones	(405) 990-8515
Oklahoma	11422 N 134th E Ave Building A Suite # 1	Owasso	74055	Kay	Koziol*	(469) 765-2737
				Michael	Koziol*	(940) 300-9025
Oregon	14801 SW Millikan Way	Beaverton	97006	Megan	Jones*	(541) 619-6062
				Alan	Jones*	(541) 905-7628
Oregon	2479 NW Kings Blvd	Corvallis	97330	Megan	Jones*	(541) 619-6062
				Alan	Jones*	(541) 905-7628
Oregon	2758 Shadow View Dr.	Eugene	97408	Tiffany	Coven	(541) 760-0505
				Patrick	Coven	(541) 990-5794
Oregon	16889 SW 65th Ave	Lake Oswego	97035	Megan	Jones*	(541) 619-6062
				Alan	Jones*	(541) 905-7628
Pennsylvania	3001 Cool Springs Drive	Bethel Park	15234	Lauren	Nelson	(615) 967-8670
Pennsylvania	984 DeKalb Pike	Blue Bell	19422	John	Nicolucci	(856) 889-3237
				Kathie	Smith	(856) 889-3237
Pennsylvania	271 New Castle Road	Butler	16001	Jarrad	Pencek	(412) 716-0575
				Cassandra	Pencek	(814) 573-3183
Pennsylvania	197 West Lincoln Hwy	Exton	19341	Michelle	Massey*	(610) 637-0479
Pennsylvania	210 Valleybrook Rd.	McMurray	15241	Anthony	Barbati*	(412) 680-7035
				Jen	Barbati*	(724) 544-0368

				Matt	Weaver*	(412) 588-5102
				Kristin	Weaver*	(412) 953-7044
Pennsylvania	1776 Golden Mile Highway	Monroeville	15146	Erin	Dolfi	(412) 298-3746
				Matthew	Dolfi	(412) 721-5724
Pennsylvania	2610 Chemical Road	Plymouth Towns	19422	John	Nicolucci	(215) 760-0101
				Kathie	Smith	(856) 889-3237
Pennsylvania	458 Home Dr.	Pittsburgh	15275	Anthony	Barbati*	(412) 680-7035
				Jen	Barbati*	(724) 544-0368
				Matt	Weaver*	(412) 588-5102
				Kristin	Weaver*	(412) 953-7044
Pennsylvania	1515 Street Road	Warminster	18974	Frederick	Gerdes	(980) 406-7826
				Darla	Gerdes	(980) 406-7826
Pennsylvania	1353 Dilworthtown Crossing	West Chester	19382	Michelle	Massey*	(610) 637-0479
Pennsylvania	155 Lake Drive, Suite 101&102	Wexford	15090	Lisa	Kostelnik	(412) 580-0080
Rhode Island	1276 Bald Hill Road	Warwick	02886	Victoria	Holmes	(310) 990-0040
				Julie	Mckenna	(401) 864-4350
South Carolina	270 Red Cedar Lane #103	Bluffton	29910	Laura	Lutz	(704) 840-5119
South Carolina	1291 Folly Road	Charleston	29412	Alan	Huggins*	(704) 472-5306
South Carolina	1369 Ashley River Road	Charleston	29407	Alan	Huggins*	(704) 472-5306
South Carolina	715 Fashion Drive	Columbia	29223	Bobby	Pressley	(704) 860-1449
				Laura	Pressley	(704) 728-5669
				Shaun	Pressley	(704) 860-8801

South Carolina	4507 Forest Drive	Columbia	29206	Jennifer	McGaha*	(864) 414-8405
				Sara	Moore*	(704) 806-7873
South Carolina	9030 Northfield Dr. Unit G	Fort Mill	29707	Tami	Coffey*	(704) 619-8512
				Craig	Coffey*	(704) 619-8512
South Carolina	215 Pelham Road Suite B 101	Greenville	29615	Jennifer	McGaha*	(864) 414-8405
				Sara	Moore*	(704) 806-7873
South Carolina	1618 Woodruff Rd	Greenville	29607	Adam	Phillips	(864) 609-7401
				Lindsay	Phillips	(864) 609-7401
South Carolina	7595 St. Andrews Road	Irmo	29063	Angel	Irizarry	(803) 569-7280
				Hailey	Irizarry	(803) 445-4922
South Carolina	217 Saluda Springs Rd. Suite 102	Lexington	29072	Jennifer	McGaha*	(864) 414-8405
				Sara	Moore*	(704) 806-7873
South Carolina	1440 Ben Sawyer Blvd, Suite 900	Mt. Pleasant	29464	Alan	Huggins*	(704) 472-5306
South Carolina	2100 Oakheart Road	Myrtle Beach	29579	Allison	Pavone	(919) 324-4686
				Michael	Pavone	(919) 749-3779
South Carolina	8600 Dorchester Road	North Charleston	29420	Alan	Huggins*	(704) 472-5306
South Carolina	1075 Bayshore Dr	Rock Hill	29732	Hang	Ngov	(203) 676-2877
				Bouakhay	Ngov	(203) 676-3713
South Carolina	1802 Drayton Rd, Suite 110	Spartanburg	29307	Elissa	Farmer	(704) 224-6594
				David	Farmer	(704) 706-9205
South Carolina	1341 College Park Road	Summerville	29486	Alan	Huggins*	(704) 472-5306

South Carolina	1200 North Main Street	Summerville	29483	Alan	Huggins*	(704) 472-5306
South Carolina	1738 Gold Hill Rd	Tega Cay	29708	Allyson	Earnhardt*	(704) 609-3056
				Bridgett	Earnhardt*	(704) 904-1516
South Dakota	5101 East Rosa Parks Place	Sioux Falls	57110	Josh	Schneider*	(605) 305-0568
South Dakota	7640 S. Louise Ave.	Sioux Falls	57108	Danelle	Schneider*	(605) 305-0568
				Josh	Schneider*	(605) 305-0568
Tennessee	8000 US Highway 64 Suite 104	Bartlett	38133	Amanda	Schwilch	(904) 327-2806
				Pablo	Schwilch	(904) 613-0760
Tennessee	204 Ward Circle	Brentwood	37027	Randy	Graham	(704) 860-2218
				Scottie	Graham	(704) 860-1224
				Andrew	Saucier	(931) 698-4271
				Leigh Ann	Saucier	(704) 860-9795
Tennessee	2201 C Lowes Drive	Clarksville	37040	Joanna	Crawford	(205) 427-5656
				Thomas	Crawford	(615) 202-8896
Tennessee	956 E Winchester Blvd	Collierville	38017	Brett	Krepps	(765) 960-5688
				Jason	Walker	(901) 568-2674
Tennessee	1113 Murfreesboro Road	Franklin	37064	Mike	Rapier*	(704) 360-7431
				Abby	Rapier*	(704) 609-8648
Tennessee	1020 Avondale Road. Suite 107	Hendersonville	37075	Lori	Dunbar	(505) 205-7164
				Russell	Dunbar	(505) 306-5935
Tennessee	1805 N Roan St	Johnson City	37601	Matthew	Stein	(336) 207-2190

				Rebecca	Stein	(336) 312-8134
Tennessee	11530 - 11560 Kingston Pike	Knoxville	37934	Kristy	Smith	(919) 600-4263
Tennessee	11207 Lebanon Road	Mt. Juliet	37122	Lori	Dunbar	(505) 205-7164
				Russell	Dunbar	(505) 306-5935
Tennessee	1736 W. Northfield Blvd	Murfreesboro	37129	Benjamin	Hayes*	(704) 201-2401
				David	Ragan*	(980) 521-8443
Tennessee	7648 Highway 70 S  Suite 8	Nashville	37221	Benjamin	Hayes*	(704) 201-2401
				David	Ragan*	(980) 521-8443
Tennessee	2600 Clifton Ave Suite B	Nashville	37029	Justin	Reed	(270) 779-0646
				Tammy	Reed	(270) 779-0646
Tennessee	7116 Nolensville Road	Nolensville	37135	Mike	Rapier*	(704) 360-7431
				Abby	Rapier*	(704) 609-8648
Tennessee	2001 Campbell Station Pkwy. Suite C	Spring Hill	37174	Maryann	Goldsmith	(615) 521-8089
				Paul	Goldsmith	(312) 772-6781
				Jamie	Steiner	(615) 668-0889
				Tony	Steiner	(615) 881-0719
Texas	205 Cedar Park Dr	Cedar Park	78613	Erik	Enberg	(415) 518-7764
				Nicole	Enberg	(415) 518-7739
				Foswhitt	Whittaker	(979) 436-1521
				Jasmine	Whittaker	(713) 882-1706

Texas	3288 Main Street Suite 105	Frisco	75033	Mark	Wanish	(704) 264-6755	
					Tricia	Wanish	(704) 763-7477
Texas	12540 Bandera Road	Helotes	78023	Gina	Gallegos	(210) 4567	834-
Texas	947 Gessner, Suite B170	Houston	77024	Anna	Foster*	(832) 0409	326-
				Arin	Foster*	(832) 1477	545-
				Trisha	Marino*	(713) 3662	653-
				Abby	Talkington*	(832) 6858	296-
Texas	7154 Atascocita Road	Humble	77346	Julie	White	(859) 4347	351-
				Kevin	White	(859) 8450	619-
Texas	306 Grapevine Hwy	Hurst	76054	Alison	Scalvini	(919) 4717	868-
Texas	23930 Westheimer Parkway	Katy	77494	Anna	Foster*	(832) 0409	326-
				Arin	Foster*	(832) 1477	545-
				Trisha	Marino*	(713) 3662	653-
				Abby	Talkington*	(832) 6858	296-
Texas	2122 Rufe Snow Blvd #126	Keller	76248	Jenni	Silverman	(972) 1696	400-
Texas	1414 Northpark Drive	Kingwood	77339	Becky	Parsons*	(610) 5410	509-
				Eric	Parsons*	(610) 5410	509-
Texas	1603 Ranch Road North Suite 100	Lakeway	78734	Heather	Hatfield	(512) 7405	751-
Texas	4100 S. Ridge Rd.	McKinney	75070	Doni	Cash	(214) 3613	906-
Texas	2063 Central Plz Suite 103	New Braunfels	78130	Matthew	Dulock	(254) 5641	749-

				Lauren	Dulock	(830) 221-6894
Texas	450 Industry Way Suite 30	Prosper	75078	Moe	Patel	(816) 582-6760
				Deepal	Patel	(919) 649-2137
Texas	110 W. Cityline Dr	Richardson	75082	Carrie	Hayes	(214) 395-2998
				David	Hayes	(214) 533-7609
Texas	2711 La Frontera Blvd	Round Rock	78681	Sonika	Kotwal	(612) 229-8762
				Arjun	Kandhari	(612) 295-5303
Texas	20818 Gathering Oak	San Antonio	78260	Kimberly	Beaulieu	(210) 317-8133
				Brandon	Thompson	(919) 623-2255
Texas	233 FM 3009	Schertz	78154	Brett	Glasscock	(281) 795-8397
				Kacey	Glasscock	(281) 795-8397
Utah	933 N Main St	Layton	84041	Bethany	McVay	(229) 520-1431
Virginia	648 S Pickett Street	Alexandria	22304	Erin	Hayes*	(443) 905-2210
				Brett	Hysinger*	(571) 585-9255
Virginia	315 N. Glebe Road	Arlington	22203	Erin	Hayes*	(443) 905-2210
				Brett	Hysinger*	(571) 585-9255
Virginia	44190 Waxpool Road Suites 132-137	Ashburn	20147	Aaron	Skinner	(843) 437-6769
				Melanie	Skinner	(214) 422-1852
Virginia	9456 Charter Gate Drive	Ashland	23005	Jonathan	Ceaser*^	(804) 687-1479
Virginia	24820 Community Corner Plaze	Chantilly	20152	Jonathan	Metzger*	(704) 928-7301
				Rebecca	Metzger*	(704) 928-7330



Virginia	435 Gander Drive	Charlottesville	22901	Alan	Huggins*	(704) 472-5306
Virginia	12120 Branders Creek Drive	Chester	23831	Scott	Tobin*	(631) 767-6066
Virginia	452 Peppers Ferry Rd.	Christiansburg	24073	Heather	Kelly	(540) 750-3523
Virginia	12193 Fair Lakes Promenade Drive	Fair Lakes	22033	Jonathan	Metzger*	(704) 928-7301
				Rebecca	Metzger*	(704) 928-7330
Virginia	402 W Broad Street	Falls Church	22046	Christopher	Spade	(704) 340-5796
				John	Spade	(585) 738-9491
Virginia	17860 Forest Road	Forest	24551	Alan	Huggins*	(704) 472-5306
Virginia	4131 Plank Road	Fredericksburg	22407	Todd	Edwards*	(804) 513-6177
				Missy	Edwards*	(804) 513-7358
Virginia	10013 Jefferson Davis Highway	Fredericksburg	22407	Missy	Edwards*	(804) 513-7358
				Todd	Edwards*	(804) 513-6177
Virginia	13946 Estate Manor Drive	Gainesville	20155	Jonathan	Metzger*	(704) 928-7301
				Rebecca	Metzger*	(704) 928-7330
Virginia	4063 Quarles Court	Harrisonburg	22801	Alan	Huggins*	(704) 472-5306
Virginia	3091 Lauderdale Drive	Henrico	23233	Jessica	Wolfe*	(757) 604-4000
				Michael	Wolfe*	757-390-0588
				Elyse	Reynolds	(757) 810-2697
				John	Reynolds	(757) 810-2697
Virginia	3063A Centreville Rd.	Herndon	20171	Lisa	Conway	(703) 625-9539
				Ivy	Tighe	(703) 402-1134

				Lindsey	Treadway*	(704) 649-8842
Virginia	960 Sycolin Road Suite 160-165	Leesburg	20175	Erin	Duarte	(571) 261-0413
				Jeremy	Duarte	(571) 261-0413
Virginia	7443 Lee Davis Road	Mechanicsville	23111	Jessica	Wolfe*	(757) 604-4000
				Michael	Wolfe*	757-390-0588
Virginia	7000 Woodlake Commons Loop	Midlothian	23112	Jonathan	Ceaser*	(804) 687-1479
Virginia	120 Ottis Street	Newport News	23602	Scott	Tobin*	(631) 767-6066
Virginia	435 W 24th Street	Norfolk	23517	Scott	Tobin*	(631) 767-6066
Virginia	5001 Libbie Mill East Boulevard	Richmond	23230	Jonathan	Ceaser*	(804) 687-1479
Virginia	1208 Carmia Way	Richmond	23235	Brianna	Spotts	(804) 241-1061
				Scott	Tobin*	(631) 767-6066
Virginia	4210 Franklin Road	Roanoke	24014	Alan	Huggins*	(704) 472-5306
Virginia	3575 Bridge Road Suites 6A	Suffolk	23435	Brian	Woodell	(919) 610-1106
				Michelle	Woodell	(919) 610-1107
Virginia	1725 Laskin Road	Virginia Beach	23454	Scott	Tobin*	(631) 767-6066
Virginia	2181 Upton Drive	Virginia Beach	23454	Scott	Tobin*	(631) 767-6066
Virginia	5208 Fairfield Shopping Center	Virginia Beach	23464	Scott	Tobin*	(631) 767-6066
Virginia	5251 John Tyler Highway	Williamsburg	23185	Scott	Tobin*	(631) 767-6066
Virginia	13817 Foulger Square	Woodbridge	22192	Jordan	Meyers	(252) 412-1530
				Katie	Meyers	(919) 622-1844

Wisconsin	3333 Express Ct	Appleton	54915	Dean	Pennel*	(608) 633-0224
				Sonya	Pennel*	(608) 633-0224
Wisconsin	16900 W Bluemound Rd Suite 300 A	Brookfield	53005	Ann	Shah	(507) 258-0207
Wisconsin	2088 Milwaukee Ave	Burlington	53105	Cody	Burns*	(262) 818-3325
				Shawn	Foszcz*	(262) 758-1732
Wisconsin	3519 Gateway Dr	Eau Claire	54701	Kathy	Leith	(612) 747-1696
Wisconsin	5956 Executive Drive	Fitchburg	53719	Tina	Schumaker*	(608) 487-3081
				Howard	Schumaker*	(608) 498-5900
Wisconsin	500 North Holmen Drive	Holmen	54636	Sonya	Pennel*	(608) 633-0224
				Dean	Pennel*	(608) 633-0229
Wisconsin	7650 75th Street	Kenosha	53142	Shawn	Foszcz*	(262) 758-1732
				Cody	Burns*	(262) 818-3325
Wisconsin	1808 Highway 16	La Crosse	54601	Sonya	Pennel*	(608) 633-0224
				Dean	Pennel*	(608) 633-0229
Wisconsin	4320 Mormon Coulee Rd	La Crosse	54601	Sonya	Pennel*	(608) 633-0224
				Dean	Pennel*	(608) 633-0229
Wisconsin	N91 W17271 Appleton Ave.	Menomonee Falls	53051	Nicholas	Schneider	(262) 391-0977
				Amy	Schneider	(262) 613-9130
				Bryan	Spakowicz	(262) 271-7800
				Olivia	Spakowicz	(262) 391-2375

Wisconsin	8233 Forsythia St. #109	Middleton	53562	Tina	Schumaker*	(608) 487-3081
				Howard	Schumaker*	(608) 498-5900
Wisconsin	4108 Monona Drive	Monona	53716	Tina	Schumaker*	(608) 487-3081
				Howard	Schumaker*	(608) 498-5900
Wisconsin	1061 Summit Avenue	Oconomowoc	53066	Bryon	Altreuther	(414) 801-0707
				Erika	Altreuther	(608) 443-6875
Wisconsin	6500 Washington Ave	Racine	53406	Cody	Burns*	(262) 818-3325
				Shawn	Foszcz*	(262) 758-1732
Wisconsin	137 S. Bristol Street	Sun Prairie	53590	Abigail	Barr	(715) 577-7842
Wisconsin	W248 N5250 Executive Drive, Suite 200	Sussex	53089	Karen	Pederson*	(414) 254-7038
				Carey	Tump*	(414) 303-3277
Wisconsin	411 Prairie Heights Drive Ste 110	Verona	53593	Tina	Schumaker*	(608) 487-3081
Wisconsin	721 Meadowbrook Road	Waukesha	53188	Karen	Pederson*	(414) 254-7038
				Carey	Tump*	(414) 303-3277
Wisconsin	2107 Robin Lane	Wausau	54401	Sonya	Pennel*	(608) 633-0224
				Dean	Pennel*	(608) 633-0229
Wisconsin	415 East Silver Spring Dr	Whitefish Bay	53217	Anthony	Gibson	(612) 749-3224
				Elizabeth	Sommer-Gibson	(262) 227-1184

**Franchisees with signed Franchise Agreements, but locations not open for business, as of December 31, 2022**

<b>Location Name</b>	<b>Owner First Name</b>	<b>Owner Last Name</b>	<b>Phone</b>
Mountain Brook, AL	Gabriel	Safron*	(706) 289-9762
Vestavia Hills, AL	Gabriel	Safron*	(706) 289-9762
	Nicole	Rosado*	(704) 799-5584
Meadowbrook, AL	Gabriel	Safron*	(706) 289-9762
East Mark, AZ	Carie	Perham*	(602) 750-0010
	Chad	Perham*	(480) 329-7240
North Naples, FL	Justin	Strickland*	(239) 290-0811
	Holly	Strickland*	(239) 216-3555
Inverness FL	Scott	Passarella*	(727) 687-1556
	Amy	Passarella*	(727) 481-8183
Lake Nona, FL	Adam	Perez*	(919) 523-0518
	Melissa	Perez*	(919) 506-5773
Port St. Lucie, FL	Monica	Marshall	(301) 908-4343
	David	Marshall	(301) 704-0099
Lakewood Ranch, FL	Lindsay	Scheuer*	(941) 730-7919
Baymeadows, FL	Amanda	Leonard*	(904) 563-6316
Beach Blvd.	Amanda	Leonard*	(904) 563-6316
Valrico, FL	Dillon	Chalupsky	(860) 377-1021
	Karissa	Hurley	(813) 230-9322
	Eric	Hurley	(813) 786-8598
	Kathryn	Chalupsky	(860) 942-6735
Tallahassee South, FL	Rebecca	Patterson*	(850) 728-8484
Cape Coral, FL	Craig	Toggweiler*	(239) 357-4668
South Cobb, GA	Deangelo	Yancey*	(470) 553-2323

	Montayla	Yancey*	(470) 553-2323
Columbus, GA	Katherine	Landino*	(978) 942-1517
	Christina	Cocita*	(404) 384-7808
	Kyle	Cocita*	(404) 384-7825
	Derek	Landino*	(309) 453-3301
Dawsonville, GA	Patrick	Hartmann*	(239) 919-9178
Canton, GA	Terry	Siddall*	(404) 788-6545
North Buckhead, GA	Patrick	Hartmann*	(239) 919-9178
Richmond Hill, GA	Jared	Worley*	(603) 860-9991
	Stephanie	Worley*	(603) 391-4330
Athens, GA	Lee	Smoak*	(917) 531-1947
	Heather	Smoak*	(706) 255-4908
Douglasville, GA	Deangelo	Yancey*	(470) 553-2323
	Montayla	Yancey*	(470) 553-2323
Lost Mountain, GA	Montayla	Yancey*	(470) 553-2323
	Deangelo	Yancey*	(470) 553-2323
Sona Meridian, ID	Curt	Johnson*	(920) 858-3575
	Elisabeth	Johnson*	(602) 284-7323
Waukee, IA	Darci	Evans*	(608) 574-1523
	Terry	Evans*	(608) 345-3087
Bowling Green, KY	Tammy	Reed*	(270) 779-0646
	Justin	Reed*	(270) 779-0646
Urbana, MD	Teresa	Waas*	(301) 922-7488
Germantown, MD	Katelyn	Bitonti*	(301) 351-5041
	James	Bitonti*	(301) 820-5890
	Jim	Bitonti*	(703) 608-1720
North Waltham, MA	Victoria	Holmes*	(310) 990-0040

	Julie	McKenna Alavian*	(401) 864-4350
Burlington, MA	Bernie	Driscoll	(617) 750-0432
	Jenny	Driscoll	(781) 974-8837
	Melanie	Green	(352) 207-8153
Plymouth, MN	Christina	Hegna*	(218) 668-4723
Rosemount, MN	Maria	Norberg	(715) 418-1199
	McKenna	Anderson	(651) 726-4344
Hudson River Falls, WI	Kathy	Leith*	(612) 747-1696
Cottage Grove, MN	Hannah	Reis	(480) 773-8748
	Lucas	Reis	(507) 779-5802
St. Charles, MO	Chelsea	Theodoropoulos*	(704) 650-5751
	Ted	Theodoropolous*	(704) 957-5134
Springfield, MO	Cami	White	(530) 228-3777
	Karlee	Yount	(530) 520-8855
Las Vegas Southwest, NV	Renaldo	Wynn*	(571) 233-1671
	LaTanya	Wynn*	(571) 233-1667
Haddon Township, NJ	Joseph	Hirsh*	(215) 518-6256
	Heather	Hirsh*	(215) 429-2117
East Greenwich, NJ	Siobhan	Gonzalez	(856) 278-8077
	Lindsay	Gonzalez	(845) 642-4281
Washington Township, NJ	Nicole	Smith	(609) 820-0346
	Mark	Smith	(609) 556-4805
Santa Fe, NM	Eric	McDermott*	(505) 217-4524
	Jin Peng	Li*	(612) 986-5898
	Xiaoyu	Ma*	(706) 566-6017
	Ying	Zhang*	(626) 559-4729
Woodbury, NY	Ryan	McDonagh*	(917) 373-4115

Garden City, NY	Ryan	McDonagh*	(917) 373-4115
Clayton, NC	William	Downer*	(703) 434-9494
Mint Hill, NC	Chantha	Lam	(704) 909-8007
	Thy	Heng	(704) 909-8007
Jamestown, NC	Eddie	Arvelo*	(307) 421-9864
	Lindsay	Arvelo*	(704) 975-8057
	Jane	Fisher*	(704) 965-8226
	Bradley	Fisher*	(704) 965-3555
Mebane, NC	Wendy	Venturini - Egert*	(704) 953-1033
South Oklahoma City, OK	Alisha	Jones*	(405) 990-6693
	Casey	Christian*	(405) 476-9056
Zelienople, PA	Lisa	Kostelnik*	(412) 580-0080
Greer, SC	Allison	Schleuger*	(704) 819-221
	Lindsay	Phillips*	(864) 609-7401
Simpsonville, SC	Allison	Schleuger*	(704) 819-221
	Lindsay	Phillips*	(864) 609-7401
Uptown Greenville, SC	Sara	Moore*	(704) 806-7873
	Jennifer	McGaha*	(864) 414-8405
Smyrna, TN	Benjamin	Hayes*	(704) 201-2401
	David	Ragan*	(980) 521-8443
East Nashville, TN	Lori	Dunbar*	(505) 205-7164
Sango, TN	Thomas	Crawford*	(615) 202-8896
	Joanna	Crawford*	(205) 427-5656
West Plano, TX	Autumn	Lawson	(214) 794-4180
North McKinney, TX	John Paul	Turner	(214) 577-6168
	Christen	Turner	(214) 577-6168
Allen, TX	Deepal	Patel*	(919) 649-2137
	Moe	Patel*	(816) 582-6760



Castle Hills, TX	Heather	Lee	(512) 773-1367
	Clayton	Lee	(512) 773-1367
North Cypress, TX	Amanda	Rachidi*	(571) 439-5078
	Cassey	Bloomfield	(615) 336-2701
St. George, UT	Robert	Bloomfield	(615) 336-2600
	Scott	Tobin*	(631) 767-6066
Chesapeake, VA	Brett	Hysinger*	(571) 585-9255
	Erin	Hayes*	(443) 905-2210
Manassas, VA	Jonathan	Metzger*	(704) 928-7301
	Rebecca	Metzger*	(704) 928-7330

"\*" Denotes Multi Unit Owner

"^" Denotes Sold/Terminated a Unit, Remained in System

**LIST OF FORMER FRANCHISEES AND AREA DEVELOPERS**

**Burn Boot Camp® Franchisees and/or Area Developers who had Outlet Terminated, Cancelled, Not Renewed, Transferred or Otherwise Voluntarily or Involuntarily Ceased to do Business under a Franchise Agreement During the Year Ended December 31, 2022 or Who has not Communicated with the Franchisor Within 10 Weeks of the Application Date:**

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

<b>Former Owner's Name</b>	<b>Phone</b>
<b>Departures from Table 3</b>	
Anwar Parrish	704-401-4384
Raquel Dills	719-641-8089
MaryGrace Andrisani	416-577-7675
Sarah Kincaid	980-429-0766
Anne Seymour	704-608-1819
Scott Adams	704-975-1504
Allison Yawn	706-394-9101
Charles Killelea	914-980-7106
Francesca Davis	706-564-3615
Toni Jones	919-270-3159
Sarah Quella	920-277-4163 <sup>(1)</sup>

<b>Former Owners Name</b>	<b>Phone</b>
<b>Departures from Table 2</b>	
Irene Tranchita	414-687-0917
Ronda Harvey <sup>2</sup>	404-723-3325
Kristin Davis	919-623-2255
Scott Adams	704-975-1504
Adam Prus <sup>2</sup>	617-308-0425
Christen Jackson	704-640-1884
Caroline Pingree Crank	508-932-1425
Traci Shaffner	704-506-4006
Brian Watkins	586-899-1714
Robin Young	336-209-1297

<sup>2</sup> – transferred 2 locations in 2022.

**EXHIBIT G**  
**FINANCIAL STATEMENTS**



**Kline Franchising, Inc.**

Financial Statements and  
Supplementary Information

December 31, 2022, 2021, and 2020

Together with  
Independent Auditor's Report

**KLINE FRANCHISING, INC.**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**December 31, 2022, 2021, and 2020**

**TABLE OF CONTENTS**

	<u>Page No.</u>
INDEPENDENT AUDITOR'S REPORT.....	1
FINANCIAL STATEMENTS:	
Balance Sheets.....	4
Statements of Operations.....	6
Statements of Stockholders' Equity.....	7
Statements of Cash Flows.....	8
Notes to Financial Statements.....	9
SUPPLEMENTARY INFORMATION:	
Schedules of General and Administrative Expenses.....	16



## **INDEPENDENT AUDITOR'S REPORT**

To the Stockholders of  
Kline Franchising, Inc.:

### **Opinion**

We have audited the accompanying financial statements of Kline Franchising, Inc. which comprise the balance sheet as of December 31, 2022, and the related statement of operations, retained earnings, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kline Franchising, Inc. as of December 31, 2022 and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Prior Period Financial Statements**

The financial statements of Kline Franchising, Inc. as of December 31, 2021 and 2020 were audited by other auditors whose report dated April 20, 2022 expressed an unmodified opinion on those statements.

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

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

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

### **Auditor's Responsibility 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 therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 Kline Franchising Inc.'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Kline Franchising Inc.'s ability to continue as a going concern for a reasonable period of time.

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

## Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of General and Administrative Expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Charlotte, North Carolina,  
April 19, 2023

*BGW CPA, PLLC*



# KLINE FRANCHISING, INC.

## BALANCE SHEETS

December 31, 2022, 2021, and 2020

### ASSETS

	<u>2022</u>	<u>2021</u>	<u>2020</u>
CURRENT ASSETS:			
Cash	\$1,509,238	\$1,509,210	\$2,218,491
Accounts receivable	1,133,590	912,443	540,804
Notes receivable - affiliates, current portion	616,430	165,806	-
Prepaid expenses and other current assets	262,764	216,061	106,592
Contract assets - commissions, current portion	170,890	177,057	176,134
Total current assets	<u>3,692,912</u>	<u>2,980,577</u>	<u>3,042,021</u>
PROPERTY AND EQUIPMENT, net	<u>397,391</u>	<u>557,367</u>	<u>667,462</u>
INTANGIBLE ASSETS, net	<u>272,223</u>	<u>-</u>	<u>-</u>
OTHER ASSETS:			
Due from affiliates	1,161,819	684,949	888,396
Notes receivable - affiliates, net of current portion	-	616,430	-
Contract assets - commissions, net of current portion	405,423	402,708	306,959
Total other assets	<u>1,567,242</u>	<u>1,704,087</u>	<u>1,195,355</u>
Total assets	<u>\$5,929,768</u>	<u>\$5,242,031</u>	<u>\$4,904,838</u>

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

# KLINE FRANCHISING, INC.

## BALANCE SHEETS

December 31, 2022, 2021, and 2020

### LIABILITIES AND STOCKHOLDERS' EQUITY

	<u>2022</u>	<u>2021</u>	<u>2020</u>
CURRENT LIABILITIES:			
Accounts payable and accrued expenses	\$442,104	\$302,439	\$110,298
Accrued payroll and payroll taxes	508,506	482,427	186,003
Paycheck protection program loan	-	-	689,300
Contract liabilities - franchise fees, current portion	364,631	319,375	233,600
State income taxes payable	147,000	-	-
Total current liabilities	<u>1,462,241</u>	<u>1,104,241</u>	<u>1,219,201</u>
CONTRACT LIABILITIES - franchise fees, net of current portion	<u>3,007,410</u>	<u>3,719,814</u>	<u>2,948,608</u>
Total liabilities	4,469,651	4,824,055	4,167,809
STOCKHOLDERS' EQUITY:			
Common stock, par value \$.01 per share; 1,000,000 shares authorized and outstanding	10,000	10,000	10,000
Additional paid-in capital	15,100	15,100	15,100
Retained earnings	1,435,017	392,876	711,929
Total stockholders' equity	<u>1,460,117</u>	<u>417,976</u>	<u>737,029</u>
Total liabilities and stockholders' equity	<u>\$5,929,768</u>	<u>\$5,242,031</u>	<u>\$4,904,838</u>

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

**KLINE FRANCHISING, INC.**

**STATEMENTS OF OPERATIONS**

**For the Years Ended December 31, 2022, 2021, and 2020**

	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>REVENUES:</b>			
Franchise fees	\$2,004,761	\$1,314,019	\$1,898,023
Royalties	8,765,255	6,029,439	4,623,853
System advertising fees	2,986,194	1,994,428	1,475,055
Technology fees	1,869,850	1,676,545	1,616,280
Commissions	256,762	984,959	814,603
Other fees and income	603,037	399,525	53,178
Total revenues	16,485,859	12,398,915	10,480,992
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	<b>14,052,959</b>	<b>11,846,182</b>	<b>8,695,631</b>
<b>INCOME FROM OPERATIONS</b>	<b>2,432,900</b>	<b>552,733</b>	<b>1,785,361</b>
<b>OTHER INCOME (EXPENSE):</b>			
Payroll protection program loan forgiveness	-	689,300	-
Interest income	35,346	29,609	1,404
Interest expense	(571)	(3,140)	(5,706)
Total other income (expense)	34,775	715,769	(4,302)
<b>NET INCOME BEFORE INCOME TAXES</b>	<b>2,467,675</b>	<b>1,268,502</b>	<b>1,781,059</b>
<b>INCOME TAX EXPENSE</b>	<b>147,000</b>	<b>-</b>	<b>-</b>
<b>NET INCOME AFTER INCOME TAXES</b>	<b>\$2,320,675</b>	<b>\$1,268,502</b>	<b>\$1,781,059</b>

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

**KLINE FRANCHISING, INC.**

**STATEMENTS OF STOCKHOLDERS' EQUITY**

**For the Years Ended December 31, 2022, 2021, and 2020**

	Common stock	Additional paid-in capital	Retained Earnings	Total
BALANCE AT JANUARY 1, 2020	\$10,000	\$15,100	(\$221,773)	(\$196,673)
Net income	-	-	1,781,059	1,781,059
Distributions	-	-	(847,357)	(847,357)
BALANCE AT DECEMBER 31, 2020	10,000	15,100	711,929	737,029
Net income	-	-	1,268,502	1,268,502
Distributions	-	-	(1,587,555)	(1,587,555)
BALANCE AT DECEMBER 31, 2021	10,000	15,100	392,876	417,976
Net income	-	-	2,320,675	2,320,675
Distributions	-	-	(1,278,534)	(1,278,534)
BALANCE AT DECEMBER 31, 2022	\$10,000	\$15,100	\$1,435,017	\$1,460,117

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

**KLINE FRANCHISING, INC.**

**STATEMENTS OF CASH FLOWS**

**For the Years Ended December 31, 2022, 2021, and 2020**

	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income	\$2,320,675	\$1,268,502	\$1,781,059
Adjustments to reconcile net income to net cash provided by operating activities:			
Forgiveness of Paycheck Protection Program loan	-	(689,300)	-
Depreciation and amortization	195,995	211,893	188,478
Loss on disposal of equipment	6,523	-	-
Changes in:			
Accounts receivable	(221,147)	(371,639)	76,947
Prepaid expenses and other current assets	(46,703)	(109,469)	(73,192)
Contract assets - commissions	3,452	(96,672)	113,483
Due from affiliates	(476,870)	(684,819)	(295,681)
Accounts payable and accrued expenses	139,665	192,027	(81,021)
Accrued payroll and payroll taxes	26,079	296,424	(149,562)
Deposits	-	-	(20,226)
Contract liabilities - franchise fees	(667,148)	856,981	(934,522)
State income taxes payable	147,000	-	-
Net cash provided by operating activities	1,427,521	873,928	605,763
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of property and equipment	(42,542)	(101,798)	(475,095)
Purchase of intangible assets	(272,223)	-	-
Principal repayments from notes receivable - affiliates	165,806	106,030	-
Net cash (used in) provided by investing activities	(148,959)	4,232	(475,095)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from paycheck protection program loan	-	-	689,300
Stockholder distributions	(1,278,534)	(1,587,555)	(847,357)
Net cash used in financing activities	(1,278,534)	(1,587,555)	(158,057)
<b>INCREASE (DECREASE) IN CASH</b>	28	(709,395)	(27,389)
CASH, beginning of year	1,509,210	2,218,491	2,245,880
CASH, end of year	\$1,509,238	\$1,509,210	\$2,218,491

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

# KLINE FRANCHISING, INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2022, 2021, and 2020

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

**Business Activities** – Kline Franchising, Inc., “The Company”, was formed for the purpose of selling and operating franchises under the brand name Burn Boot Camp. The Company authorizes franchisees and third-party licensees to use business formats, systems, methods, procedures, designs, layouts, specifications, trade names, and trademarks in the United States.

The Company doesn’t operate any Burn Boot Camp locations.

As of December 31, 2022, there were 316 open and operating franchise locations and nine (9) locations owned by stockholders of the Company, along with 68 additional franchise locations in various stages of development.

As of December 31, 2021, there were 293 open and operating franchise locations and six (6) locations owned by stockholders of the Company, along with 144 additional franchise locations in various stages of development.

As of December 31, 2020, there were 273 open and operating franchise locations and four (4) locations owned by stockholders of the Company, along with 129 additional franchise locations in various stages of development.

The economic climate throughout the United States will have an impact on the nature, timing, and amount of future revenues and cash flows.

#### **Revenue Recognition:**

The Company recognizes revenue from the sale of franchise agreements. This initial franchise fee is due at signing and is earned based on the recognition of specific performance obligations. The Company also generates revenue from royalties, system advertising fees, technology fees, and commissions. From time to the time, the Company can charge various other fees as outlined in the Franchise Disclosure Document.

*Franchise fees* – The Company recognizes franchise fees as two (2) performance obligations - pre-opening services and a franchise license. The Company has elected to account for pre-opening services as distinct from the franchise license. The pre-opening service performance obligation is recognized at a point in time, when the location commences operations, as that is the time those services are completed. The Company has made an accounting policy election to account for pre-opening services as a single performance obligation. The franchise license is earned over time, using the straight-line method, as performance obligations are satisfied due to the continuous transfer of control to the franchisee.

The term of each franchise agreement is five (5) years commencing on the date of the execution and acceptance of the franchise agreement. The franchisee shall have the option to renew its

franchise agreement for up to two (2) additional terms of five (5) years each, provided the Company is still offering franchises at that time and the franchisee meets the conditions defined in the franchise agreement.

*Technology fees* – The franchise agreements contain technology fees. These fees are based on the agreed upon fee in the franchise agreement and are recorded as revenue and recognized as these services are delivered because the monthly payment relates specifically to the access of the technology services provided by the franchisor.

*Commissions* – The Company has an agreement with a related party, along with agreements with third-party vendors, who provide products to franchisees. The Company earns a commission based upon the amount of purchases by its franchisees. These fees are recognized as those sales occur.

*Other fees and income* – Other fees and income include various fees the Company can charge per its Franchise Disclosure Document.

*System advertising fee* – The Company administers advertising funds (“System Advertising Fund Fees”) collected from franchisees and manage the franchise advertising and marketing program on behalf of the franchisees. These fees are calculated based upon franchisee gross revenue and collected at the same time as the royalty fee. The funds are being maintained in a separate bank account.

*Variable consideration: royalties and system advertising fund fees* – The franchise agreements contain variable considerations in the form of royalties and system advertising fund fees. These fees are based on franchise monthly sales. The Company recognizes revenue as the franchisee delivers the services to its customers because the variable payment related specifically to the performance obligation of using the license.

*Deferred contract costs* – The Company incurs costs such as commissions when selling franchises. These costs are recognized on the balance sheets upon paying them and are recognized as general and administrative expenses over the life of the franchise agreement. The deferred contract costs as of December 31, 2022, 2021, and 2020 were \$576,313, \$579,765, and \$483,093, respectively.

*Deferred contract costs: franchise revenue* – This deferred revenue consists of the remaining initial franchise fees to be amortized over the life of the franchise agreement, as well as the remaining pre-opening service fees that will be recognized at a point in time once the locations are open and operating. Contract liabilities are a result of the collection of the initial franchise fee at the time of the signing of the franchise agreement and will fluctuate each year based on the number of franchise agreements signed and locations that are opened. Deferred franchise revenue as of December 31, 2022, 2021, and 2020 \$3,372,041, \$4,039,189, and \$3,182,208, respectively.

**Accounts Receivable and Credit Risks** – Accounts receivable are unsecured customer obligations due under normal trade terms requiring payment within 30 to 90 days from the invoice date and amounts are considered delinquent based on contractual terms. Accounts receivable generally consist of billings to customers which are collected on behalf of the franchisee. The carrying amount of accounts receivable is reduced by an allowance for doubtful accounts (“allowance”) that reflects management’s best estimate of the amounts that will not be collected. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. Based on management's

estimate of collectability, there is not a need for an allowance for doubtful accounts at December 31, 2022, 2021 or 2020.

**Use of Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the 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.

**Property and Equipment** – Property and equipment is recorded on the basis of cost and is depreciated using the straight-line method over estimated useful lives of the assets. Expenditures for repairs and maintenance costs are charged to expense as incurred. Upon asset disposition, the costs and related accumulated depreciation amounts are relieved, and any resulting gain or loss is reflected in operations during the period of disposition.

The estimated useful lives are as follows:

	<u>Years</u>
Furniture and fixtures	3-5
Leasehold improvements	Shorter of useful live or lease term
Software	3
Studio equipment	3-7

**Software costs** – Software costs are included as part of property and equipment, net and represent the cost to develop the Company’s website. Only those costs incurred during the development stage were capitalized in accordance with the Financial Accounting Standards Board (“FASB”) Accounts Standards Codification (“ASC”)350-50, *Website Development Costs*. Costs are amortized on the straight-line basis over three (3) years. Amortization expense was \$9,540, \$10,568, and \$2,234 for the years ended December 31, 2022, 2021, and 2020, respectively.

The amortization expense is \$2,083 for the year ending December 31, 2023, at which time the software costs will be fully amortized.

Accumulated amortization as of December 31, 2022, 2021, and 2020 was \$34,087, \$24,637, and \$14,069 respectively.

**Externally developed application asset and amortization** – Externally developed applications (“App”) to be sold via a subscription to third parties, include the external direct costs of services associated with the developing of the App. Costs associated with preliminary project activities, training, maintenance, and all other post-implementation activities are expensed as incurred. The Company capitalizes costs directly associated with the development of the App as the intangible asset. Internal costs, such as payroll, may be incurred for the development of the App. Upon completion of the App, the costs will be amortized over the useful life of the App.

**Income Taxes** – The Company, with the consent of the stockholders, have elected under the Internal Revenue Code to be an S corporation. In lieu of corporation income taxes, the stockholders of an S corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for income taxes has been included in these financial statements, with the exception of the elective pass-through entity tax. This tax is calculated using individual income tax



rates for states the Company has revenue in which is allowed to be recorded as income tax expense and paid by the Company. For the year ended December 31, 2022, the Company elected this tax and has calculated an income tax provision which is included in these financial statements.

The Company does not believe that there are any material uncertain tax positions and accordingly, it will not recognize any liability for unrecognized tax benefits. For the years ended December 31, 2022, 2021 or 2020, there were no interest or penalties recorded or included in the Company's financial statements. The Company, which files income tax returns in the U. S. federal jurisdiction and various states, is no longer subject to U.S. federal and state income tax examination by tax authorities for years before 2017.

**Advertising Expenses** – Costs associated with advertising are charged to expense as incurred. Advertising expenses for the years ended December 31, 2022, 2021, and 2020 were \$2,797,153, \$2,003,324, and \$1,023,353, respectively.

**Payroll Protection Program Loan** – In 2020, the Company recognized proceeds received from the Payroll Protection Program (“PPP”) as an operational note payable until the Company determined that they were reasonably certain they met the criteria for loan forgiveness. Once the date of forgiveness had been determined, which was in July 2021, the Company recognized the dollar amount forgiven as other income in the accompanying statements of operations.

**Leasing Activities** – The Company leases certain office spaces. The Company assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. The Company is accounting for operating leases through the recognition of an operating right-of-use (ROU) asset and an operating lease liability on the balance sheet, provided the leases meet the definition of an operating lease. As of December 31, 2022, 2021, and 2020, the company’s office space leases did not meet the definition of an operating lease. The Company has elected to separate non lease components from lease components when determining the ROU asset and operating lease liability. Leases with an initial term of 12 months or less are not recorded on the balance sheet. Lease expense is recognized for these leases on a straight-line basis over the lease term.

### 3. ACCOUNTS RECEIVABLE:

Accounts receivable consist of the following at December 31:

	2022	2021	2020
Franchise royalties, brand fees, and technology fees	\$1,084,910	\$822,222	\$519,886
Termination fees	-	5,410	-
Interest	-	-	1,624
Other	48,680	84,811	19,294
	<u>\$1,133,590</u>	<u>\$912,443</u>	<u>\$540,804</u>

#### 4. NOTES RECEIVABLE – AFFILIATES:

In April 2021, the Company converted \$589,819 due from an affiliate under common ownership with the Company into a note receivable. The note is payable in 32 consecutive monthly installments of principal and interest in the amount of \$11,131, payable on the 30<sup>th</sup> day of each month, beginning on May 31, 2021 and ending on December 30, 2023. A balloon payment of \$293,588 will also be due on December 30, 2023. Interest will accrue on the unpaid balance of the principal from April 30, 2021 until the maturity of this note at a rate of 5.0% per annum.

In April 2021, the Company converted \$298,447 due from a second affiliate under common ownership with the Company into a note receivable. The note is payable in 32 consecutive monthly installments of principal and interest in the amount of \$5,632, payable on the 30<sup>th</sup> day of each month, beginning on May 31, 2021 and ending on December 30, 2023. A balloon payment of \$148,555 will also be due on December 30, 2023. Interest will accrue on the unpaid balance of the principal from April 30, 2021 until the maturity of this note at a rate of 5.0% per annum.

As of December 31, 2022 and 2021, the outstanding balances on these notes totaled \$616,430 and \$782,236, respectively. Interest income amounted to \$35,346 and \$29,609 for the years ended December 31, 2022 and 2021, respectively.

#### 5. PROPERTY AND EQUIPMENT:

Property and equipment included the following at December 31:

	2022	2021	2020
Furniture and fixtures	\$558,424	\$557,680	\$525,774
Leasehold improvements	78,143	78,143	63,875
Software	51,951	51,951	51,951
Studio equipment	463,739	430,559	377,702
	<u>1,152,257</u>	<u>1,118,333</u>	<u>1,019,302</u>
Less: accumulated depreciation and amortization	<u>(754,866)</u>	<u>(560,966)</u>	<u>(351,840)</u>
	<u>\$397,391</u>	<u>\$557,367</u>	<u>\$667,462</u>

Depreciation and amortization expense for the years ended December 31, 2022, 2021, and 2020 was \$195,995, \$211,893, and \$188,478, respectively.

#### 6. INCOME TAXES:

The Company's tax provision consisted of the following for the year ended December 31, 2022:

	Total	Federal	State
Current income tax provision	<u>\$ 147,000</u>	<u>\$ -</u>	<u>\$ 147,000</u>

The effective tax rates for the states the company have revenue in for the year ended December 31, 2022, range from 2.98% to 9.30%.

## **7. PAYROLL PROTECTION PROGRAM LOAN:**

In April 2020, the Company entered into a note agreement with a financial institution for \$689,300, which was issued in accordance with the Paycheck Protection Program (“PPP”) established by the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) and implemented and administered by the Small Business Administration. Pursuant to the CARES Act and PPP regulations, all or a portion of this loan may be forgiven.

In July 2021, the Company determined that they had met the criteria for forgiveness and management felt reasonably certain they would be able to support all the costs incurred and required to be presented to the bank as part of the forgiveness application process.

## **8. RELATED PARTY TRANSACTIONS:**

*Due from affiliates* – This represents receivables from entities under common ownership with the Company. There are no set terms for repayment or interest. The amounts are classified as non-current assets. The balance due from affiliates as of December 31, 2022, 2021, and 2020 are \$1,161,819, \$684,949, and \$888,396, respectively.

*Commission income* – This includes \$853,357, and \$590,546 received from an affiliate under common ownership with the Company as of December 31, 2021 and 2020, respectively. There were no commissions earned from the affiliate under common ownership at December 31, 2022.

*System advertising fee* – The Company has affiliates under common ownership with the Company that are licensed through agreements to operate Burn Boot Camp locations. These affiliates do not pay royalties but are required to pay a 1% System Advertising Fund Fee for advertising. For the years ended December 31, 2022, 2021, and 2020, the affiliates paid \$29,899, \$29,058, and \$23,335 in advertising and technology fees, respectively.

*Office rent* – The Company rents two office spaces from entities owned by the stockholders that have legally enforceable terms of 12 months or less and both the lessee and lessor have the right to terminate the lease with no significant penalties. Monthly rental payments range from approximately \$14,700 to \$18,000. Rent expense for the years ended December 31, 2022, 2021, and 2020 was \$347,806, \$320,857, and \$308,857, respectively.

## **9. 401K PROFIT SHARING PLAN:**

The Company is a co-sponsor of a defined contribution plan (the “Plan”) which covers all eligible employees who have one year of service, are after 21 or older, and are not considered excluded employees as defined by the Plan. The Company’s discretionary contributions to the Plan totaled \$89,762, \$96,684, and \$88,583 for the years ended December 31, 2022, 2021, and 2020.

**10. CAPITAL STRUCTURE AND OPERATING AGREEMENT:**

The Company's operating agreement authorizes the Company to engage in any lawful activity, and specifies the profit/loss allocation, among other items, as agreed to in the agreement.

**11. CASH CONCENTRATIONS:**

The Company places its cash on deposit with various financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. From time to time during the year, the Company's cash balances may exceed this insured limit. At December 31, 2022, 2021, and 2020, the Company's cash balances did exceed this limit.

**12. SUBSEQUENT EVENTS**

Events and transactions occurring after December 31, 2022 have been evaluated to determine proper recognition and disclosure in the financial statements. Subsequent events and transactions were evaluated through April 19, 2023, which represents the date the financial statements were available to be issued.

**KLINE FRANCHISING, INC.**

**SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES**

**For the Years Ended December 31, 2022, 2021, and 2020**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Payroll	\$5,019,503	\$4,808,689	\$4,709,390
Advertising	2,797,153	2,003,324	1,023,353
Payroll taxes	380,442	356,565	306,984
Bad debt expense	58,867	-	-
Bank fees	2,836	3,613	8,779
Conferences	396,881	124,249	7,183
Contributions	31,300	17,250	10,458
Depreciation and amortization	195,995	211,893	188,478
Dues and subscriptions	33,578	11,655	6,531
Employee benefits	147,407	98,847	124,893
Insurance	79,053	83,912	29,016
Licenses and fees	53,338	82,041	42,972
Meals and entertainment	74,284	190,881	-
Office expense	152,138	137,557	90,842
Outside services	79,738	184,234	83,873
Postage and shipping	16,932	5,470	6,472
Professional fees	610,592	361,602	155,884
Recruiting	84,921	144,153	21,806
Referral reward fee	188,179	112,739	35,621
Rent	347,806	320,857	308,857
Repairs and maintenance	86,735	107,021	53,579
Retirement	89,762	96,684	88,583
Technology	2,509,664	2,160,813	1,261,581
Telephone	21,786	26,155	32,797
Travel cost	563,711	163,294	70,562
Utilities	30,358	32,684	27,137
Total general and administrative expenses	<u>\$14,052,959</u>	<u>\$11,846,182</u>	<u>\$8,695,631</u>

See independent auditor's report on supplementary information.

**EXHIBIT H**  
**STATE EFFECTIVE DATES**

### **State Effective Date**

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:

<b>State</b>	<b>Effective Date</b>
Wisconsin	April 29, 2023

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 I  
RECEIPTS**



## RECEIPT

This Disclosure Document summarizes provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Kline Franchising, Inc. offers you a franchise, it must provide this Disclosure Document to you: (a) 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale, or (b) under New York and Rhode Island law, if applicable, at the earlier of (i) your first personal meeting to discuss the franchise, or (ii) 10 business days before you sign a binding agreement with, or make payment to us or an affiliate in connection with the proposed franchise sale, or (c) under Michigan law, 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 Kline Franchising, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of Federal law and State law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency as identified on Exhibit C of this disclosure document.

Kline Franchising, Inc. authorizes the respective state agencies identified on Exhibit C to receive service of process for it in the particular state.

Kline Franchising, Inc.'s franchise sellers are Jolene Purchia, Dayana Crossa, Hope Perkins, Juliet Rollins and Cara Ledbetter, all located at 17036 Kenton Dr., Suite 100, Cornelius, North Carolina 28031, 1-833-289-2876.

Issuance Date: April 29, 2023

I received a Burn Boot Camp<sup>®</sup> Disclosure Document dated: April 29, 2023, that included the following Exhibits

- A Franchise Agreement with attached Schedules
- B Area Development Agreement with Schedules
- C List of State Agencies and Regulators
- D Franchise Disclosure Questionnaire
- E State Addenda
- F Operations Manual Table of Contents
- G List of Franchisees
- H Financial Statements
- I State Effective Dates
- J Receipts

Signed: \_\_\_\_\_ Signed: \_\_\_\_\_

Print Name: \_\_\_\_\_ Print Name: \_\_\_\_\_

Address: \_\_\_\_\_ Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_

Zip: \_\_\_\_\_ Telephone: \_\_\_\_\_ Zip: \_\_\_\_\_ Telephone: \_\_\_\_\_

Dated: \_\_\_\_\_ Dated: \_\_\_\_\_

**TO BE RETURNED TO US**

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Signed: \_\_\_\_\_ Signed: \_\_\_\_\_

Print Name: \_\_\_\_\_ Print Name: \_\_\_\_\_

Address: \_\_\_\_\_ Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_

Zip: \_\_\_\_\_ Telephone: \_\_\_\_\_ Zip: \_\_\_\_\_ Telephone: \_\_\_\_\_

Dated: \_\_\_\_\_ Dated: \_\_\_\_\_

**TO BE RETAINED BY YOU**