

## FRANCHISE DISCLOSURE DOCUMENT



**Conquer Franchising, LLC**  
a Minnesota limited liability company

3203 Corporate Center Drive, Suite 190  
Burnsville, Minnesota 55306  
952-426-0520  
www.conquerninjagyms.com

The franchise offered is for a Conquer Ninja gym designed specifically for adults and children 5 years and older that uses age-appropriate obstacle course equipment and safety equipment, and that offers fitness training classes, open gym sessions, group and party rentals, and related products and services.

The total investment necessary to begin operation of a Conquer Ninja franchise is \$339,000 to \$572,500, excluding the cost for purchase or lease of real estate. This includes \$245,000 to \$390,000 that must be paid to the franchisor or our affiliates.

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

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

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

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 Jake Marshman at 3203 Corporate Drive, Suite 190, Burnsville, Minnesota 55306 and 952-426-0520.

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

**Issuance Date:** June 7, 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:

<b>QUESTION</b>	<b>WHERE TO FIND INFORMATION</b>
<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 D.
<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 E 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 Conquer Ninja 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 Conquer Ninja franchisee?</b>	Item 20 or Exhibit D 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 A.

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

## Special Risks to Consider About *This* Franchise

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

1. **Out of State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration, or litigation only in Minnesota. Out-of-state mediation, arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Minnesota than in your own state.
2. **Purchase of Inventory and Supplies**. You must purchase all or nearly all of the inventory and supplies necessary to operate your business from us, our affiliates, or from suppliers that we designate at prices that we or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchised business.
3. **Spousal Liability**. Your spouse must sign a document that makes your spouse liable for all financial obligations under the Franchise Agreement, even if your spouse has no ownership interest in the franchise. This Guarantee will place both you and your spouse's marital and personal assets (perhaps including your house) at risk if your franchise fails.

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

**NOTICE REQUIRED  
BY  
STATE OF MICHIGAN**

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

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 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.**

Any questions regarding this notice should be directed to:

State of Michigan  
Office of the Attorney General  
Attention: Franchise Section  
525 West Ottawa Street  
G. Mennen Williams Building  
Lansing, Michigan 48909  
Telephone Number: (517) 335-7622

**THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.**

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## EXHIBITS

Exhibit A.	State Specific Addenda to Disclosure Document
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Exhibit C.	Table of Contents of Operations Manual
Exhibit D.	List of Outlets
Exhibit E.	Financial Statements
Exhibit F.	Franchise Agreement, Guaranty, General Release, Transfer Form and State-Specific Addenda
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**ITEM 1.**  
**THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES**

To simplify the language in this Disclosure Document, “Conquer Ninja,” “we,” “us,” “our,” or the “Franchisor,” means Conquer Franchising, LLC. “You,” “your,” or the “Franchisee,” means the person, corporation, partnership, or other business entity that buys the franchise. If you are a corporation, partnership, or other entity, these terms also include your members, partners, shareholders, and owners who must sign a personal guaranty agreeing to comply with all provisions of the Franchise Agreement.

**The Franchisor**

We are a Minnesota limited liability company formed on June 14, 2018. Our principal business address is 3203 Corporate Center Drive, Suite 190, Burnsville, Minnesota 55306. We have two (2) parent companies that together own our company; Fun Entertainment Industrial Companies LLC, a Delaware limited liability company, and Ragged Rock International Investments LLC, a Delaware limited liability company. Each of our parent companies have the same principal business address as ours. We do business under our company name and the trademarks described in Item 13, including the name “Conquer Ninja”. In July 2018 we began offering franchises for Conquer Ninja gyms. Although our affiliates have operated and operate similar businesses, we have never operated a business of the type being franchised. We do not conduct business in any other line of business nor do we or our affiliates offer franchises in any other line of business.

Our agents for service of process are disclosed on Exhibit B.

**The Business**

We offer franchises for the establishment, development, and operation of gyms, designed specifically for adults and children 5 years and older that use age-appropriate obstacle course equipment, and that offer fitness training classes, open gym sessions, group and party rentals, and related products and services. These franchises will be operated under the Conquer Ninja service mark and logo and other trademarks, trade names, service marks, and commercial symbols we may authorize (the “Marks”). These businesses are referred to in this Disclosure Document as a “Gym”.

You will operate your Gym using our unique operating system, which includes our proprietary obstacle course layouts and customized obstacle course and safety equipment, fitness training programs, and other know-how, information, trade secrets, and confidential information, as well as our standards, designs, methods of trademark, trade dress and service mark usage, and research and development (the “System”). We may change or otherwise modify the System at any time as we see fit. The Gym will provide individuals and groups or parties of adults and children 5 years and older the ability to engage in obstacle course activities, challenges, and competitions for fun and entertainment, and to develop their agility, strength, balance, and endurance. These activities are offered through open gym sessions and summer camps, pre-scheduled instructor-led fitness training classes, and instructor-led group or party rentals (such as for corporate events, field trips, and birthday parties). Your Gym will feature our proprietary obstacle course layouts and customized equipment, including safety equipment, and we will require you to periodically update, revise, or change out this equipment to keep the obstacle course fresh for repeat customers.



Your Gym must be large enough to offer the obstacles and amenities we prescribe. It must be at least 3,000 square feet, but typically no more than 5,500 square feet, with separate party rooms and bathrooms, and have a minimum ceiling height of 13 feet.

You must sign our standard franchise agreement if we grant you a Conquer Ninja franchise (“Franchise Agreement”). A form of Franchise Agreement is attached to this Disclosure Document as Exhibit F. The Gym you operate under that franchise may only provide the products and services we authorize. You must follow all of our policies and procedures when performing services including using the products we specify. We can add to, modify, or delete any products or services that you must offer or sell at any time as we determine, and change and modify our policies.

Your Gym must be directly supervised on-premises by a Manager (who may be the owner-operator) who will be responsible for the operation of the Gym, and who has met our training requirements. Your Gym will also require additional instructors and staff.

### **Predecessors and Affiliates**

Our founders have been involved in operating obstacle course businesses since June 2015 when, through Conquer Athletics LLC, a Minnesota limited liability company, which is a predecessor and affiliate of ours, they opened their first Gym, operating under the name Conquer Ninja Warrior, in Eden Prairie, Minnesota. Conquer Athletics LLC was formed on October 17, 2014, and its principal business address is 7000 Washington Avenue South, Eden Prairie, Minnesota 55344; (952)-378-1285.

In July 2016, our founders, through Conquer Ninja Woodbury LLC (formerly known as Conquer Ninja Warrior LLC), a Minnesota limited liability company and a predecessor and affiliate of ours, opened a Gym in Woodbury, Minnesota (also operating under the name Conquer Ninja Warrior). Conquer Ninja Woodbury LLC was formed on March 3, 2016, and its principal business address is 707 Commerce Drive, Suite 120, Woodbury, Minnesota 55125; (952)-378-1285.

In March 2017, our founders, though our affiliate, Conquer Ninja Warrior Burnsville L.L.C., a Minnesota limited liability company and a predecessor and affiliate of ours, opened a Gym in Burnsville, Minnesota. Conquer Ninja Warrior Burnsville L.L.C. was formed on March 22, 2017, and its principal business address is 3203 Corporate Center Drive, Suite 180, Burnsville, Minnesota 55337; (952)-378-1285.

In fall 2017, our founders, through Conquer Ninja Warrior Blaine LLC, a Minnesota limited liability company and a predecessor of ours, opened Gym in Blaine, Minnesota, which it operated from the fall of 2017 to April 2019. In April 2019, our founders sold all ownership in Conquer Ninja Warrior Blaine LLC and this location to a third party, who now operates a Conquer Ninja gym in Blaine, Minnesota through Blaine Ninjas LLC, which is not an affiliate of ours.

In November 2017, our founders, through Conquer Ninja Warrior Mankato LLC, a Minnesota limited liability company and a predecessor and affiliate of ours, opened a Gym in Mankato, Minnesota in early 2018 as a temporary location, which was closed later that same year. Conquer Ninja Warrior Mankato LLC was formed on November 13, 2017, and its principal business address and phone number was the same as ours.

In Spring of 2020, our founders, through Conquer Ninja Arizona LLC, a Minnesota limited liability company and an affiliate of ours, opened a Gym in Queens Creek, Arizona. Conquer Ninja

Arizona LLC was formed on May 7, 2019, and has a principal business address at 18395 S. 186<sup>th</sup> Way, Suite 104, Queens Creek, Arizona, 85142; (480) 613-4513.

In May of 2021, our founders, through Conquer Ninja Arizona Scottsdale LLC, a Minnesota limited liability company and an affiliate of ours, opened a Gym in Scottsdale, Arizona. Conquer Ninja Arizona Scottsdale LLC was formed on February 20, 2020, and has a principal business address at 7625 East Redfield, Suite 150, Scottsdale, Arizona 85260; (480) 613-4513.

Our affiliate, Conquer Ninja Arizona Phoenix, LLC, an Arizona limited liability company that was organized on November 11, 2021, and currently has a principal business address of 18395 S. 186<sup>th</sup> Way, Suite 104, Queens Creek, Arizona 85142, plans to own and operate a Gym in Arizona. We anticipate this location will open in 2023.

Our affiliate, Conquer Ninja Arizona Valley, LLC, an Arizona limited liability company that was organized on November 11, 2021, and currently has a principal business address of 18395 S. 186<sup>th</sup> Way, Suite 104, Queens Creek, Arizona 85142, plans to own and operate a Gym in Arizona. We anticipate this location will open in 2023.

In 2017, our founders rebranded all of their existing Conquer Ninja Warrior gyms to operate under the name “Conquer Ninja.” As of the date of this Disclosure Document, our founders operate three (3) Conquer Ninja gyms in Minnesota and two (2) Conquer Ninja gyms in Arizona, through our predecessors and/or other affiliates described above.

Conquer Athletics LLC is the owner of the Conquer Ninja service mark and various other trademarks, trade names and intellectual property you will use in your Gym. Conquer Athletics LLC, and Conquer Rigging LLC, which our founders formed on April 25, 2018, will sell certain obstacle course equipment, safety equipment, and related proprietary products to you. Conquer Rigging LLC is a Minnesota limited liability company, with a principal business address at 3203 Corporate Center Drive, Suite 190, Burnsville, Minnesota 55337.

We have no other parent companies, predecessors, or affiliates that offer franchises in any line of business or provide products or services to you.

## **Market and Competition**

The target market for your Gym is any individual interested in fitness or obstacle courses, or looking for an athletic activity for fun, who is an adult or child at least 5 years old (or the parent or guardian of any minor). We believe the market is a developing market. However, we believe it is a very competitive market as you will be competing for customers not only with businesses, community centers, and parks that offer obstacle courses, but with fitness and health centers, including traditional and specialized gyms and fitness centers, and with activity-based entertainment venues, and other facilities that host groups or parties for entertainment or fitness activities. Your Gym may also be sensitive to changes in general economic conditions, both globally and nationally. To the extent your Gym may be located near another Conquer Ninja location, you may appear to or actually compete with other Conquer Ninja gyms.

## **Industry Specific Regulations**

Many states, and some municipalities, have laws and regulations that apply specifically to membership contracts, operations, and licenses for health or fitness centers. Many states limit the length of the customer membership contracts you may offer, provide for specific provisions to

be included in those contracts, prescribe the format or type size for the contract, and/or provide customers the right to terminate membership contracts. State regulations may also require you to obtain a bond to protect pre-paid membership fees you collect. Some states and municipalities may also have enacted laws requiring fitness centers to have a staff person on the premises who is certified in basic cardiopulmonary resuscitation, or has other specialized training. In addition, some states have laws requiring a fitness center to have an automated external defibrillator and other first aid equipment on the premises, and some may require you to take other safety measures. These laws and regulations may apply to your Gym.

You must also comply with all zoning laws and regulations that apply to your Gym. You must also comply with all laws regarding the protection of children. In addition to the specific laws discussed above, your Gym will be subject to national, state, and local regulations that apply to all businesses, such as the Americans With Disabilities Act, wage and hour laws, occupational health and safety, equal employment opportunity, taxes, and business licensing requirements.

## **ITEM 2. BUSINESS EXPERIENCE**

### **Jake Marshman (Chief Executive Officer and Governor)**

Mr. Marshman has been our Chief Executive Officer and a member of our Board of Governors since our formation in June 2018. He has also been President of Conquer Athletics LLC since June 2015. From January 2011 to January 2019, Mr. Marshman was the President of Air Duct Cleaners LLC in Prior Lake, Minnesota, and he was also the President of Mold Removal Experts by Ecometrex in Golden Valley, Minnesota from January 2011 through 2015. He serves in his present capacities with us in the Twin Cities, Minnesota area.

### **Zach Braid (Chief Operating Officer and Governor)**

Mr. Braid has been our Chief Operating Officer and a member of our Board of Governors since our formation in June 2018. He has also been Chief Financial Officer of Conquer Athletics LLC since June 2015. From January 2011 to January 2019, Mr. Braid was the Chief Financial Officer of Air Duct Cleaners LLC in Prior Lake, Minnesota, and was also the Chief Financial Officer of Mold Removal Experts by Ecometrex in Golden Valley, Minnesota from January 2011 through 2015. From 2012 to December 2018, Mr. Braid was the President and Chief Executive Officer of Rowan Acquisitions, a personal real estate investment company, and from 2014 to December 2018, was the President of Rowan Capital Investments, a Homevestor franchisee in the Twin Cities. He serves in his present capacities with us in the Twin Cities, Minnesota area.

### **Benjamin Utecht (Chief Culture Officer)**

Mr. Utecht has been our Chief Culture Officer since July 2021. He also serves as Founder of Surrender The Game LLC in Lakeville, Minnesota, a position he has held since June 2006; as owner of MTC Fitness LLC in St. Paul, Minnesota, a position he has held since August 2020; and as Chief Growth Officer of Behavior Essentials, LLC in Denver, Colorado, a position he has held since September 2022. He serves in his present capacities with us in the Twin Cities, Minnesota area.

### **ITEM 3. LITIGATION**

No litigation is required to be disclosed in this Item.

### **ITEM 4. BANKRUPTCY**

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

### **ITEM 5. INITIAL FEES**

#### **Initial Franchise Fee**

Our initial franchise fee (“Initial Franchise Fee”) for a Gym is \$45,000, due and payable when you sign the Franchise Agreement. The Initial Franchise Fee is fully earned by us when you sign the Franchise Agreement. It is nonrefundable and is not credited against any other obligation you have to us.

We have a veteran’s program that offers a reduced Initial Franchise Fee to veterans who received an honorable discharge from a branch of the United States military. If you qualify for this discount, we will reduce the Initial Franchise Fee by \$5,000. This reduction only applies to a Franchise Agreement you enter into with us during the time we offer this program. We may modify or terminate this program at any time, but no modification or termination will affect any Franchise Agreement you sign during the time the program is offered.

From time to time, we may offer targeted market development incentives, among which may include the reduction of the Initial Franchise Fee. In all cases, reductions only apply to Franchise Agreements you enter into with us during the time we offer the discount programs. We have the right to modify or terminate any of these programs at any time. In our last fiscal year ended December 31, 2022, our Initial Franchise Fee was uniformly \$35,000, reflecting our Initial Franchise Fee then in effect at the time the franchise agreement was signed.

#### **Initial Equipment Package**

Before your Gym opens, you must purchase from us or our affiliate certain obstacle course equipment, safety equipment, and related proprietary products. The estimated cost for these proprietary products ranges from \$185,000 to \$325,000, depending on the items purchased and the size and build-out of your Gym. Fifty percent (50%) of these amounts are due upon your order of the equipment we require for your Gym, forty percent (40%) of these amounts are due upon shipment, and ten percent (10%) upon installation at your Gym. These amounts are nonrefundable except if certain equipment is rejected and returned for defects or non-conformities and we cannot replace that equipment. A form of Equipment Purchase Agreement is attached to this Disclosure Document as Exhibit G.

At the time you obtain possession of the site for your Gym, you must also deposit \$5,000 with us. This amount will be credited to your account to be used by you to offset purchases you make from us or our affiliate for refreshing your Gym as we may periodically require. To keep the obstacle courses fresh and to encourage repeat customers, we will periodically require you to update, revise, or change out your obstacle course equipment and safety equipment. You will be

responsible for any additional expenses in refreshing above any credits you may have to your account. These amounts may not be used for routine maintenance of the equipment. Also, if you are overdue on any amounts you owe us, we reserve the right to debit your account credits for the overdue amounts. We will refund any unused amount to you upon termination or expiration of your franchise, subject to any offsets for overdue amounts you owe us.

**Grand Opening Promotional Package**

You must pay us \$15,000 at the time you obtain possession of the site for your Gym. We will use this amount to cover the costs and expenses of, and to compensate us for, our initial grand opening marketing and promotional program that we will conduct on your behalf to advertise the opening of your Gym. This amount is nonrefundable and is not credited against any other obligation you have to us.

**ITEM 6.  
OTHER FEES**

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Royalty Fee	7% of weekly Gross Sales	Wednesday of each week	(Note 1)
Marketing Contribution	3% of weekly Gross Sales	Wednesday of each week	You will make weekly contributions to our System Brand Fund.  (Note 1)
Minimum Local Advertising Expenditure	At least 1% of Gross Sales	As incurred, in connection with advertising programs that you choose	This will be paid to third party service providers for your local marketing. We have the right to require that you provide us with proof that these funds were spent. If you do not spend this amount, we may require you to contribute any differential into the System Brand Fund. If you do not spend this amount annually on local marketing, you must remit the differential to the System Brand Fund.
Advertising Cooperative Fees	Not applicable, until there is an advertising cooperative in place in your region	Same as Royalty Fees or as designated by your cooperative	These will be paid to third party service providers and/or your cooperative. Required amounts will not be more than the Minimum Local Advertising Expenditure obligation per annum and we will credit your expenditures to the advertising cooperative towards this requirement.

Type of Fee	Amount	Due Date	Remarks
Additional Training Fee	\$400 per person	Upon demand prior to training	We provide Initial Training for up to two persons without charge. We may require you to pay this fee for additional trainees or replacement managers during the operation of your Gym.
Additional Training and Assistance	Our then-current per-diem fee per trainee, which is currently \$500 for the first day, and \$250 for each additional day	Upon demand	If, at any time during your operation of your Gym, you request that we provide additional training, or if we determine that you or your Manager require additional assistance or training, you must pay our then-current per diem training fee for each trainee, and you must reimburse us for all out of pocket costs and expenses incurred by our trainers associated with the additional training, including lodging, meals and travel arrangements of the trainers and other reasonable expenses.
Convention Fee	Varies depending on length and location of convention	90 days before the convention	(Note 2)
Refresh Fee	We recommend you set aside \$375 per month to address ongoing repairs and maintenance, and periodic refresh, of your obstacle equipment	Each month after you begin operating	(Note 3)
Technology Fee	The then-current fee; currently, \$150 per month, plus \$50 per each additional website modification beyond 1 per month. We may increase this fee to cover our then-current costs.	First Wednesday of each month	This fee will cover certain technologies used in the operation of your Gym. (Note 4)

Type of Fee	Amount	Due Date	Remarks
Customer Service Center Reservation Fee	Approximately 4% of any reservations we make for you	Not currently charged	We do not currently operate a central customer service or reservation center. Thus, you will not initially pay this fee. (Note 5)
Renewal Fee	Twenty-five percent (25%) of our then-current Initial Franchise Fee	At least 30 days before the term of your Franchise Agreement expires	Payable only if you want to renew your franchise. There are other conditions to renew.
Transfer Fee	Fifty percent (50%) of our then-current Initial Franchise Fee	Before you transfer your franchise	Payable only if you seek to sell or transfer your business or a majority interest in it. No transfer fee will be charged if you transfer your franchise to an entity which you control. There are other conditions to transfer.
Relocation Fee	\$1,000, plus our expenses	When you submit a request to move your Gym	You only pay this fee if you want to relocate your Gym. If we do not approve your request, we will refund the fee.
Audit	Cost of audit	Upon demand	Payable only if we audit your records and the audit shows an understatement of at least 5% of Gross Sales for any week, or 2% for any month.
Indemnification	Varies	As incurred	You must reimburse us if we are sued or held liable for claims arising from your business.

Type of Fee	Amount	Due Date	Remarks
Cure Expenses, Collection Costs, and Post Termination / Expiration Expenses	Our cost and expenses if we take action to cure any default by you under the Franchise Agreement, including costs of collection for unpaid amounts	Upon demand	Due only if you are in default under your Franchise Agreement, in which case you must reimburse us for the expenses we incur (including reasonable attorneys' fees) as a result of your default and to enforce and terminate your Franchise Agreement if necessary. This also applies if your Franchise Agreement terminates or expires and we incur expenses in ensuring your compliance with the post-termination and post-expiration provisions. Also payable if we are successful in defending any claim you bring against us.
Interest and Late Payment	Lesser of 1.5% per month or highest rate of interest allowed by applicable law plus a \$150 late payment fee	As incurred	Payable on all overdue amounts.
Prohibited Product, Service, Supplier or Advertising Fee	\$250 per day of use of unauthorized products, services, suppliers or advertising	If incurred	In addition to any rights and remedies we may have, if you use any unapproved or unauthorized product, service, or supplier, or any advertising that we have not approved you must pay this fee to us to offset the costs associated with your unauthorized use. Subject to applicable state law.
Liquidated Damages	Will vary under the circumstances	Upon demand	You must pay this fee if we terminate your Franchise Agreement for cause. Subject to applicable law. (Note 6)

All fees are paid to us and are nonrefundable (except as provided below). All fees are uniform for all new franchisees. You must pay fees and other amounts due to us via electronic funds transfer or other similar means. To implement this procedure, you must sign an agreement authorizing 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 that may be owing. You will make the funds available to us for withdrawal by electronic transfer no later than the payment due date. If you have not timely reported the Gross Sales to us for any reporting period, we can, at our option, debit your account for the greater of: (a) 110% of the fees transferred



from your account for the last reporting period for which a report of the Gross Sales was provided to us; (b) the amount due based on information we have regarding your business activities; or (c) 110% of the fees transferred from your account for the same period in the prior year. A sample form of this authorization is attached to this Disclosure Document as Exhibit H.

If your state, or any governmental body in your state, charges a tax on any fee you owe to us or to our affiliates, then you are required to pay an additional amount equal to the amount of this tax. This does not apply to any federal or Minnesota income taxes we or our affiliates have to pay.

Company and affiliate owned Gyms are not required to pay Royalty Fees, but they are required to contribute to the System Brand Fund and will participate in any applicable established advertising cooperative. Company and affiliate owned Gyms do not have a specific local advertising requirement, however they will make expenditures in local advertising programs as appropriate. Company and affiliate owned Gyms will pay the then-applicable Technology Fee for the license of required technology.

Note 1. You must pay us a weekly Royalty Fee each Wednesday for Gross Sales of your Gym in the prior calendar week (Monday to Sunday). "Gross Sales" means the total amount of revenues, income, receipts, and other fees received from all business activities taking place by or through the Gym, including, all amounts received from your sale of products and services whether made at or away from the Gym. There is excluded from Gross Sales customer refunds you actually make and amounts you collect and pay to any governmental taxing authority in satisfaction of sales or occupation taxes.

Note 2. If we begin holding annual or other periodical conventions for our franchisees, you or your Manager, if any, must attend those conventions. You must pay this fee to cover the cost of that registration, regardless of whether you attend the convention. If you want to send additional people to the convention, for each one you will pay an additional registration fee. We currently anticipate the registration fee will be less than \$500 per person, but this amount will likely increase as food and beverage costs and facility rental fees increase.

Note 3. To keep the obstacle courses fresh and to encourage repeat customers, we will require you to periodically update, revise, or change out your obstacle course equipment and safety equipment. You must fund the initial costs you will incur by depositing with us \$5,000 at the time you obtain possession of the site for your Gym (the "Refresh Credits"). After you open your Gym, we recommend you set aside \$375 per month of additional funds to address ongoing repairs and maintenance, and the larger refresh you will need to do every few years. We have the right to require you make these payments to us each month as additional "Refresh Credits," to assure these funds are available when your obstacle course equipment needs to be replaced. The Refresh Credits paid to us will be credited to your account to be used by you to offset purchases you make from us or our affiliate for refreshing your Gym's obstacle course equipment and safety equipment as we may periodically require. You will be responsible for any additional expenses in refreshing above any Refresh Credits you may have to your account as well as for installing the updated, revised, or changed equipment per our instructions. The Refresh Credits will most likely not be sufficient to cover all expenses in refreshing. The Refresh Credits held by us may not be used for routine maintenance of the equipment. Also, if you are overdue on any amounts

you owe us, we reserve the right to debit your Refresh Credits for the overdue amounts. Any unused amount is refundable upon termination or expiration of your franchise, subject to any offsets for overdue amounts you owe us.

Note 4. You pay this fee to us, provided that we may direct you to pay all or a portion directly to any provider that licenses technology to you. Currently, we control and operate a website for all Conquer Ninja gyms, with a separate subpage for your Gym, and this fee covers the maintenance and hosting of that subpage. You must pay us an additional \$50 per each modification to your subpage beyond 1 per month, if any. This fee may be increased in the future to cover email hosting, operating software, and other technology maintenance and upgrades.

Note 5. We may, in the future, operate a centralized customer service switchboard and website, available for customers and prospective customers to inquire about Gym hours and facilities, open sessions, and to book group or party rentals (the “Customer Service Center”). If we establish a Customer Service Center, you must participate in the Customer Service Center, but it will not replace your own ability to take reservations, and any unanswered calls to your Gym will roll over to the Customer Service Center for handling. If we establish a Customer Service Center, you must pay us our then current reservation fee for reservations made by our Customer Service Center for your Gym, whether online or on the phone. The fee will be payable each Wednesday for reservations booked by our Customer Service Center for your Gym in the prior calendar week (Monday to Sunday). We currently anticipate that fee will be 4% of the Gross Sales from reservations made through the Customer Service Center (in addition to the Royalties you must pay).

Note 6. If we terminate your Franchise Agreement due to your breach, in addition to other amounts owed, you must pay us within 15 days after the effective date of termination, liquidated damages equal to the average weekly Royalty Fee and Marketing Contributions you paid or owed to us during the 52 weeks of operation preceding the effective date of termination multiplied by (a) 156 (being the number of weeks in 3 full years), or (b) the number of weeks remaining in the Franchise Agreement had it not been terminated, whichever is lower; provided that if your Gym was not open for such entire 52 week period, utilizing the average weekly Royalty Fees and Advertising Contributions paid to us by Gyms within the System for any period in which your Gym was not open and operating.

**ITEM 7.  
ESTIMATED INITIAL INVESTMENT**

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee	\$40,000	\$45,000	Lump sum	Upon signing Franchise Agreement	Us
Initial Training Program Travel Costs (Note 1)	\$1,500	\$3,500	As incurred	As incurred during training	Us and vendors

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Professional Fees	\$1,500	\$5,000	Lump sum	As incurred	Vendors
Real Estate and Improvements	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)
Furniture, Fixtures, and Equipment (Notes 2 and 3)	\$203,000	\$365,000	Lump sum	Before opening	Us and vendors
Supplies (Note 4)	\$7,500	\$10,000	As incurred	As incurred	Vendors
Signs (including installation)	\$5,000	\$13,000	Lump sum	Before opening	Vendors
Technology (Note 5)	\$7,500	\$10,000	As incurred	Before opening	Vendors
Insurance (Note 6)	\$3,000	\$6,000	Lump sum	As agreed	Vendors
Grand Opening Advertising (Note 7)	\$15,000	\$15,000	Lump sum	When you obtain possession of the site for your Gym	Us
Initial Refresh Deposit (Note 8)	\$5,000	\$5,000	Lump sum	When you obtain possession of the site for your Gym	Us
Additional Funds and Working Capital for First 3 Months (Note 9)	\$50,000	\$95,000	As incurred	As incurred	Vendors and government agencies
<b>Total (not including Real Estate and Improvements) (Note 10)</b>	<b>\$339,000</b>	<b>\$572,500</b>			

These estimates are for a Gym between 3,000 to 5,500 square feet. None of these payments are refundable (except as provided below).

Note 1. We do not charge for the Initial Training Program for the first two attendees (whether you or you and your Manager), but the charge for any other attendee(s) is \$400 per attendee if they attend with you. You must also pay for airfare, meals, transportation costs, salaries, benefits, lodging, and incidental expenses for all

attendees. The low estimate assumes only you, as the owner-operator of your Gym, attend the Initial Training Program. The high estimate assumes two (2) people attend the Initial Training Program together and that your travel costs are higher. The Initial Training Program will be held in Minnesota, virtually, or at another location we specify, in our discretion. Your actual costs will vary depending on the distance and method of travel, whether you must compensate any employees for attendance, and your personal circumstances. Your costs will also be higher if you have additional people attend this training, or if you have people attend a different training session than the one you attend.

- Note 2. We have not projected any cost for the purchase of any land or building because we do not recommend you purchase a building for your Gym. Instead, we recommend that you lease a site for your Gym. The space should be no less than 3,000 square feet, but typically no more than 5,500 square feet. Because lease rates and real estate prices vary based upon the region of the country you are opening in, as well as the location in that region, and the type of real estate that you lease, we have not provided an estimate for real estate. We also cannot estimate your costs for the improvements you may have to make in order to meet our standards because those improvements will depend upon the condition of the property you are acquiring. We recommend that you obtain a site in existing condition ready for installation of equipment, with all utilities connected and stubbed to the premises, or that you negotiate with your landlord to prepare the space for equipment installation as part of a tenant improvement allowance or as part of the landlord's work required under the lease. We encourage you to review this with your professional advisors for assistance.
- Note 3. These estimates are for the minimum furnishings and equipment, including security system, obstacle course equipment, safety equipment, and related accessories, including padding, foam, tape, riggings, furniture, fixtures, and design and décor for your Gym. The actual cost will vary depending on the size and build-out of your Gym. All of these items must meet our specifications, and must be purchased from approved vendors. The Initial Equipment Package must be purchased from us or our affiliate, and includes installation of the initial set of equipment by us or our affiliate.
- Note 4. These estimates include your initial inventory, branded inventory and supplies, party room supplies, bathroom supplies, and front desk supplies. All of these items must meet our specifications, but can be purchased from any vendor except branded inventory and supplies must be purchased from an approved vendor or us or affiliate.
- Note 5. These estimates are for the minimum technology you must obtain to open your Gym. The estimate assumes 2 personal computers with speakers, 1 printer (with scanning and faxing capabilities), 2 tablets, and at least 2 wall-mounted TVs. All of these items must meet our specifications, including those related to model, brand, and functionality, but can be purchased from any vendor. You must also purchase the hardware required for phones, security system and camera, and a stereo system meeting our requirements, and to provide complimentary Wi-Fi to customers at your Gym.

- Note 6. You must carry the types and amounts of insurance we specify. We currently require you to carry commercial general liability insurance with limits of at least \$1,000,000 per occurrence and \$2,000,000 general aggregate, including the following coverages: claims for bodily and personal injury, death, and property damage caused by, or incurred in conjunction with, the operation of, or conduct of business by, you; general casualty insurance (including the perils of fire, broad form extended coverage, vandalism, and malicious mischief) on the premises of the Gym and its equipment; business motor vehicle liability insurance if you use a vehicle in the operation of the Gym; all risks coverage for 80% of repair and replacement value of all of the equipment, fixtures and supplies used in your Gym; abuse and molestation coverage with limits of at least \$100,000 each occurrence or \$300,000 in the aggregate; child accident insurance; workers' compensation insurance with limits of \$500,000 each accident, \$500,000 policy limit, \$500,000 each employee or as required by law; and such other types of insurance and all in such amounts as may be specified by us from time to time. This estimate is for an initial deposit of 3 to 6 months for these insurance coverages.
- Note 7. At the time you obtain possession of the site for your Gym, you must pay us \$15,000, which we will use to advertise the opening of your Gym via local marketing campaigns and promotional programs and Internet advertising and Internet search engine campaigns. You will also need to market, promote, and advertise locally in the start-up phase and during the operation of your Gym, to help establish your business in your local market and generate customer leads.
- Note 8. At the time you obtain possession of the site for your Gym, you must deposit \$5,000 with us. This amount will be credited to your account to be used to pay for purchases you make from us or our affiliates for refreshing your Gym as we may periodically require. We will refund any unused amount to you upon termination or expiration of your franchise, subject to any offsets for overdue amounts you owe us.
- Note 9. This amount includes estimated operating expenses you should expect to incur during the first 3 months of operation of your Gym, which includes payroll (excluding any salary you may take) and marketing expenses, utility costs, gas, telephone, waste and recycling removal, landscaping, Internet charges, permits and licensure, insurance premiums, security system costs, lease costs, maintenance and repair costs, landscaping/snow removal costs, and costs of uniforms for your employees.
- Note 10. These figures are estimates only. We have relied on the experiences of our affiliates in opening company-owned locations in Minnesota and Arizona to compile these estimates. This is only an estimate of your initial investment and is based on our estimate of costs and market conditions prevailing as of the issuance date of this Disclosure Document. You should review these figures carefully with a business and a legal advisor before making any decision to purchase a franchise. Many factors that are unique to your market can make a dramatic difference in the estimates provided. We do not offer financing for any part of the initial investment. The availability and terms of financing will depend on factors like the availability of financing generally, your credit worthiness, your relationship with local banks, your business experience, and any additional collateral you may offer to a lender to

secure the loan. Our estimates do not include any finance charges, interest, or debt service obligations.

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

### **Required Purchases and Suppliers**

Most of the equipment, including obstacle course equipment, safety equipment, and related accessories, including padding, foam, tape, riggings, furniture, fixtures, design and décor, branded items and signage, computer hardware and software, technology and security systems, payment processing services, and products you purchase for use or sale at your Gym, must meet our specifications. Those specifications may include minimum standards for delivery, performance, design, appearance, and quality. We will issue the specifications to you before you begin operating. We may include these specifications in the Operations Manual that we provide to you either hard copy or on-line, or we may issue them separately. We are free to modify any of our methods, standards, specifications and requirements at our discretion. These modifications will be communicated to you via the Operations Manual, or otherwise in writing. We have no obligation to make available to prospective suppliers the standards and specifications that we deem confidential. While we do not have specifications for local advertising you create to promote your Gym, you must obtain our approval before you use any advertising materials you prepare, and before you establish any web page, social media, and/or social networking site, profile, account, or hashtag that refers to us, your Gym, or the System.

You can expect that the items you purchase to meet our specifications will represent 80% to over 90% of the total purchases you will make to begin operations. Once you begin operating, we expect the items you purchase that meet our specifications will represent between 20% and 40% of your total annual expenses.

We may require you to purchase certain products, supplies, equipment, services used or offered by your Gym, and other items from vendors we approve, in which case we will provide you with a list of approved suppliers. Although we do not currently have an arrangement with any supplier to pay any rebates to us based on purchases by our franchisees, we do anticipate negotiating these types of arrangements in the future. There are no caps or limitations on the amount of rebates we may receive from suppliers as a result of franchisee purchases.

You must purchase from us or our affiliates the equipment, including obstacle course equipment, safety equipment, and related accessories, including padding, foam, tape, riggings, certain branded items, and any fitness training class lessons we create. We or our affiliates will be the only approved suppliers for these items and we do not intend to approve another supplier for these items. We intend to have a reasonable wholesale mark-up on any items or services we sell to you, including the items described above. In our last fiscal year ended December 31, 2022, neither we nor our affiliates received any revenue as a result of required purchases or leases by franchisees. Our officers do not own any interest in any of our suppliers other than any affiliates of ours.

You must also license certain software for class scheduling, memberships and reciprocity, open gym scheduling, group or party reservations, customer waiver processing, and digital signage services from approved suppliers. Additionally, although we do not currently require it, we may in 2023 require you to purchase access to a personality assessment tool for use in employee

recruiting efforts, for an employee scheduling and time tracking program, and for payroll processing services.

### **Approval of Alternative Specifications or Suppliers**

If you want to purchase items for your Gym that differ from our specifications or from a supplier we have not approved, you must notify us in writing. If we request, you must submit samples and other information we require for testing or to otherwise determine whether the product, material, or supply meets our specifications and quality standards. We do not impose any fee for our consideration.

Although we do not make available the criteria we review when approving suppliers, we consider various factors including whether the product or service is consistent with our concept and brand; how the supplier and/or their products or services would enhance our brand; if the product or service is already available through other sources, would approval of another vendor enhance competition or dilute our ability to maximize pricing benefits for our franchisees; and is the product of a commercial quality with a proven record of durability. We will generally notify you of our approval or disapproval within 30 days of our receipt of all the information and samples we request. If we revoke approval of any supplier or any item offered by a supplier, we will send you written notice of our revocation of an approved supplier or item.

### **Cooperative**

We do not have any purchasing or distribution cooperatives as of the issuance date of this Disclosure Document.

### **Negotiated Prices**

We may negotiate purchase arrangements with suppliers and distributors of approved products for the benefit of our franchisees.

### **Material Benefits**

We do not provide material benefits, such as renewing or granting additional franchises to franchisees, based on their use of designated or approved suppliers.

### **Other Required Purchases**

Computer Systems and Required Software. We also require that you purchase, maintain and upgrade, as necessary, certain computer hardware, software and computer-related services, including but not limited to Internet service and email, which are listed in the Operations Manual and your Franchise Agreement. We may require you to maintain the network connections that we require, which may include using an Internet Service Provider or other communications provider that we approve or designate, as well as the ability to accept major credit cards, debit cards, and other non-cash payments for customer purchases. This may require that you invest in additional equipment and that you incur fees from the credit card processing vendors that we designate. You must license or sub-license certain required software and digital applications from us or designated providers. You must execute any software license agreements that we or the licensor of the software require and any related software maintenance agreements. We do not currently, but reserve the right to, require you to maintain support service contracts and/or maintenance service contracts from designated approved suppliers.

**Insurance.** You also must obtain, before beginning any operations under the Franchise Agreement, and must maintain in full force and effect at all times during the term of the Franchise Agreement, at your own expense, an insurance policy or policies protecting you, us, our affiliates, and our respective officers, directors, partners, and employees. Our requirements for insurance policies are stated in the Franchise Agreement and the Operations Manual, and as of the date of this Disclosure Document, include but are not limited to: commercial general liability insurance with limits of at least \$1,000,000 per occurrence and \$2,000,000 general aggregate, including the following coverages: claims for bodily and personal injury, death, and property damage caused by, or incurred in conjunction with, the operation of, or conduct of business by, you; general casualty insurance (including the perils of fire, broad form extended coverage, vandalism, and malicious mischief) on the premises of the Gym and its equipment; business motor vehicle liability insurance if you use a vehicle in the operation of the Gym; all risks coverage for 80% of repair and replacement value of all of the equipment, fixtures and supplies used in your Gym; abuse and molestation coverage with limits of at least \$100,000 each occurrence or \$300,000 in the aggregate; child accident insurance; workers' compensation insurance with limits of \$500,000 each accident, \$500,000 policy limit, \$500,000 each employee or as required by law;; and such other types of insurance and all in such amounts as may be specified by us from time to time.

**ITEM 9.  
FRANCHISEE'S OBLIGATIONS**

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

<b>Obligation</b>	<b>Section in Franchise Agreement</b>	<b>Disclosure Document Item</b>
a. Site selection and acquisition/lease	Section 3(a)	Items 7 and 11
b. Pre-opening purchases/leases	Sections 3, 6(a), 11(a), and 13	Items 7, 8, and 11
c. Site development and other pre-opening requirements	Section 3	Items 7 and 11
d. Initial and ongoing training	Section 8	Items 5, 6, and 11
e. Opening	Sections 3(c) and 9(a)	Items 7 and 11
f. Fees	Sections 2(c), 3(j), 5, 6, 7, 8, 9(h), and 16(c)	Items 5, 6, and 7
g. Compliance with standards and policies/operating manual	Sections 8 and 9	Items 8, 11, 15, and 16
h. Trademarks and proprietary information	Sections 10, 12(d), and 14	Items 13 and 14



Obligation	Section in Franchise Agreement	Disclosure Document Item
i. Restrictions on products/services offered	Sections 9 and 11	Items 8, 11, and 16
j. Warranty and customer service requirements	Section 9	Items 6 and 16
k. Territorial development and sales quotas	Not Applicable	Not Applicable
l. Ongoing product/service purchases	Section 11	Items 5, 6, and 8
m. Maintenance, appearance, and remodeling requirements	Sections 3, 9(j), 11(a), and 11(b)	Items 5 and 6
n. Insurance	Section 13	Item 7
o. Advertising	Section 6	Items 5, 6, 7, and 11
p. Indemnification	Sections 21(b) and 21(c)	Item 6
q. Owner's participation/management/staffing	Sections 9(b), 9(c), and 9(d)	Item 15
r. Records and reports	Section 12(a)	Not Applicable
s. Inspections and audits	Sections 12(b) and 12(c)	Not Applicable
t. Transfer	Section 16	Item 17
u. Renewal	Section 2	Item 17
v. Post-termination obligations	Section 19	Item 17
w. Non-competition covenants	Section 15	Items 15 and 17
x. Dispute resolution	Section 20	Item 17
y. Other: Guaranty of franchise obligations (Note 1)	Guaranty (which follows the Franchise Agreement)	Item 15

Note 1. Each individual who is an owner of any business entity that is the franchisee, and their spouse, must sign a personal guarantee of all the obligations of the franchisee. This guarantee also includes an agreement to be bound by the confidentiality and noncompete provisions of the Franchise Agreement.

**ITEM 10.  
FINANCING**

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

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

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

**Pre-Opening Assistance**

Before you open your Gym, we will:

1. Provide general guidelines to you for the selection of a site for your Gym, and review any proposed sites you select (Franchise Agreement – Section 3(a)).
2. Designate your Designated Territory and approve the location for your Gym (Franchise Agreement – Section 3(a); Rider).
3. Provide you a sample layout of the interior of a typical Conquer Ninja gym, including typical preliminary plans for obstacle course equipment and safety equipment and décor specifications (Franchise Agreement – Section 3(b)).
4. Design and install the initial set of obstacle course equipment and safety equipment, and related accessories at your Gym (Franchise Agreement – Section 3(e)).
5. As long as we operate a website, we will provide you with a subpage or site-specific information on our or our affiliate's website to provide information about your Gym (Franchise Agreement – Section 6(f)).
6. Provide for you and/or your Manager the Initial Training Program (Franchise Agreement – Section 8(a)).
7. Loan you a copy of our manuals that contain various information including mandatory and suggested specifications, standards, and procedures. We may modify any manual periodically in our discretion. (Franchise Agreement – Section 8(f)). As of the issuance date of this Disclosure Document, our Operations Manual contains 104 pages. A copy of the table of contents of our Operations Manual is attached to this Disclosure Document as Exhibit C.
8. Provide you with a list of the approved suppliers for certain equipment, supplies, and services for your Gym (Franchise Agreement – Section 11(c)).
9. Conduct initial advertising for the grand opening of your Gym (Franchise Agreement – Section 6(a)).

**Post-Opening Assistance**

During the term of the Franchise Agreement, we will:

1. Provide periodic guidance to you with regard to the operation of your Gym, including improvements and changes to the System, and periodically modify the Operations Manual to reflect changes in standards, specifications, requirements and operating procedures. (Franchise Agreement – Section 8(b)).
2. Provide our Initial Training Program to any new Manager you retain at your Gym, and periodic and ongoing training programs for you and/or your Manager and your other personnel, as we deem appropriate. (Franchise Agreement – Section 8(a)).
3. Maintain and administer the System Brand Fund (Franchise Agreement – Section 6(c)).
4. Periodically update obstacle courses offered in Conquer Ninja gyms and sell to you and provide installation instructions for updated, revised, or refreshed obstacle course equipment and safety equipment (Franchise Agreement – Section 11(a)).
5. Notify you of changes to our list of approved or designated suppliers, or the termination of existing approved or designated suppliers. (Franchise Agreement – Section 11(c))
6. Periodically inspect, as we deem necessary, your Gym and operations to assist you in complying with your Franchise Agreement and all System standards and provide advice based on such inspections. (Franchise Agreement – Section 12)
7. Provide such additional advice, assistance and guidance as we may agree to, at your sole cost and expense. (Franchise Agreement – Section 8(d))

### **Site Selection and Opening**

You must operate your Gym from a location we approve in your Designated Territory (Franchise Agreement – Section 3(a)). Before you open your Gym, we will provide general guidelines to you for the selection of sites for your Gym, and review any proposed sites you select. It will, however, be your obligation to select the site for your Gym and to obtain our approval within 90 days of your signing of the Franchise Agreement (Franchise Agreement – Section 3(a)). You must submit to us information and materials we require and obtain our approval of the site. The factors we take into consideration when reviewing a site include the location and proximity of the site to residential neighborhoods, the demographics of the surrounding area, whether the site is on a main thoroughfare, size (including ceiling height) of the proposed premises, sufficient parking availability, and the types of fitness facilities and other activities in the vicinity of the proposed site. You must also provide us with a copy of your lease or sublease so that we can confirm that it meets the requirements of the Franchise Agreement.

Although we provide you with prototypical plans and specifications for a Gym, we do not conform the premises to local ordinances and building codes or obtain any required permits for you, and we do not construct, remodel, or decorate the premises. However, we or our affiliates will install and set up the initial set of obstacle course equipment and safety equipment and related accessories at your Gym (Franchise Agreement – Section 3(b)).

You may not open your Gym until: (1) we notify you in writing that all of your pre-opening obligations have been fulfilled; (2) you and your Manager (if your Gym is not owner-operated) have completed our Initial Training Program to our satisfaction and you certify that you have provided all of your employees with the training we require; (3) you have furnished us with copies of all insurance policies and certificates required by the Franchise Agreement, or other

documentation of insurance coverage and payment of premiums we request (Franchise Agreement – Section 13); (4) you notify us that all approvals and conditions in the Franchise Agreement have been met; and (5) you have obtained all required permits and licenses. You must open your Gym within 180 days of the date you sign your Franchise Agreement. If you do not, we can terminate your Franchise Agreement and retain all amounts you have paid to us (Franchise Agreement – Sections 3(c), 9(a), and 19(a)).

We estimate that the typical length of time between signing of the Franchise Agreement and the opening of your Gym will be between 90 and 150 days. Some factors that may affect this timing include how long it takes you to select a suitable site for your Gym and obtaining a lease or sublease, any shortages or delays in the installation of any equipment, fixtures, and signs, whether, and to what extent, you need to remodel your site, and your ability to secure any necessary financing.

## Training

### Initial Training Program

You, and your Manager if your Gym is not owner-operated, must successfully complete our Initial Training Program (Franchise Agreement – Section 8(a)). The Initial Training Program must be completed within 60 days after you sign the Franchise Agreement but in any event before you open the Gym, at a location that we designate. The Initial Training Program may be conducted at our headquarters in Burnsville, Minnesota, at affiliate-owned Gyms in Minnesota or Arizona or at a location we specify, virtually, or some combination of these, to be determined in our discretion. We have the right to change the duration and content of our initial training program. We currently do not have any fixed training schedules. We will conduct our initial training program based on need and the number of franchisees to be trained.

We do not charge for the Initial Training Program for the first two attendees (whether you or you and your Manager), but the charge for any other attendee(s) is \$400 per attendee if they attend with you. You will also be responsible for all travel and living expenses you and your attendees incur in attending the training. If you or any other attendee fail to complete the Initial Training Program to our satisfaction, we may terminate the Franchise Agreement and we will not reimburse the Initial Franchise Fee.

Our Initial Training Program as of the issuance date of this Disclosure Document consists of approximately 5 to 7 days of training. A breakdown of the training is as follows:

### INITIAL TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Staffing and Management	5	1	Minnesota or designated Conquer Ninja gym.
Business Operations	5	1	Minnesota or designated

			Conquer Ninja gym.
Gym Services and Operations	18-20	23-27	Minnesota or designated Conquer Ninja gym.
<b>Total Training Time</b>	<b>28-30 hours</b>	<b>25-29 hours</b>	

The classroom training will be held in a conference room setting. The on-the-job training will be held at one of the Conquer Ninja gyms owned by our affiliates, or at another Conquer Ninja gym that we designate.

The instructors in charge of our Initial Training Program are Jake Marshman, Zach Braid, Sone Schultz, Dan Delano, and Benjamin Utecht. Mr. Marshman and Mr. Braid, our founders, have owned and operated Conquer Ninja gyms through our affiliates since June 2015. Mr. Marshman and Mr. Braid will be primarily responsible for teaching the management portions of the Initial Training Program. Mr. Delano has been a manager at our affiliates' Conquer Ninja gyms since June 2015, and Ms. Schultz has been our Event Coordinator and a manager at our affiliates' Conquer Ninja gyms since Spring of 2018. Mr. Delano will be primarily responsible for teaching gym operations and technology. Our Operations Manual, current obstacle course layouts, and class curriculums will all be used during the Initial Training Program. Other members of our training staff may conduct training as necessary, and we may delegate our duties and share our training responsibilities. Training staff will have a minimum level of experience working in the fitness industry, or in business ownership or operation, and will have at least six (6) months experience working within our System or in the area in which they are engaged to train.

Additional Training

You and your Manager should also attend a first aid training program in your local market. These programs are offered in most major markets through health insurance companies and the American Red Cross at nominal charges. If, at any time during your operation of the Gym, you request that we provide additional training or assistance, or if we determine that you or your Manager require additional training or assistance, you must pay our then-current per diem training fee for each trainee, currently \$500 for the first day, \$250 for each additional day, and you must reimburse us for all out of pocket costs and expenses incurred by our trainers associated with the additional training, including travel, lodging, meals and other reasonable expenses (Franchise Agreement – Sections 8(c) and 8(d)). Neither you nor your employees will receive any compensation from us for services performed during training. You will bear all other expenses incurred in such training, such as the costs of transportation, lodging, meals, wages, and worker's compensation insurance.

We may periodically conduct a conference, convention, program, or training session (Franchise Agreement – Section 8(g)). We will determine the duration, curriculum, and location of these events. You and your Manager must attend each conference, convention, program, or training session. We may charge a fee for these sessions and you must pay all expenses incurred in attending. You may also be required, from time to time, to take part in additional training or updates as we designate. Lastly, as a condition of renewing your Franchise Agreement, we may require you to undergo further training.

You, or your Manager if your Gym is not owner-operated, must train your staff and certify to us that the staff have been trained (Franchise Agreement – Section 9(d)). This training must occur before the staff begin performing services on your behalf.

## **Advertising/Marketing**

### System Brand Fund

Under the Franchise Agreement, you must contribute 3% of your weekly Gross Sales to the Conquer Ninja system-wide brand fund (the “System Brand Fund”). Your contributions to this System Brand Fund are due at the same time that you pay your Royalty Fee, based on the amount of Gross Sales you generated in the previous week (Monday to Sunday). All our franchisees as well as Conquer Ninja gyms we or our affiliates own contribute to the System Brand Fund.

We account for the contributions to the System Brand Fund separately from our other revenues, and we do not use them to pay any of our general operating expenses other than our costs of administering the System Brand Fund and for creative services, including salaries and overhead of the individuals performing these tasks. The purpose of the System Brand Fund is to develop and implement marketing programs and materials that benefit the Conquer Ninja brand and promote the Marks. This means we may use monies in the System Brand Fund for any purpose that promotes the Conquer Ninja name, including the creation, production, and placement of commercial advertising; to pay for agency costs and commissions; to pay the costs to create and produce video, audio, and written advertisements; to pay for direct mail and other media advertising, including radio and Internet advertising, Internet search engine campaigns, and the cost to maintain and update our or our affiliate’s websites and web pages, and for social media, and social networking sites, profiles and accounts, for the cost of search engine optimization; in-house staff assistance and related administrative costs; local and regional promotions; public relations campaigns including the cost of retaining public relations firms; market research; and other advertising and marketing activities (Franchise Agreement – Section 6(c)).

We may create marketing materials in-house or use national, regional, and local agencies. Advertising may be placed in local, regional, or national media of our choice, including print, direct mail, electronic and online advertising, radio, or television. We do not guarantee that expenditures from the System Brand Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all. It is our responsibility to determine how these monies are spent. We are not required to use monies in the System Brand Fund to benefit any individual market. However, we will not spend any portion of these monies for advertising principally designed to solicit the sale of franchises. In our last fiscal year ending December 31, 2022, we made expenditures from the System Brand Fund as follows:

Direct Advertising Spend	89.8%
Production and Creative	<1.0%
Print and Signage	1.4%
Research and Customer Insights	3.3%
Online Platform and Tools	3.8%
Administrative Costs	1.6%

Any unused amounts in the System Brand Fund in any calendar year will be carried over to the following year. We will use any interest the System Brand Fund earns for marketing before we use any principal. At your request, we will make available to you an annual accounting for the

System Brand Fund that shows how the System Brand Fund proceeds were spent for the previous year, but these statements will not be audited. We may, but have no obligation to, loan amounts to the System Brand Fund and can determine the repayment obligation of the System Brand Fund, including interest rate of the loan and repayment terms, as we see fit.

We do not have an advertising council that advises us on advertising policies. If we form one, we anticipate it will only be advisory, as we will make all final decisions as to the use of the System Brand Fund.

### Local Marketing

You are required to spend at least 1% of your Gross Sales on local marketing (Franchise Agreement – Section 6(d)). If you do not spend that amount, you will have to remit the differential to us and we will contribute the amount to the System Brand Fund.

You must obtain our prior approval of all local marketing you engage in for your Gym. Your use of the Marks and other materials identifying our brand must be consistent with our approved standards. You may not use the Marks or other materials identifying our brand on items to be sold or services to be provided without our prior written approval. You must also obtain our approval before establishing, or having established, any websites, hashtags, profiles, or accounts that refer to us, your Gym, or to the System. You are ultimately responsible for ensuring that your advertising and marketing complies with all applicable laws before implementing it.

Although we can require you to, we do not currently require our franchisees to participate in a local or regional advertising cooperative. If we do, we will define the area of membership of the cooperative and determine how much you must contribute to the cooperative. If we establish a cooperative in a market serviced by Gyms we or our affiliates own, they will participate in the cooperative too. We will be responsible for administering any cooperatives (Franchise Agreement – Section 6(g)). We do not anticipate any cooperatives will operate from governing documents or prepare annual or periodic financial statements, but if they do, we will make them available to you upon request. We have the power to form, change, dissolve, or merge these cooperatives.

### Grand Opening Promotional Package

In connection with the grand opening of your Gym, we will conduct a marketing and promotional program on your behalf and for the benefit of your Gym, primarily in the form of a digital marketing campaign. You will be required to pay us \$15,000 to cover the costs and expenses of, and to compensate us for, conducting these activities for you. You are encouraged to engage in further marketing and promotional activities in connection with the grand opening of your Gym to ensure a successful opening, but you are not required to do so. (Franchise Agreement – Section 6(a)).

## **Software and Computer Equipment**

### Computer Hardware

You must purchase and use at a minimum, 2 personal computers with speakers, 1 printer (with scanning and faxing capabilities), 2 tablets, and at least 2 wall-mounted TVs. All of these items must meet our specifications, including those related to model, brand, and functionality, but can be purchased from any vendor. You will use the computers for point of sale and to send invoices, perform accounting functions, process payments, complete forms and reporting, maintain financial information, produce daily reports, email correspondence with customers, us, and others,

and access the computer software we require for the Gym. You will use the tablets to complete waivers using our designated waiver platform(s). You must also purchase the hardware required for a building security system, including camera surveillance, phones, a stereo system meeting our requirements, and to provide complimentary Wi-Fi to customers at your Gym.

We estimate the total cost to purchase the items above to be approximately \$7,500 to \$10,000. We do not have any obligation to upgrade or maintain these items. Although most new computers come with a limited warranty we are not aware of any third parties with an obligation to upgrade or maintain these items.

### Computer Software

Each of the personal computers and tablets discussed above must contain the computer software we require. The software is not proprietary to us. Some of the software will come preinstalled on a computer. For programs that are not preinstalled, you will need to purchase them and install them on your computer. You must obtain our required Gym operating software from our designated vendor, a license for our designated waiver platform(s), and use our designated vendor for digital signage services. We also have preferred vendors for an employee scheduling and time tracking program, for payroll processing services, and for a personality assessment tool for use in employee recruiting efforts; these programs are currently optional although we reserve the right to require you use them. The ongoing cost for the computer software and services, including the three currently optional services described above, is approximately \$800 to \$1,000 per month, but may be higher depending on the number of customers maintained in your Gym's database. You must renew your software licenses as required. In addition, you must obtain licenses for certain off-the-shelf software, including Microsoft Office and QuickBooks or other accounting software

You must also purchase the software required for a building security system, including camera surveillance, and Wi-Fi for customers at your Gym. The cost for this software will vary depending on the features and plans selected and the current Internet charges in your area, but should generally be between \$125 and \$250 per month. You must also pay to us our then-current Technology Fee for the provision of certain technology-related items or services, which is \$150 per month as of the date of this Disclosure Document, plus an additional \$50 per each modification to your Gym subpage beyond 1 per month, if any.

### Ongoing Maintenance and Use

We are not obligated to provide you with ongoing maintenance, repairs, upgrades, or updates to the technology discussed above. We anticipate that you will be required to upgrade or update your technology during the term of the franchise, and there are no contractual limitations on the frequency and cost of the obligation. We do not have any contractual obligation to upgrade or update any of your hardware or software during the term of this franchise.

You must have access to the Internet and maintain an email account that allows us to communicate with you on a regular basis. We can independently access your electronic information and data, and collect and use this electronic information and data in any manner we choose without any compensation to you. There is no contractual limitation on our right to receive or use information we obtain from you.



## ITEM 12. TERRITORY

When you sign a Franchise Agreement, you will receive the right to operate 1 Conquer Ninja gym, from a single location. We will denote this location on the Rider to your Franchise Agreement. At that time, we will also grant you a territory within which this site is located. We refer to this territory as the “Designated Territory” and we describe it in the Rider to your Franchise Agreement. If a site has not been identified, we will designate an area, and you may locate your Gym at any place within that area, so long as the site you select is not also within a territory of another Gym. Until a site has been identified, you will not have any exclusive rights in the area identified in the Franchise Agreement. Your Designated Territory will generally be a 10 mile radius if the metropolitan area surrounding your Gym has a population of less than 100,000 people, a 3 mile radius if the metropolitan area surrounding your Gym has a population between 100,000 people and 3,000,000 people, or a 1 mile radius if the metropolitan area surrounding your Gym has a population over 3,000,000 people. However, the exact size will depend upon various factors including natural boundaries like highways and bodies of water, the demographics of the metropolitan area, and the size of your Gym.

We may also have situations where we designate a “TBD” (to be determined) search area, or Designated Territory. If you receive a TBD territory, you have the right to look for a site in any area that has not already been given as a designated territory or search area to another Conquer Ninja gym. However, if you find a proposed site in near proximity to another Conquer Ninja gym, even though not in that Conquer Ninja gym’s protected territory, we may offer the site to the existing franchisee before we agree to assign that area to you or grant you the right to develop your Gym at that site.

If you do not name a Designated Territory, or if your Designated Territory is “to be determined” you will not have exclusive rights in a territory until you name a location that is approved by us and we assign your Designated Territory. In this case, you may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

As long as you are in compliance with your Franchise Agreement and any other agreements with us and any of our affiliates, we will not operate or grant a third party the right to operate a gym featuring primarily obstacle course equipment under the Conquer Ninja mark in your Designated Territory, except we can operate or grant a third party the right to operate a business competitive with your Gym in a self-contained location serving a restricted or limited population, or other non-traditional location (such as corporate campuses or hospitals). However, we can acquire businesses in the Designated Territory that are similar to your Gym or sell our business, whether through a sale of assets or stock, to anyone, regardless whether they operate or franchise the operation of businesses similar to your Gym. Other than this limitation there are no other prohibitions on us in your Designated Territory. For example, we can operate or allow others to operate similar or identical business outside of your Designated Territory under the Conquer Ninja mark or under any other trademarks even if the businesses compete with your Gym in your Designated Territory. We can also operate or allow others to operate businesses inside the Designated Territory under any other marks. We can sell any products we or our affiliates provide to you for use in your Gym to any person, whether in or outside your Designated Territory. We can sell or grant third parties the right to sell goods or services competitive with those sold by your Gym under the Conquer Ninja mark or otherwise through other distribution channels including the Internet, catalog sales, telemarketing, or other direct marketing, inside and out of your Designated Territory.

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

You will not receive any options, rights of first refusal, or similar rights to acquire additional franchises. We will not pay you any compensation for soliciting or accepting orders in your Designated Territory. Other than as described in this Disclosure Document, you have no right to sell products through the Internet or worldwide web, through smart phone or other digital applications, mail order or catalogs, through telemarketing or other direct marketing or through any other form of distribution channel or method. You have no right to use our trademarks or trade names in connection with any business other than a Gym. We have the right to engage in any other activities not expressly prohibited in the Franchise Agreement.

Subject to the restrictions above, we do not restrict the customers you may serve, and you may solicit customers outside your Designated Territory. Other Conquer Ninja gyms may also solicit customers in your Designated Territory without compensation to you.

You may not move or relocate your Gym without our prior written consent, which consent will not be unreasonably withheld. A request for relocation must be made in writing, stating the new location, received by us at least 60 days before the date of intended relocation, and be accompanied by a relocation fee of \$1,000 (the "Relocation Fee"). The new location must be within your Designated Territory, and it may not be located within any designated territory we grant to any other franchisee. The new location must meet our other then-current requirements for a site. We will refund the Relocation Fee to you if we do not approve your new location. In addition to the Relocation Fee, you will be responsible for any additional expenses we incur in facilitating your relocation.

### ITEM 13. TRADEMARKS

The Franchise Agreement gives you the right to operate a Gym under the trade names, trademarks, and service marks that we establish.

Our affiliate, Conquer Athletics LLC, has registered the following trademarks on the Principal Register of the United States Patent and Trademark Office (the "USPTO"), which Marks are licensed to us to use:

Mark	Registration Number	Registration Date
CQ	5391960	January 30, 2018
CONQUER NINJA	5562245	September 11, 2018

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, any pending infringement, opposition or cancellation proceedings, or any pending material litigation involving any of our Marks which are relevant to the use of these Marks. No currently effective litigation affects our use or rights in any of these Marks. No currently effective agreement limits our right to use or

license the use of these Marks. All affidavits required to preserve and renew the principal mark disclosed above will be filed. We do not know of any infringing uses that could materially affect your use of these Marks.

We obtained the rights to use the principal Marks and all other marks, logos, commercial symbols, and other intellectual property owned by our affiliate, and to license others to use these items, under an Intellectual Property License Agreement dated June 14, 2018, between us and our affiliate, Conquer Athletics LLC. Under the terms of that Intellectual Property License Agreement, our affiliate may continue to operate its own gyms under these Marks, provided it does not do so within any Designated Territory granted to any of our franchisees. We are not restricted in any way in which we use these items and the length of the Intellectual Property License Agreement is indefinite. We therefore essentially have all the rights as the owner of the intellectual property to license others to use the intellectual property. If this Intellectual Property License Agreement were terminated you would have to stop using the Marks and all other intellectual property licensed to us under the Intellectual Property License Agreement.

You must follow our standards when you use our Marks. You may not use any of our Marks alone or with modifying words, designs, or symbols as part of a corporate or business name or in any form on the Internet, including but not limited to URLs, domain names, hash tags, e-mail addresses, locators, links, metatags, or search techniques. You may not use any of our Marks for the sale of any unauthorized product or service or in a manner we have not authorized in writing.

We have an obligation to protect and maintain your rights to use the Marks against encroachment, misuse, or unauthorized use or against any challenges to any rights of use. You must notify us immediately when you learn about an infringement of or challenge to your use of these Marks. We may take the action necessary, in our sole discretion, to prevent the unauthorized use of the Marks, including bringing actions against third parties regarding the use of any of the Marks, but the Franchise Agreement does not require us to take any specific affirmative action. We will control any administrative proceedings or litigation involving the Marks. You must cooperate with us and take all actions we require to carry out the defense or prosecution. We are not required to defend you against a claim based on your use of the Marks.

We may change the Marks and require you to adopt new marks as if they were part of the Franchise Agreement at the time you sign it. You must comply with these changes immediately after we notify you that we have discontinued, modified, or changed one or more of the Marks. We will have no liability or obligation because of the discontinuation, modification, or change. You must not directly or indirectly contest the validity of the Marks or our right to use or license the Marks, trade secrets, confidential information, or business techniques that are part of our System. You must use the designations of ®, TM, and SM in advertising and promotions using the Marks, as we designate.

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

There are no patents or pending patent applications that are material to the purchase of a franchise. We claim copyright protection for our manuals, our obstacle course equipment layouts, and to advertising and promotional materials, forms, and related materials that we produce, but we have not registered any of these materials with the Copyright Office of the Library of Congress. These materials are proprietary and confidential and are our property. You may use them only as long as you are a franchisee, and only as provided in your Franchise Agreement.

There are currently no effective determinations of the United States Copyright Office or any court regarding any of our copyrighted materials, nor are any proceedings pending, nor are there any currently effective agreements between us and third parties pertaining to our copyrighted materials that will or may significantly limit your use of our copyrighted materials. We are not aware of any infringing uses of these materials that could materially affect your use of these materials. We are not required by any agreement to protect or defend our copyrights.

We will be disclosing to you certain information we believe to be confidential or proprietary information and trade secrets, including our obstacle course equipment layouts. This will be included in our manuals, and in materials we may separately provide you. You may use these materials, in the manner we approve, in the operation of your Gym during the duration of your Franchise Agreement. However, you may not use these materials in any other way for your own benefit, or communicate or disclose them to, or use them for the benefit of, any other person or entity. These materials include all trade secrets, knowledge or know-how, confidential information, advertising, marketing, designs, plans, or methods of operation. You may disclose this information to your Manager and staff but only to the extent necessary to operate the Gym, and then only while your Franchise Agreement is in effect.

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

We prefer that you participate personally, on a full-time basis, in the operation of your Gym. In any event, your business must be directly supervised on-premises by a “Manager” who will be responsible for the operation of the Gym. You or one of your majority owners if you are not an individual can hold one of these positions. You and your Manager (if your Gym is not owner-operated) must have successfully completed our Initial Training Program. Your Manager does not need an ownership interest in your Gym but must sign non-competition and confidentiality agreements that restrict them to the same extent as you are restricted under the Franchise Agreement.

If you are a corporation, limited liability company, or partnership or you transfer your Franchise Agreement to a corporation, limited liability company, or partnership, you and any other owners must sign a personal guaranty of all obligations under the Franchise Agreement.

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

You must offer the products and services we specify, in a manner that meets our standards and specifications, and you may not sell other products or services in your Gym without our prior written approval. You must also provide food and beverages that we may specify, and must follow any recipes we require. All of these items must meet our standards. You may not provide products or services to a minor unless and until the minor’s parent or guardian signs a payment form or acknowledgment, the form of which we must approve.

We can also limit the type of products or services you may sell. We can also change the products or services we allow you to offer at any time. You must follow our policies, procedures, methods, and techniques and comply with all of our mandatory standards and specifications when providing products or services through your Gym.

We do not place geographic restrictions or limits on the customers you may serve and we expect you to market your business throughout a broad trade area. We may require you to give full reciprocity to members of other Conquer Ninja gyms at your Gym, which would require you to give members of other Conquer Ninja gyms the full benefits of membership at your Gym including unlimited access and, potentially, reduced rates. We can also implement pricing policies, such as maximum price policies, and minimum advertised price policies, and you must abide by these policies. You cannot operate other businesses from your Gym.

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

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

<b>Provision</b>	<b>Section in Franchise or Other Agreements</b>	<b>Summary</b>
a. Length of the franchise term	Franchise Agreement, Section 2(a)	7 years
b. Renewal or extension of the term	Franchise Agreement, Sections 2(b) and 2(c)	If you are in good standing and you meet our conditions, you can renew your franchise for an additional 7-year period.
c. Requirements for you to renew or extend	Franchise Agreement, Section 2(c)	Give written notice; sign new franchise agreement (which may contain materially different terms and conditions than your original Franchise Agreement); upgrade your Gym and update your equipment to comply with then-current standards; provide us with evidence of property control; sign general release; pay renewal fee.
d. Termination by you	Franchise Agreement, Section 19(b)	You may terminate only if we default and do not cure our default after receiving notice from you.
e. Termination by us without cause	None	Not applicable.
f. Termination by us with cause	Franchise Agreement, Sections 19(a) and 19(c)	We may terminate only if you default.
g. "Cause" defined – curable defaults	Franchise Agreement, Section 19(a)	Most defaults are curable and you will have 30 days to cure (10 days for monetary defaults), subject to state law variations.

Provision	Section in Franchise or Other Agreements	Summary
h. "Cause" defined – non-curable defaults	Franchise Agreement, Section 19(a)	You lose the right to occupy your Gym's premises; you fail to obtain a site for your Gym within 90 days of the date of your Franchise Agreement; you fail to open within 180 days of the date of your Franchise Agreement; you abandon the business; you or any of your owners engage in fraudulent conduct or are convicted of, or plead guilty or no contest to, certain crimes; you maintain false books or records or submit any false or misleading application, statement, or report to us; you misuse the Marks or materially impair the value of, or the goodwill associated with the Marks or the System.
i. Your obligations on termination/non-renewal	Franchise Agreement, Sections 19(d) and 19(e)	Stop operating the business, stop using our names and the Marks, return information to us, assign to us or cancel certain registrations, listings, telephone numbers, websites, and domain names, pay all amounts you owe us, and provide us an option to purchase your equipment and signs.
j. Assignment of contract by us	Franchise Agreement, Section 16(a)	No restriction on our right to assign.
k. "Transfer" by you – defined	Franchise Agreement, Section 16(b)	Includes transfer of the Franchise Agreement or business, or transfer of majority control of the Franchise Agreement or of the business.
l. Our approval of transfer by franchisee	Franchise Agreement, Section 16(c)	We must approve all transfers, but will not withhold our consent if all of the requirements for the transfer are met.

Provision	Section in Franchise or Other Agreements	Summary
m. Conditions for our approval of transfer	Franchise Agreement, Section 16(c)	Transferee must meet our requirements, including sign a new franchise agreement on our then-current form for the remaining term of your Franchise Agreement. (The new franchise agreement may provide for different fees or territory than in your Franchise Agreement, but we will not require the transferee to pay us a new initial franchise fee.) You must also pay a transfer fee and sign a release (subject to state law).
n. Our right of first refusal to acquire your business	Franchise Agreement, Section 17	We can match any offer for your business or an interest in the business, including a sale between owners or between an owner and you, or for the property upon which the Gym is located.
o. Our option to purchase your business	Franchise Agreement, Section 11(a)  Franchise Agreement, Section 19(e)	If we require you to refresh your obstacle course and safety equipment with new equipment, we have the right to buy back your replaced obstacle course equipment and safety equipment in exchange for a 10% discount off the purchase price of the new equipment.  Upon termination or non-renewal, we have the right, but not the obligation, to buy back your approved equipment (including obstacle course equipment and safety equipment) and signage, at a pre-determined formula.
p. Your death or disability	Franchise Agreement, Section 16(c)(2)	Your heirs can assume your rights, but if they do, they must meet the transfer requirements.
q. Non-competition covenants during the term of the franchise	Franchise Agreement, Section 15(a)(1)	No involvement in a business that provides obstacles or obstacle courses.
r. Non-competition covenants after the franchise is terminated or expires	Franchise Agreement, Section 15(a)(2)	For 2 years, no involvement in any business that provides obstacles or obstacle courses and that is located in your Designated Territory, a radius of 30 miles from the Designated Territory, or a radius of 30 miles from any other Gym.

<b>Provision</b>	<b>Section in Franchise or Other Agreements</b>	<b>Summary</b>
s. Modification of the agreement	Franchise Agreement, Section 23(h)	No modifications without consent by all parties, but our manuals are subject to change.
t. Integration/merger clause	Franchise Agreement, Section 23(l)	Only the terms of the Franchise Agreement and other written agreements are binding (subject to applicable state law). Any representations or promises outside of this Disclosure Document and the Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Franchise Agreement, Section 20	Except for certain disputes, all disputes must be first mediated, and if not settled by mediation, are then subject to arbitration.
v. Choice of forum	Franchise Agreement, Section 20(c)	Subject to state law, arbitration must be in Minnesota.
w. Choice of law	Franchise Agreement, Section 23(b)	Subject to state law, Minnesota law generally applies.

**ITEM 18.  
PUBLIC FIGURES**

Benjamin Utecht is a former franchisee of ours, serves as our Chief Culture Officer, and we have also retained him to promote our Conquer Ninja franchise and Conquer Ninja gyms. Mr. Utecht is paid \$500 per month to promote the brand, including through events, appearances and advertisements we may produce that feature his name, image, or likeness, as well as \$2,500 for each sale of a franchise by us to a lead that he referred to us. Mr. Utecht also has an incentive agreement with us under which he retains a right to receive up to five percent (5%) of net proceeds in the event of a change in ownership or change in control of our company. Mr. Utecht does not own an interest in us or any of our affiliates.

Other than as set forth above, we do not use any public figures to promote our franchise.

**ITEM 19.  
FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC’s Franchise Rule permits us to provide information about the actual or potential financial performance of our 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) we provide the actual records of an existing outlet you are considering buying; or (2) we supplement the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.



We do not make any 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 our management by contacting Jake Marshman at 3203 Corporate Center Drive, Suite 190, Burnsville, Minnesota 55306, telephone: 952-426-0520, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20.  
OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1  
Systemwide Outlet Summary  
For Years 2020 to 2022<sup>1</sup>**

<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	2	2	0
	2021	2	3	+1
	2022	3	2	-1 <sup>3</sup>
Company-Owned <sup>2</sup> (Note 2)	2020	3	4	+1
	2021	4	5	+1
	2022	5	5	0
<b>Total Outlets</b>	<b>2020</b>	<b>5</b>	<b>6</b>	<b>+1</b>
	<b>2021</b>	<b>6</b>	<b>8</b>	<b>+2</b>
	<b>2022</b>	<b>8</b>	<b>7</b>	<b>-1</b>

Note 1. The numbers for each year are as of December 31.

Note 2. These outlets are owned by our affiliates.

Note 3. This location operated in an urban environment. Conquer Ninja gyms are typically located in suburban areas.

**Table No. 2**  
**Transfers of Outlets from Franchisees to New Owners**  
**For Years 2020 to 2022<sup>1</sup>**

State	Year	Number of Transfers
All States	2020	0
	2021	0
	2022	0
<b>Total</b>	<b>2020</b>	<b>0</b>
	<b>2021</b>	<b>0</b>
	<b>2022</b>	<b>0</b>

Note 1. The numbers for each year are as of December 31.

**Table No. 3**  
**Status of Franchised Outlets**  
**For Years 2020 to 2022<sup>1</sup>**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Required by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
Minnesota	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	1	1
North Dakota	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
<b>Total</b>	<b>2020</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
	<b>2021</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>
	<b>2022</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>2</b>

Note 1. The numbers for each year are as of December 31.

**Table No. 4  
Status of Company-Owned Outlets  
For Years 2020 to 2022<sup>1</sup>**

<b>State</b>	<b>Year</b>	<b>Outlets at Start of Year</b>	<b>Outlets Opened</b>	<b>Outlets Reacquired from Franchisee</b>	<b>Outlets Closed</b>	<b>Outlets Sold to Franchisee</b>	<b>Outlets at End of Year</b>
Arizona <sup>2</sup>	2020	0	1	0	0	0	1
	2021	1	1	0	0	0	2
	2022	2	0	0	0	0	2
Minnesota <sup>2</sup>	2020	3	0	0	0	0	3
	2021	3	0	0	0	0	3
	2022	3	0	0	0	0	3
<b>Total</b>	<b>2020</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>
	<b>2021</b>	<b>4</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>
	<b>2022</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>

Note 1. The numbers for each year are as of December 31.

Note 2. These outlets are owned by our affiliates.

*[Remainder of page intentionally left blank.]*

**Table No. 5  
Projected Openings<sup>1</sup>  
As of December 31, 2022**

<b>State</b>	<b>Franchise Agreements Signed But Outlet Not Opened</b>	<b>Projected New Franchised Outlets in 2023</b>	<b>Projected New Company-Owned Outlets in 2023</b>
Arizona	1	1	2
Florida	1	0-1	0
Indiana	0	1-2	0
Minnesota	1	1	0
Texas	0	1-2	0
<b>Total</b>	<b>3</b>	<b>4-7</b>	<b>2</b>

Note 1. We are looking for prospective franchisees throughout the United States, and cannot know in advance where we might find prospects. Therefore, any projection of this nature is very speculative. We will add franchises wherever we find qualified prospects.

Exhibit D contains a list of franchisees. Exhibit D also contains a list of the franchisees who had a Franchise Agreement terminated, canceled, not renewed, or who otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the fiscal year ended December 31, 2022, or who have not communicated with us within 10 weeks of the date of this Franchise Disclosure Document. We did not have any franchisees who signed confidentiality clauses with us during the last 3 fiscal years that would prevent them from speaking openly about their experiences with us. At your request, we will provide you with a list of the names, addresses, and telephone numbers of all of our franchisees before you sign the Franchise Agreement. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

We have not created, sponsored, or endorsed any franchise organization and no independent franchisee organization has asked to be included in this Disclosure Document.

**ITEM 21.  
FINANCIAL STATEMENTS**

Attached to this Disclosure Document as Exhibit E is a copy of our audited financial statements as of December 31, 2020, December 31, 2021, and December 31, 2022, as well as an unaudited interim balance sheet as of May 31, 2023. THE BALANCE SHEET IS PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OR HER OPINION WITH REGARD TO THE CONTENT OR FORM. Our fiscal year end is December 31<sup>st</sup>.

**ITEM 22.  
CONTRACTS**

The following agreements and other required exhibits are attached to this Disclosure Document:

- Exhibit A. Attached to this Disclosure Document as Exhibit A are state specific addenda to the Disclosure Document.
- Exhibit F. Attached to this Disclosure Document as Exhibit F is a copy of the form Franchise Agreement, state specific addenda to the Franchise Agreement, if any, and form of a Guaranty to be signed by shareholders of a corporate franchisee, members of a limited liability company franchisee, or partners of a partnership franchisee, as a condition to your transfer of the Franchise Agreement to a corporation, limited liability company, or partnership. Also attached is a transfer form if you want to sell, assign, or transfer your Franchise Agreement to a corporation, limited liability company, or partnership you own and an example of a release you must sign if you want to sell, assign, or transfer your Franchise Agreement to an unrelated third party or to an entity or partnership you do not own or control.
- Exhibit G. Attached to this Disclosure Document as Exhibit G is a copy of the form Equipment Purchase Agreement you will sign for the purchase from our affiliates of your obstacle course equipment, safety equipment, and related proprietary products.
- Exhibit H. Attached to this Disclosure Document as Exhibit H is a copy of a sample Electronic Transfer of Funds Authorization authorizing us to initiate one-time, weekly, and/or monthly ACH debit and credit entries against your bank account for amounts that become due and payable by you to us or any affiliate.
- Exhibit I. Attached to this Disclosure Document as Exhibit I is a Franchisee Questionnaire you must complete at the time you purchase a franchise.

**ITEM 23.  
RECEIPTS**

The last 2 pages of this Disclosure Document are detachable documents acknowledging receipt of this Disclosure Document. Please sign both receipt pages and return one to us.

**EXHIBIT A  
STATE SPECIFIC ADDENDA  
TO DISCLOSURE DOCUMENT**

**NO WAIVER OR DISCLAIMER OF RELIANCE IN CERTAIN STATES**

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

**ADDENDUM TO  
CONQUER NINJA  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE  
STATE OF CALIFORNIA**

Notwithstanding anything to the contrary in the Conquer Ninja Franchise Disclosure Document, the following provisions shall supersede and apply to all Conquer Ninja franchises offered and sold to residents of the State of California or if the Gym will be located in California:

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.
2. THESE FRANCHISES WILL BE/HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE COMMISSIONER OF THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE, AND NOT MISLEADING.
3. Neither the franchisor nor any person or franchise broker in Item 2 of the disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C. Section 78a et seq., suspending or expelling such persons from membership in such association or exchange.
4. California Business and Professions Code, Sections 20000 through 20043, provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.
5. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).
6. The Franchise Agreement contains a covenant not to compete, which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
7. The Franchise Agreement requires that most claims be first submitted to nonbinding mediation at a site to be selected by the mediator, but which will be at least 200 miles from either of our offices and in a metro area having a population of at least 250,000 persons. Each of us must pay our own costs for attending the mediation, including each of us paying one-half the cost of the mediator. The Franchise Agreement requires binding arbitration. The arbitration will occur at Minneapolis, Minnesota, with the costs to be borne by each party. The Franchise Agreement also requires that any litigation under that agreement take place in Hennepin County, Minnesota with the costs to be borne by each party, but nothing prevents either of us from seeking recovery of our attorneys' fees from the court to the extent otherwise permitted by law.

8. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code, Section 20040.5, Code of Civil Procedure, Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside the State of California.
9. The Franchise Agreement requires application of the laws of the State of Minnesota. This provision may not be enforceable under California law.
10. California Corporations Code, Section 31125, requires us to give you a disclosure document approved by the Commissioner of Financial Protection and Innovation before we ask you to consider a material modification of your Franchise Agreement.
11. The franchisor has or will comply with all of the requirements under California Corporations Code, Section 31109.1, with respect to negotiated sales.
12. You must sign a general release if you renew or transfer your franchise. This provision may be unenforceable under California law. California Corporations Code, Section 31512, voids a waiver of your rights under the California Franchise Investment Law. California Business and Professions Code, Section 20010, voids a waiver of your rights under the California Franchise Relations Act.
13. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF OUR WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [www.dfpi.ca.gov](http://www.dfpi.ca.gov).
14. The Franchise Agreement contains a waiver of punitive damages provision, which may not be enforceable.
15. The California Department of Financial Protection and Innovation has imposed an impound requirement on us with respect to the Initial Franchise Fee you are required to pay us. To avoid an impound, we have agreed to a deferral of your obligation to pay the Initial Franchise Fee to us until you have opened for business. This fee deferral is contained in the Addendum to Conquer Ninja Franchise Agreement for the State of California that you will sign when you sign your Franchise Agreement.
16. Each provision of this addendum to the Disclosure Document shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of the California Franchise Investment Law are met independently without reference to this Addendum.



**ADDENDUM TO  
CONQUER NINJA  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE  
STATE OF MARYLAND**

Notwithstanding anything to the contrary in the Conquer Ninja Franchise Disclosure Document, the following provisions shall supersede and apply to all Conquer Ninja franchises offered and sold to residents of the State of Maryland or if the Gym will be located in Maryland:

1. Item 17 of the Disclosure Document is amended by the addition of the following language:

“Termination for bankruptcy filing may not be enforceable under the United States Bankruptcy Act, but we intend to enforce it to the extent enforceable.”
2. Items 17(c) and 17(m) of the Disclosure Document and the applicable sections of the Franchise Agreement are revised to provide that, pursuant to COMAR 02.02.08.16L, the general release required as a condition to renewal, sale, or consent to assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
3. Item 17(v) and (w) are modified by the insertion of the following:

“Any Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.”
4. The Franchise Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Registration and Disclosure Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.
5. Exhibit I (Franchisee Questionnaire) to the Franchise Disclosure Document and the Franchise Agreement are amended to add the following:

“All representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.”
6. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.
7. Each provision of this addendum to the Disclosure Document shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum.

**ADDENDUM TO  
CONQUER NINJA  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE  
STATE OF MINNESOTA**

Notwithstanding anything to the contrary in the Conquer Ninja Franchise Disclosure Document, the following provisions shall supersede and apply to all Conquer Ninja franchises offered and sold to residents of the State of Minnesota or if the Gym will be located in Minnesota:

1. Minnesota Statutes, Section 80C.21, and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties, or judgment notes. In addition, nothing in the Disclosure Document or agreement(s) can abrogate or reduce (a) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C; or (b) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
2. With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (a) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement; and (b) that consent to the transfer of the franchise will not be unreasonably withheld.
3. To the extent required by Minnesota Statutes, Chapter 80C, the franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols related to the trademarks or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the trademarks, provided the franchisee is using the names in marks in accordance with the Franchise Agreement.
4. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
5. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief.
6. With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.17, Subd. 5 with respect to limitation of claims.
7. Each provision of this addendum to the Disclosure Document shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of Minnesota Statutes, Chapter 80C, are met independently without reference to this Addendum.

**ADDENDUM TO  
CONQUER NINJA  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE  
STATE OF NEW YORK**

Notwithstanding anything to the contrary in the Conquer Ninja Franchise Disclosure Document, the following provisions shall supersede and apply to all Conquer Ninja franchises offered and sold to residents of the State of New York or if the Gym will be located in New York:

1. The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is to be added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” sections of Item 17(c), titled “**Requirements for franchisee to renew or extend,**” and Item 17(m), entitled “**Conditions for franchisor approval of transfer**”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”: You may terminate the agreement on any grounds available by law.
5. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York

**ADDENDUM TO  
CONQUER NINJA  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE  
STATE OF NORTH DAKOTA**

Notwithstanding anything to the contrary in the Conquer Ninja Franchise Disclosure Document, the following provisions shall supersede and apply to all Conquer Ninja franchises offered and sold to residents of the State of North Dakota or if the Gym will be located in North Dakota:

**THE NORTH DAKOTA SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC SECTION 51-19-09):**

- A. Restrictive Covenants:** Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06, without further disclosing that such covenants will be subject to the statute.
- B. Restrictions on Forum:** Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
- C. Liquidated Damages and Termination Penalties:** Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
- D. Applicable Laws:** Franchise Agreements that specify that they are to be governed by the laws of a state other than North Dakota.
- E. Waiver of Trial by Jury:** Requiring North Dakota Franchises to consent to the waiver of a trial by jury.
- F. Waiver of Exemplary & Punitive Damages:** Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.
- G. General Release:** Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.
- H. Limitation of Claims:** Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
- I. Enforcement of Agreement:** Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.
- J.** Each provision of this addendum to the Disclosure Document shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of North Dakota laws are met independently without reference to this Addendum.

**ADDENDUM TO  
CONQUER NINJA  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE  
STATE OF VIRGINIA**

Notwithstanding anything to the contrary in the Conquer Ninja Franchise Disclosure Document, the following provisions shall supersede and apply to all Conquer Ninja franchises offered and sold to residents of the State of Virginia or if the Gym will be located in Virginia:

1. Pursuant to the Virginia Retail Franchising Act, Section 13.1-564, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchise Act or the laws of Virginia, that provision may not be enforceable.
2. Each provision of this addendum to the Disclosure Document shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this Addendum.

**ADDENDUM TO  
CONQUER NINJA  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE  
STATE OF WISCONSIN**

Notwithstanding anything to the contrary in the Conquer Ninja Franchise Disclosure Document, the following provisions shall supersede and apply to all Conquer Ninja franchises offered and sold to residents of the State of Wisconsin or if the Gym will be located in Wisconsin:

1. The Wisconsin Fair Dealership Law applies to most franchise agreements in the state and prohibits termination, cancellation, non-renewal, or substantial change in competitive circumstances of a dealership agreement without good cause. The law further provides that 90 days' prior written notice of the proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is so cured the notice is void. The Disclosure Document and Franchise Agreement are hereby modified to state that the Wisconsin Fair Dealership Law, to the extent applicable, supersedes any provisions of the Franchise Agreement that are inconsistent with the law Wis.Stat.Ch.135, the Wisconsin Fair Dealership Law, § 32.06(3), Wis. Code.
2. Each provision of this addendum to the Disclosure Document shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of the Wisconsin Fair Dealership Law are met independently without reference to this addendum.

**EXHIBIT B  
LIST OF STATE AGENCIES AND  
AGENTS FOR SERVICE OF PROCESS**

<b>State</b>	<b>State Administrator</b>	<b>Agent for Service of Process</b>
California	Department of Financial Protection & Innovation 320 West 4 <sup>th</sup> Street, Suite 750 Los Angeles, California 90013-2344 (866) 275-2677	Commissioner of Department of Financial Protection & Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013-2344
Connecticut	Securities and Business Investment Division Connecticut Department of Banking 260 Constitution Plaza Hartford, Connecticut 06103-1800 (860) 240-8230	Banking Commissioner Connecticut Department of Banking Securities and Investments Division 260 Constitution Plaza Hartford, Connecticut 06103-1800
Florida	Department of Agriculture & Consumer Services Division of Consumer Services Plaza Level 10, The Capitol 400 South Monroe Street Tallahassee, Florida 32399-0800 (800) 435-7352	
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 205 Honolulu, Hawaii 96813 (808) 586-2744	Commissioner of Securities Department of Commerce and Consumer Affairs 335 Merchant Street, Room 205 Honolulu, Hawaii 96813
Illinois	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62701 (217) 782-4465	Illinois Attorney General 500 South Second Street Springfield, Illinois 62701



<b>State</b>	<b>State Administrator</b>	<b>Agent for Service of Process</b>
Indiana	Indiana Securities Division 302 West Washington Street, Room E 111 Indianapolis, Indiana 46204 (317) 232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204
Maryland	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 528-8662	Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020
Michigan	Michigan Department of Attorney General Consumer Protection Division Franchise Section G. Mennen Williams Building 525 W. Ottawa Street Lansing, Michigan 48909 (517) 335-7622	Michigan Department of Commerce Corporations, Securities & Commercial Licensing Bureau 2407 North Grand River Avenue Lansing, Michigan 48906
Minnesota	Minnesota Department of Commerce Securities Division 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1638	Minnesota Commissioner of Commerce Minnesota Department of Commerce Securities Division 85 7th Place East, Suite 280 St. Paul, Minnesota 55101
New York	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21 <sup>st</sup> Floor New York, New York 10005 (212) 416-8222	Secretary of State 99 Washington Avenue Albany, New York 12231
North Dakota	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fifth Floor Bismarck, North Dakota 58505-0510 (701) 328-2910	North Dakota Securities Commissioner North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fifth Floor Bismarck, North Dakota 58505- 0510

<b>State</b>	<b>State Administrator</b>	<b>Agent for Service of Process</b>
Rhode Island	Rhode Island Department of Business Regulation Division of Securities Regulation John O. Pastore Center – Building 69-1 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9500	Director of Rhode Island Department of Business Regulation John O. Pastore Center – Building 69-1 1511 Pontiac Avenue Cranston, Rhode Island 02920
South Carolina	Secretary of State P.O. Box 11350 Columbia, South Carolina 29211 (803) 734-2166	
South Dakota	Department of Labor & Regulation Division of Securities 124 S. Euclid Avenue, 2 <sup>nd</sup> Floor Pierre, South Dakota 57501 (605) 773-3563	Director of South Dakota Division of Securities 124 S. Euclid Avenue, 2nd Floor Pierre, South Dakota 57501
Virginia	State Corporation Commission Division of Securities and Retail Franchising Tyler Building, Ninth Floor 1300 E. Main Street Richmond, Virginia 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219
Washington	Department of Financial Institutions Securities Division PO Box 9033 Olympia, Washington 98507 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, Washington 98501
Wisconsin	Wisconsin Dept. of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705 (608) 266-8557	Wisconsin Commissioner of Securities 201 West Washington Avenue, Suite 300 Madison, Wisconsin 53703

**EXHIBIT C  
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**EXHIBIT D  
LIST OF OUTLETS**

Affiliate-owned Outlets as of December 31, 2022:

<b>State</b>	<b>City</b>	<b>Address</b>	<b>Phone Number</b>
Arizona	Scottsdale	Conquer Ninja Arizona Scottsdale LLC 7624 East Redfield, Suite 150 Scottsdale, AZ 85260	480-613-4513
Arizona	Queens Creek	Conquer Ninja Arizona, LLC 18395 A 186 <sup>th</sup> Way, Suite 104 Queens Creek, AZ 85142	480-613-4513
Minnesota	Burnsville	3203 Corporate Center Dr., Suite 180 Burnsville, MN 55306	952-378-1285
Minnesota	Eden Prairie	7000 Washington Ave. S Eden Prairie, MN 55344	952-378-1285
Minnesota	Woodbury	707 Commerce Dr., Suite 120 Woodbury, MN 55125	952-378-1285

Franchised Outlets as of December 31, 2022:

<b>State</b>	<b>City</b>	<b>Franchisee Name and Address</b>	<b>Phone Number</b>
Arizona (Note 1)	Chandler	Where the Light Is, LLC 1820 E. Indigo Drive Chandler, AZ 85286	602-790-9612
Florida (Note 1)	Orlando	Eriberto Lopez and Kelly Lopez 4958 Parkview Drive St Cloud, FL 34771	407-470-3121
Minnesota	Blaine	Blaine Ninjas LLC 1467 101st Ave. NE Blaine, MN 55449	952-378-1285
Minnesota (Note 1)	Rosemount	Irish Ninja CSG LLC 13583 Athena Way Rosemount, MN 55068	651-707-5997
North Dakota	Fargo	Four Ninjas Fargo, LLC 775 Riverbend Road Oxbow, ND 58047-5016	701-232-6652

Note 1. These locations have not yet been opened as of the date of this Disclosure Document.

**LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM**

<b>Franchisee Name</b>	<b>Location</b>	<b>Phone Number</b>
MTC FITNESS LLC	St. Paul, Minnesota	952-378-1285

**EXHIBIT E**  
**FINANCIAL STATEMENTS**





LLP

Certified Public Accountants and Business Consultants

Member of American Institute of Certified Public Accountants and California Society of Public Accountants

Participant in Quality Review Program of AICPA

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### CONSENT

GTL, LLP agrees to the inclusion in the Franchise Disclosure Document issued by Conquer Franchising, LLC. ("Franchisor") on June 7, 2023, as it may be amended, of our report dated June 7, 2023, relating to the financial statements of Franchisor for the period ended December 31, 2022.

GTL, LLP

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GTL, LLP

# **CONQUER FRANCHISING, LLC**

## FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2022, 2021, AND 2020

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**LLP**

Certified Public Accountants and Business Consultants

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Participant in Quality Review Program of AICPA

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## INDEPENDENT AUDITOR'S REPORT

To the Managing Member  
Conquer Franchising, LLC  
Burnsville, Minnesota

### Opinion

We have audited the accompanying financial statements of Conquer Franchising, LLC ("the Company"), a Minnesota limited liability company, which comprises the balance sheets as of December 31, 2022, 2021 and 2020, and the related statements of income (operations) and Changes in members' equity (deficit), and cash flows and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Emphasis of Matter

As discussed in Note 4 to these financial statements, on March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The ultimate financial impact and duration of these events cannot be reasonably estimated at this time. Our opinion is not modified with respect to that matter.

### Responsibilities of Management for the Financial Statements

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

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

## INDEPENDENT AUDITOR'S REPORT (CONT'D)

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

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

#### In performing an audit in accordance with generally accepted auditing standards, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Conquer Franchising, LLC's ability to continue as a going concern for a reasonable period of time.

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



Certified Public Accountants  
Sherman Oaks, California  
June 7, 2023

**CONQUER FRANCHISING, LLC**  
**Balance Sheets**  
**December 31, 2022, 2021 and 2020**

	ASSETS		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Current assets			
Cash	\$ 22,752	\$ 77,304	\$ 105,718
Accounts receivable	<u>44,000</u>	<u>37,000</u>	<u>35,000</u>
Total Assets	<u>\$ 66,752</u>	<u>\$ 114,304</u>	<u>\$ 140,718</u>

	LIABILITIES AND MEMBERS' DEFICIT		
Current Liabilities			
Current portion of deferred franchise fees	\$ -	\$ 5,833	\$ 4,375
Accounts payable	<u>100</u>	<u>-</u>	<u>-</u>
Total Current Liabilities	100	5,833	4,375
Deferred franchise fees	75,000	99,792	65,625
Due to related party	<u>12,500</u>	<u>12,500</u>	<u>77,500</u>
Total Liabilities	87,600	118,125	147,500
Members' deficit	<u>(20,848)</u>	<u>(3,821)</u>	<u>(6,782)</u>
Total Liabilities and Members' Deficit	<u>\$ 66,752</u>	<u>\$ 114,304</u>	<u>\$ 140,718</u>

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

**CONQUER FRANCHISING, LLC**

**Statements of Income (Operations) and Changes in Members' Equity (Deficit)**

**For the Years Ended December 31, 2022, 2021 and 2020**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Revenue			
Royalties	\$ 36,818	\$ 23,890	\$ 6,848
Marketing fees	87,439	63,239	2,935
Franchise fees	30,626	4,375	-
Management fees	20,020	-	2,396
Technology fees	1,650	1,700	1,200
	<u>176,553</u>	<u>93,204</u>	<u>13,379</u>
Operating expenses			
Marketing and advertising	95,222	50,009	8,424
General and administrative	98,358	40,234	16,665
	<u>193,580</u>	<u>90,243</u>	<u>25,089</u>
Total operating expenses			
	<u>193,580</u>	<u>90,243</u>	<u>25,089</u>
Net income (loss)	(17,027)	2,961	(11,710)
Members' equity (deficit), beginning of year	<u>(3,821)</u>	<u>(6,782)</u>	<u>4,928</u>
Members' (deficit), end of year	<u><u>\$ (20,848)</u></u>	<u><u>\$ (3,821)</u></u>	<u><u>\$ (6,782)</u></u>

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

**CONQUER FRANCHISING, LLC**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2022, 2021 and 2020**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Cash flows from operating activities			
Net income (loss)	(17,027)	\$ 2,961	\$ (11,710)
Adjustments to reconcile net income (loss) to net cash (used-in) provided by operating activities			
Changes in operating assets and liabilities			
Accounts receivable	(7,000)	(2,000)	(35,000)
Deferred franchise fees	(30,625)	35,625	70,000
Accounts payable	100	-	-
Due to related party	-	(65,000)	30,000
Net cash (used-in) provided by operating activities	<u>(54,552)</u>	<u>(28,414)</u>	<u>53,290</u>
Net (decrease) increase in cash	(54,552)	(28,414)	53,290
Cash, beginning of year	<u>77,304</u>	<u>105,718</u>	<u>52,428</u>
Cash, end of year	<u>\$ 22,752</u>	<u>\$ 77,304</u>	<u>\$ 105,718</u>

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



**CONQUER FRANCHISING, LLC**  
**Notes to Financial Statements**  
**December 31, 2022, 2021 and 2020**

**1. NATURE OF OPERATIONS**

Conquer Franchising, LLC (a Minnesota Limited Liability Company) (the "Company") was formed in June 2018 as a franchisor of obstacle course franchises. As of December 31, 2022 the Company has sold 6 franchises, 2 of which are open.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Fiscal year

The Company's fiscal year is December 31.

Basis of accounting and financial statement presentation

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United State of America.

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.

Cash and cash equivalents

The Company considers cash on hand, bank checking accounts and investments purchased with a maturity of three months or less to be cash equivalents.

Concentrations

The Company's bank balances may exceed the FDIC-insured limits. The Company does not anticipate any loss related to these balances.

Accounts receivable

Accounts receivable represents unpaid franchise fees. Management believes the amount is fully collectible.

**CONQUER FRANCHISING, LLC**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Revenue recognition

On January 1, 2020, the Company adopted the revenue recognition policy in accordance with the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-9, *Revenue from Contracts with Customers* (Topic 606) (codified as ASC 606). ASC 606 is based upon the principle that revenue is recognized to depict the contractual transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services utilizing a five-step revenue recognition model, which steps include (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation. There was no financial impact to the Company's financial statements when implementing ASC 606.

Deferred commissions for sales of franchises are recorded at the time of sale and recognized as commission expense over the term of the franchise agreement.

Franchise fees are deferred until the particular franchisee commences operations and franchise fee income is recognized pro-rata over the term of the agreement. Pre-opening costs incurred will be netted with the deferred franchise fees and will be recognized when the franchisee commences operations.

Royalty and marketing fees are recognized when received as a percentage (usually 7% for royalties and 3% for marketing fees) of franchisee sales. In addition, franchisees are obligated to pay a technology fee of \$150 per month plus \$50 per each additional website notification beyond 1 per month.

Advertising Costs

The Company expenses advertising costs as they are incurred. Advertising costs totaled \$95,222, \$50,009 and \$8,424 for the years ended December 31, 2022, 2021 and 2020, respectively.

**CONQUER FRANCHISING, LLC**  
**Notes to Financial Statements**  
**December 31, 2022, 2021 and 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Income taxes

The Company is organized as a limited liability company that is taxed as a partnership under the Internal Revenue Code and applicable state statutes. The profits and losses of the Company flow through to the members on a pro-rata basis. Accordingly, the Company will have no tax liability.

The Company has not been audited by the Internal Revenue Service or other state agencies. Management has evaluated its tax positions and has concluded that they do not result in anything that would require either recording or disclosure in the financial statements.

The Company's federal and state income tax returns for 2018 and subsequent remain open for examination by the Internal Revenue Service and state taxing authorities.

**3 DUE TO RELATED PARTIES**

Due to related party of \$12,500, \$12,500 and \$77,500 at December 31, 2022, 2021 and 2020, respectively, are unsecured, noninterest bearing and due upon demand. Management does not anticipate payment for more than 12 months, thus these have been classified as long-term in these financial statements.

The Company subleases office space from a related party on a month-to-month basis. Rent expense was \$32,797, \$17,850 and \$7,650 for the years ended December 31, 2022, 2021 and 2020, respectively.

**4 SUBSEQUENT EVENTS AND EMPHASIS OF MATTER**

Management has evaluated subsequent events through June 7, 2023, the date which the financial statements were available to be issued.

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The ultimate financial impact and duration of these events and the potential impact on the Company cannot be reasonably estimated at this time.

# Conquer Franchising LLC

## Balance Sheet

As of May 31, 2023

	TOTAL
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
Checking 4510	17,683.66
Escrow 6985	9,415.00
Franchise Sales x5430	1,070.91
Marketing 6952	2,310.91
<b>Total Bank Accounts</b>	<b>\$30,480.48</b>
Accounts Receivable	
Accounts Receivable	49,885.29
<b>Total Accounts Receivable</b>	<b>\$49,885.29</b>
Other Current Assets	
Irish Ninja's	20,398.70
Undeposited Funds	0.00
<b>Total Other Current Assets</b>	<b>\$20,398.70</b>
<b>Total Current Assets</b>	<b>\$100,764.47</b>
Other Assets	
Accumulated Amortization	0.00
Intangible Asset	0.00
<b>Total Other Assets</b>	<b>\$0.00</b>
<b>TOTAL ASSETS</b>	<b>\$100,764.47</b>
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	0.00
<b>Total Accounts Payable</b>	<b>\$0.00</b>
Other Current Liabilities	
Deferred Franchise Fees	105,625.00
Due To Related Party	12,500.00
<b>Total Other Current Liabilities</b>	<b>\$118,125.00</b>
<b>Total Current Liabilities</b>	<b>\$118,125.00</b>
<b>Total Liabilities</b>	<b>\$118,125.00</b>
Equity	
Fun Entertainment Equity	0.00
Ragged Rock Equity	0.00
Retained Earnings	-51,473.70
Net Income	34,113.17
<b>Total Equity</b>	<b>\$ -17,360.53</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$100,764.47</b>

**EXHIBIT F**  
**FRANCHISE AGREEMENT, GUARANTY, GENERAL RELEASE, TRANSFER FORM, AND**  
**STATE SPECIFIC ADDENDA TO FRANCHISE AGREEMENT**

**CONQUER NINJA FRANCHISE AGREEMENT**

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**ATTACHMENTS**

- Guaranty
- Franchise Assignment, Sale, and Transfer to Entity Owned By Original Franchisee
- General Release
- State Specific Addenda to Franchise Agreement

## CONQUER NINJA FRANCHISE AGREEMENT

This **CONQUER NINJA FRANCHISE AGREEMENT** ("Agreement") is made as of the "Effective Date" set forth on the Rider attached hereto (the "Rider"), by and between CONQUER FRANCHISING, LLC, a Minnesota limited liability company ("Franchisor"), and the "Franchisee" set forth on the Rider ("Franchisee").

### INTRODUCTION

Franchisor and its affiliates have developed certain policies, procedures, and techniques, for the operation of a business designed specifically for use by adults and children 5 years and older that contains age-appropriate obstacle course equipment and safety equipment to create an activity-based entertainment and fitness facility operated under the Conquer Ninja name, and offer fitness training classes, open gym sessions, group and party rentals, and related products and services. Franchisor desires to grant to qualified persons franchises to use the concepts, programs, and methods of promotion developed by Franchisor and its affiliates to develop and operate a Conquer Ninja athletics business. Franchisee has applied to Franchisor for a franchise and the application has been approved by Franchisor in reliance on all the representations made in the application.

NOW, THEREFORE, in consideration of the mutual promise of the parties hereto, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

#### 1 DEFINITIONS

Capitalized terms used in this Agreement have the meanings given below:

- (a) "Competitive Business" shall mean any business or other venture that holds itself out as providing obstacles or obstacle courses.
- (b) "Designated Territory" shall mean the area described as such and identified in the Rider.
- (c) "Franchise" shall mean the right granted to Franchisee by Franchisor to use the System of Operation and to use the Names and Marks selected, used, and promoted by Franchisor to operate a business designed specifically for use by individuals 5 years and older that contains age-appropriate obstacle course equipment and safety equipment designed by Franchisor to create an activity-based entertainment and fitness facility that offers fitness training classes, open gym sessions, group and party rentals, and related products and services.
- (d) "Franchised Business" shall mean the business franchised under this Agreement to operate using the System of Operation and the Names and Marks.
- (e) "Gross Sales" shall mean the total amount of revenues, income, receipts, and other fees received from all business activities taking place by or through the Franchised Business, including, all amounts received from Franchisee's sale of products and services whether made at or away from the Franchised Business, and all other services and products, if any, sold under the Names and Marks, or otherwise related to the Franchised Business. Excluded from Gross Sales are customer refunds Franchisee actually makes

and amounts collected by Franchisee and remitted by Franchisee to any governmental taxing authority in satisfaction of sales or occupation taxes.

(f) The term “including” shall mean “including, but not limited to.”

(g) “Names and Marks” shall mean the commercial trade names, trademarks, service marks, domain names, and other commercial symbols, including associated logos, now or hereafter selected, used or promoted by Franchisor and licensed to Franchisee for use in connection with the System of Operation.

(h) “Restricted Area” shall mean the Designated Territory, a radius of thirty (30) miles from the Designated Territory, and a radius of thirty (30) miles from any other Conquer Ninja athletics business in existence as of the date of termination, expiration, or assignment of this Agreement.

(i) “System of Operation” shall mean the business plans and methods developed by Franchisor and its affiliates to be used in connection with the operation of an athletics business designed specifically for use by individuals 5 years and older that contains age-appropriate obstacle course equipment and safety equipment designed by Franchisor, and that offers fitness training classes, open gym sessions, group and party rentals, and related products and services. The “System of Operation” includes standards, specifications, methods, procedures, techniques, and management systems, all of which may be changed, improved, and further developed from time to time by Franchisor, but specifically excludes any employee policies or procedures that Franchisor may make available to Franchisee for its optional use during the Term of the Franchise.

(j) “Term of the Franchise” shall mean the initial term of the Franchise.

## 2 GRANT OF FRANCHISE; RENEWAL OF FRANCHISE

(a) **Grant of Franchise; Initial Term.** Subject to the provisions of this Agreement, Franchisor grants to Franchisee a Franchise for an initial term of seven (7) years, commencing on the date of this Agreement, to utilize the System of Operation in the operation under the Names and Marks of a gym designed specifically for use by individuals 5 years and older that contains age-appropriate obstacle course equipment and safety equipment designed by Franchisor, and that offers fitness training classes, open gym sessions, group and party rentals, and related products and services.

(b) **Renewal.** Franchisee may renew the Franchise for an additional term of seven (7) years, subject to the satisfaction of all conditions imposed by Franchisor upon renewal, including those set forth in Section 2(c).

(c) **Conditions.** Franchisee must satisfy such conditions for renewal as Franchisor may impose, including that upon expiration of the Term of the Franchise, Franchisee shall have:

(1) complied with all provisions of this Agreement;

(2) operated the Franchised Business utilizing and conforming to the System of Operation;



- (3) utilized exclusively the Names and Marks in the operation of the Franchised Business;
- (4) upgraded the Franchised Business, including equipment, to meet Franchisor's then-current standards;
- (5) provided Franchisor with evidence of control of the premises for the Franchised Business for the renewal term;
- (6) provided Franchisor at least two hundred ten (210) days prior written notice of its election to renew the Franchise; and
- (7) Within thirty (30) days after delivery to Franchisee of all agreements and documents required by Franchisor for renewal: (a) executed Franchisor's then current form of franchise agreement offered to prospective new franchisees and all other agreements and legal instruments and documents then customarily employed by Franchisor in the grant of Franchises to prospective new franchisees, including a general release; and (b) paid to Franchisor a renewal fee equal to twenty-five percent (25%) of Franchisor's then-current Initial Franchise Fee.

(d) **Renewal Acknowledgments.** Franchisee acknowledges that the right of renewal set forth herein does not give Franchisee the right to renew any specific provisions of this Agreement, and Franchisee recognizes that the terms of franchise agreements utilized by Franchisor upon renewal are likely to be substantially different than the terms offered by Franchisor as of the date hereof. Franchisee further acknowledges that the failure to meet any conditions of renewal imposed by Franchisor, including those set forth herein, shall be deemed an election by Franchisee not to renew the Franchise.

(e) **Holdover.** If Franchisee does not sign a new franchise agreement prior to expiration of the Term of the Franchise, and Franchisee continues to accept the benefits of this Agreement after the expiration of this Agreement, then at the option of Franchisor this Agreement shall be deemed to: (1) have expired as of the date of its stated expiration, with Franchisee then operating without a Franchise to do so and in violation of Franchisor's rights; or (2) be continuing on a month-to-month basis (the "Interim Period") until one party provides the other with written notice of such party's intention to terminate the Interim Period, in which case the Interim Period will terminate thirty (30) days after receipt of the notice to terminate the Interim Period. Notwithstanding anything set forth herein to the contrary, all obligations of Franchisee shall remain in full force and effect during the Interim Period as if the Term of the Franchise had not expired and all obligations and restrictions imposed on Franchisee upon expiration of this Agreement shall be deemed to take effect upon termination of the Interim Period.

### 3 LOCATION; CONSTRUCTION

(a) **Location.** Franchisor shall provide general guidelines to Franchisee upon execution of this Agreement for the selection of potential locations for the Franchised Business. Franchisee shall operate the Franchised Business from a location approved by Franchisor. It shall be the responsibility of Franchisee to identify prospective sites for the Franchised Business and to obtain Franchisor's approval of any proposed site for the Franchised Business before obtaining possession of the site, but in no event later than ninety (90) days after the execution of this Agreement. Franchisor reserves the right to

review and approve any lease or sublease for the location of the Franchised Business. Upon approval of the location of the Franchised Business, Franchisor shall complete the Rider indicating the address of the Franchised Business and the Designated Territory, Franchisee and Franchisor shall execute the Rider, and Franchisee shall secure possession of the location for the Franchised Business. Franchisee shall not use the Franchised Business to operate any business other than the Franchised Business. Franchisee may not operate the Franchised Business from more than one (1) location.

(b) **Design.** Franchisor shall provide to Franchisee a sample layout for the interior of a typical Conquer Ninja athletics business, including a set of typical preliminary plans for obstacle course equipment and safety equipment and décor specifications. Franchisee shall, at its own expense, employ architects, engineers, or others as may be necessary to complete, adapt, and modify the sample plans and specifications for the Franchised Business to fit the location. Franchisee shall submit to Franchisor a complete set of final plans and specifications prior to commencing construction of the Franchised Business. Franchisor shall review such plans and specifications and approve or provide comments to Franchisee on the plans and specifications. Franchisee shall not commence construction of the Franchised Business until Franchisor approves in writing the final plans and specifications to be used in constructing the Franchised Business. Franchisor may consult with Franchisee, to the extent that Franchisor deems necessary, on the construction and equipping of the Franchised Business, but it shall be and remain the sole responsibility of Franchisee to diligently design, construct, equip, and otherwise ready and open the Franchised Business on a timely basis.

(c) **Construction Obligations of Franchisee; Opening.** Franchisee shall use a licensed general contractor satisfactory to Franchisor to perform construction work at the Franchised Business. Franchisor shall not be responsible for delays in the construction, equipping, or decoration of the Franchised Business or for any loss resulting from the design or construction since Franchisor has no control over the landlord or contractor or the numerous construction and/or related problems which could occur and delay the opening of the Franchised Business. Franchisor must approve in writing any and all changes in any plans prior to construction of the Franchised Business or the implementation of such changes. Franchisor shall have access to the location of the Franchised Business while work is in progress and may require such reasonable alterations or modifications of the construction of the Franchised Business as Franchisor deems necessary. Franchisee shall not open the Franchised Business if the Franchised Business does not conform to the plans and specifications approved by Franchisor, including changes thereof approved by Franchisor. Franchisee shall correct any unauthorized variance from the approved plans and specifications promptly, and open the Franchised Business within one hundred eighty (180) days after the date of this Agreement.

(d) **Fixtures, Leasehold Improvements, and Equipment.** Franchisor shall provide to Franchisee specifications for leasehold improvements, fixtures, and equipment for the Franchised Business. All leasehold improvements used in the Franchised Business shall be constructed according to the exact specifications of Franchisor in effect at the time the improvements are made. All equipment installed in the Franchised Business must also meet the exact specifications of Franchisor, including brand and model number, where designated.

(e) **Obstacle Course.** Following approval by Franchisor of the interior layout of the Franchised Business, Franchisor shall design the initial obstacle course to be installed in the Franchised Business, and shall identify the obstacle course equipment and safety equipment to be included therein. At such time as may be required by Franchisor, Franchisee shall place an order for all such equipment and execute such other agreements as may be required by Franchisor in connection with the purchase and installation of such equipment.

(f) **Exterior and Interior Signs.** All signs used in the Franchised Business must conform to Franchisor's sign criteria as to type, color, size, design, and location. All signs must be approved in writing by Franchisor prior to installation.

(g) **Alterations.** During the Term of the Franchise, the floor plan, interior and exterior design, obstacle course, and equipment of the Franchised Business shall not be altered or modified, without the prior written approval of Franchisor.

(h) **Modernization.** Franchisee shall be required to periodically make reasonable capital expenditures to remodel, modernize, and re-decorate the Franchised Business so that the premises reflect the current image intended to be portrayed by Conquer Ninja locations. All remodeling, modernization, and redecoration of the Franchised Business must be done in accordance with the standards and specifications prescribed by Franchisor from time to time and with the prior written approval of Franchisor. All replacements must conform to Franchisor's then-current quality standards and specifications and must be approved by Franchisor in writing. Franchisor may inspect, but shall not be obligated to inspect, such work at any time to determine that the work is done in accordance with Franchisor's approved plans and specifications. In addition to the remodel that may be required at the time of renewal, Franchisor may require Franchisee to remodel, modernize, and re-decorate the Franchised Business at any time during the Term of the Franchise.

(i) **Franchise Advertising.** Franchisor may require Franchisee to display signage in the Franchised Business advertising Franchisor's franchises for sale. Franchisor shall pay for any such signage. Franchisee shall, at all times, place and maintain such signage at the location inside its Franchised Business as Franchisor may designate from time to time.

(j) **Relocation.** During the Term of the Franchise, Franchisee shall not change the site of the Franchised Business without Franchisor's prior written consent, which consent shall not be unreasonably withheld; provided, however, if Franchisor approves a change in the location of the Franchised Business, Franchisor may also change the Designated Territory to conform to its then-current standards for the grant of similar territories. If Franchisee desires to operate the Franchised Business from a location other than that indicated in the Rider, and Franchisor approves the new location, Franchisee authorizes Franchisor to amend the Rider to change the location to the address of the new site approved by Franchisor. A written request for relocation, stating the proposed new location, must be received by us at least sixty (60) days before the date of intended relocation. As a condition to any proposed relocation, Franchisee must pay Franchisor (i) a relocation fee of One Thousand Dollars (\$1,000) at the time Franchisee submits its request to relocate (the "Relocation Fee"), and (ii) any expenses incurred by Franchisor related to the relocation request and/or the relocation. If Franchisor does not approve Franchisee's relocation request, Franchisor shall refund the Relocation Fee.

#### 4 DESIGNATED TERRITORY

(a) **Designated Territory.** During the Term of the Franchise, and provided that Franchisee is not in default under this Agreement or any other agreement between Franchisor and Franchisee or any affiliate of Franchisor, Franchisor will not grant to anyone else a Franchise to operate, and will not itself operate, under the Names and Marks, an athletics business featuring primarily obstacle course equipment that is physically located in the Designated Territory, except as provided below. Franchisee acknowledges that the foregoing restrictions do not prevent Franchisor or its affiliates from any activity not specifically set forth in such restrictions, including:

(1) Operating, or allowing others to operate, similar or identical businesses physically located in the Designated Territory, whether under the Names and Marks or other trade or service marks, that are located in self-contained areas serving a restricted or limited population (including at corporate campuses or hospitals) even if the businesses compete with the Franchised Business;

(2) Operating, or allowing others to operate, similar or identical businesses physically located outside the Designated Territory, whether under the Names and Marks or other trade or service marks, even if the businesses compete with the Franchised Business;

(3) Operating, or allowing others to operate, businesses inside the Designated Territory under the Names and Marks or other trade or service marks that do not include obstacle courses;

(4) Selling products to third parties even if such products are sold or provided to Franchisee for use in the Franchised Business, whether located in the Designated Territory or otherwise and whether under the Names and Marks or other trade or service marks;

(5) Selling goods or services, or granting others the right to sell goods or services, similar to or competitive with those sold by the Franchised Business, whether using the Names and Marks or other trade or service marks, through other distribution channels (including the Internet, smart phone or other digital applications, catalog sales, telemarketing, or other direct marketing) both inside and outside the Designated Territory;

(6) Acquiring businesses that are similar to the Franchised Business; or

(7) The sale of Franchisor or substantially all of its assets, to any third party regardless whether such third party operates, or franchises the operation of, businesses similar to the Franchised Business.

(b) **Acknowledgments.** Franchisee acknowledges: (1) that the restrictions set forth in this Section 4 do not prevent Franchisor or its affiliates from any activity not specifically set forth in such restrictions; (2) Franchisor cannot prevent another Conquer Ninja gym from soliciting customers inside Franchisee's Designated Territory; and (3) Franchisee is not prohibited from soliciting customers located outside of its Designated Territory.

## 5 INITIAL FRANCHISE FEE; ROYALTY FEE; TECHNOLOGY FEE

(a) **Initial Franchise Fee.** In consideration for the grant of the Franchise to Franchisee, Franchisee shall pay to Franchisor the “Initial Franchise Fee” set forth on the Rider. The Initial Franchise Fee shall be due and payable upon execution of this Agreement. The Initial Franchise Fee shall be deemed to have been earned by Franchisor at the time it is due, and shall not be refundable.

(b) **Royalty Fee.** On or before Wednesday of each calendar week, Franchisee shall pay to Franchisor a weekly nonrefundable royalty fee of seven percent (7%) of the Gross Sales (the “Royalty Fee”) of the Franchised Business from the prior calendar week (Monday to Sunday). The Royalty Fee shall be due and payable beginning on the Wednesday following the first full calendar week after the commencement of operation of the Franchised Business for the prior full calendar week and any prior partial calendar week, and continuing thereafter for each subsequent calendar week.

(c) **Technology Fee.** Franchisee shall pay to Franchisor (or its designee) its monthly, nonrefundable, then-current technology fee (“Technology Fee”) for the license and ongoing support for email hosting, website maintenance, and for such other technology as Franchisor may designate or license for Franchisee’s use in the Franchised Business. This Technology Fee may change from time to time. If Franchisor does not directly provide these services, Franchisee may be required to sign a separate agreement with a designated provider of these services (which may be an affiliate of Franchisor).

## 6 MARKETING AND PROMOTION

(a) **Grand Opening Advertising.** Franchisee shall pay Franchisor Fifteen Thousand Dollars (\$15,000) at the time Franchisee obtains possession of the location of the Franchised Business under Section 3(a), which amount Franchisor will use to advertise the opening of the Franchised Business via local marketing campaigns and promotional programs and Internet advertising and Internet search engine campaigns. The grand opening advertising fee is non-refundable.

(b) **Marketing Contribution.** On or before Wednesday of each calendar week, Franchisee shall pay to Franchisor a weekly nonrefundable marketing contribution of three percent (3%) of the Gross Sales (the “Marketing Contribution”) of the Franchised Business from the prior calendar week (Monday to Sunday). The Marketing Contribution shall be due and payable beginning on the Wednesday following the first full calendar week after the commencement of operation of the Franchised Business for the prior full calendar week and any prior partial calendar week, and continuing thereafter for each subsequent calendar week.

(c) **Use of System Brand Fund.** Franchisor will deposit Marketing Contributions received from Franchisee into a system-wide brand fund (the “System Brand Fund”). Reasonable disbursements from the System Brand Fund shall be made for the payment of expenses incurred by Franchisor in connection with the general promotion of the Names and Marks, including: (1) development and production of advertising, marketing, and promotional materials; (2) the cost of formulating, developing, and implementing advertising and marketing campaigns, including Internet advertising and Internet search engine campaigns and the cost to maintain and update Franchisor’s or its affiliates’ websites, web pages, social media and social networking sites, profiles and accounts, and

search engine optimization; (3) the cost of formulating, developing, and implementing promotional and public relations programs, including advertising in trade publications; (4) market research; and (5) the reasonable cost of administering the System Brand Fund, including professional fees, the cost of salaries and fringe benefits paid to Franchisor's employees engaged in administration of the System Brand Fund and creative services, and overhead allocated to advertising activities. All interest, if any, earned by the System Brand Fund shall be used for the payment of the foregoing expenses before application of any principal to those expenses. Methods, media employed, contents of advertising, and terms and conditions of advertising campaigns and promotional programs shall be within the sole discretion of Franchisor. Franchisor reserves the right to engage the professional services of an advertising agency owned by, or affiliated with, Franchisor or any of its principals, to assist in developing and/or placing advertising, and to compensate that agency. Disbursements from the System Brand Fund shall not be made for the production or placement of advertising that is principally for the purpose of marketing franchise licenses. Franchisor reserves the right to dissolve the System Brand Fund but will not do so until all the monies in the System Brand Fund have been expended.

(d) **Local Marketing.** Franchisee shall spend not less than 1% of the annual Gross Sales of the Franchised Business on advertising and marketing campaigns and promotional programs implemented by Franchisee that are designed primarily to promote the Franchised Business ("Local Marketing").

(1) Prior to using any marketing or promotional materials, advertisements, or other advertising not prepared by or at the direction of Franchisor, Franchisee shall submit such items to Franchisor for its prior approval. If Franchisor does not object to the use of such materials by Franchisee within fifteen (15) days after its receipt of such materials, they shall be deemed to have been approved. However, Franchisor may revoke approval of any previously approved materials at any time.

(2) Within fifteen (15) days following the end of each calendar year, Franchisee shall submit to Franchisor an itemized listing of all Local Marketing conducted by Franchisee in the previous year, including the cost of such marketing. If the total amount expended by Franchisee was less than 1% of the Gross Sales of the Franchised Business, then with this report, Franchisee shall remit to Franchisor the differential, which the Franchisor will contribute to the System Brand Fund, and which monies shall be used as set forth in Section 6(c), as if they had been Marketing Contributions contributed directly to the System Brand Fund.

(e) **Marketing Supplies and Materials.** Franchisor has no obligation to create marketing materials for use by Franchisee in conducting Local Marketing. However, Franchisor may from time to time produce and make such materials available to Franchisee to purchase at such prices as are set by Franchisor from time to time. Any alterations, other than the insertion of the name and address of the Franchised Business, and the prices charged by Franchisee, must be approved by Franchisor prior to use. Ownership and rights, whether in the nature of copyrights or otherwise, in and to any altered or modified marketing materials or reproductions of Franchisor's marketing materials, shall vest in Franchisor and Franchisor shall be free to use and to offer others the use of any of the foregoing materials without restriction.

(f) **Website.** Franchisor shall, for as long as Franchisor or its affiliate operates a website, provide Franchisee a subpage (or provide site-specific information about the

Franchised Business) within Franchisor's or its affiliate's website wherein Franchisee may advertise its Franchised Business. This subpage shall be a template and Franchisee shall be responsible for providing content. The Technology Fee will include one requested website modification per month, however, Franchisee must pay Franchisor's then-current charges for additional modifications. Any and all content and any changes to the same must be approved by Franchisor prior to being made and the subpage may contain only such information as Franchisor may approve from time to time. Other than this subpage, Franchisee shall not establish or maintain, or have established or maintained on its behalf, either alone or in concert with others, any other electronic medium or method of communication, including a website, home page, HTML document, Internet site, web page, or social media or social networking site, hashtag, profile, account or username relating to or making reference to Franchisor or the Franchised Business (each, a "Social Media Site"), unless otherwise approved in writing by Franchisor. Franchisee may not use all or part of any of the Names and Marks, or any similar name, word, symbol, or variant thereof, in a domain name, email address, account name, username, profile, or URL. Franchisor reserves the right at any time, in its sole discretion, to require Franchisee to remove, delete, or modify any Social Media Site, or any information, content, or post thereon. Franchisor will retain sole ownership of any Social Media Site, as well as any domain name related thereto and all content thereon, which includes all or a portion of any of the Names and Marks, or any word, phrase, or symbol confusingly similar thereto or variant thereof, as part of the domain name, username, account name, profile, or page reference.

(g) **Advertising Cooperative.** At such time as Franchisor in its sole discretion may determine, Franchisee shall join an advertising cooperative made up of other Conquer Ninja gyms (the "Local Cooperative"), as determined by Franchisor. In such event, Franchisee shall be required to participate in the Local Cooperative on the terms and conditions required by Franchisor. Franchisor shall have the right to modify or dissolve any Local Cooperative at any time. Franchisee's required contributions to a Local Cooperative shall not exceed Franchisee's required spending on Local Marketing, and any contributions by Franchisee to a Local Cooperative shall be credited to Franchisee's required spending on Local Marketing.

(h) **Photos of the Franchised Business.** Franchisor shall have the right to photograph the Franchised Business's exterior and interior, and to use these photographs in any advertising or promotional material. Franchisor shall not be obligated to compensate Franchisee in any way for use of the Franchised Business in any advertising or other promotional material. Franchisee shall cooperate in securing photographs and the consent of persons photographed.

## **7 METHOD OF PAYMENT; LATE PAYMENT CHARGES**

(a) **Electronic Funds Transfer.** Franchisee shall remit Royalty Fees, Marketing Contributions, Technology Fees, and other amounts due to Franchisor or its affiliates via electronic-funds transfer or other similar means. Franchisee shall comply with all procedures specified by Franchisor in this Section 7 and in the Confidential Manual(s) with respect to such transfers, and deliver and execute such documents as may be necessary to facilitate or accomplish payment by the method described in this Section 7.

(1) On or before the Tuesday of each week (Monday to Sunday) throughout the Term of the Franchise, beginning in the week following the first full week after

the commencement of operation of the Franchised Business, Franchisee shall report to Franchisor the true and correct Gross Sales of the Franchised Business during the preceding week (but in the first week, the report shall include all Gross Sales received by Franchisee from the date of this Agreement through the end of the preceding week, all of which shall be deemed received in the preceding week). Franchisee shall authorize Franchisor to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of Royalty Fees, Marketing Contributions, and any other amounts payable to Franchisor or its affiliates under this Agreement. Franchisee shall make the funds available to Franchisor for withdrawal by electronic transfer no later than 10:00 a.m. central time on Wednesday of each week, or if that day is not a banking business day, then by 10:00 a.m. central time on the next banking business day. If Franchisee fails to timely report Gross Sales for any period Franchisor may debit Franchisee's account for the greater of: (a) one hundred ten percent (110%) of the Royalty Fees and Marketing Contributions paid by Franchisee for the last period for which a Gross Sales report was provided; (b) the amount due for Royalty Fees and Marketing Contributions based upon information Franchisor has regarding the Franchised Business; or (c) one hundred ten percent (110%) of the Royalty Fees and Marketing Contributions paid by Franchisee for the same period in the prior year.

(2) If, at any time, Franchisor determines that Franchisee has under-paid Royalty Fees, Marketing Contributions, or other amounts payable to Franchisor or its affiliates, Franchisor shall be authorized to initiate immediately a debit to Franchisee's account in the appropriate amount in accordance with the foregoing procedure, plus late payment charges as provided for in this Agreement. Any overpayment shall be credited to Franchisee's account through a credit effective as of the first reporting date after Franchisee and Franchisor determine that such credit is due. If the amount debited is less than the actual amount owed, Franchisee shall pay the remaining amount owing, plus a late payment charge thereon as set forth in this Agreement. If Franchisor is unable for any reason to debit the full amount permitted under this Agreement, Franchisee shall remit the remaining amount owing within five (5) days from notice by Franchisor, plus a late payment charge thereon as set forth in this Agreement.

(3) The Technology Fee shall be collected on a monthly basis on the first Wednesday of each month or at another time as determined by Franchisor in its discretion.

(b) **Minimum Account Balance.** Franchisee shall at all times maintain a minimum balance in the designated checking or savings account for payments of Royalty Fees, Marketing Contributions, Technology Fees and any other amounts payable by Franchisee to Franchisor or its affiliates in an amount specified by Franchisor.

(c) **Late Payment Charges.** All fees or payments of any type whatsoever owed by Franchisee to Franchisor or its affiliates that are not received when due will be subject to the imposition of Franchisor's then-current late payment fee plus charges equal to the maximum rate permitted by law, not to exceed the lesser of (i) one and one-half percent (1.5%) per month or (ii) the highest rate of interest allowed by applicable law.



(d) **No Setoff.** Franchisee shall not withhold or escrow any amounts due to Franchisor under this Agreement, or set off any such amounts against any amounts claimed to be due to Franchisee.

(e) **Taxes.** If any sales, excise, use, or privilege tax is imposed or levied by any government or governmental agency on account of any amounts payable under this Agreement, Franchisee shall pay to Franchisor as an additional fee, a sum equal to the amount of such tax (but this provision shall not apply to any federal or Minnesota income taxes imposed upon Franchisor).

(f) **Timing of Payment.** Unless specifically set forth herein to the contrary, all amounts owed to Franchisor or its affiliate shall be due and payable to Franchisor within ten (10) days following Franchisee's receipt of an invoice therefor. Royalty Fees Marketing Contributions, and any other periodic fees shall be due and payable as set forth in this Agreement.

(g) **Fees.** Franchisor may at any time in its sole discretion, upon notice to Franchisee, modify any prices or other amounts charged by Franchisor or an affiliate for products or services, other than the Royalty Fee and Marketing Contributions.

## **8 ASSISTANCE; TRAINING; ONGOING SUPPORT**

(a) **Initial Training Program.** Franchisor shall provide, at a suitable location of its choice, an initial training program for the principal owner of the Franchisee and for the Manager of the Franchised Business (the "Initial Training Program"); provided, however, if Franchisee also acts as the Manager of the Franchised Business as an owner/operator then the Initial Training Program will be provided only to Franchisee. The Initial Training Program will be provided without charge for the first two (2) attendees, and any additional attendees will be subject to Franchisor's current charges for attendees at the Initial Training Program. Travel and living expenses incurred by individuals attending training on Franchisee's behalf in connection with the Initial Training Program shall be the responsibility of Franchisee. Franchisee and its Manager, if any, shall attend and satisfactorily complete the Initial Training Program within sixty (60) days after signing this Agreement, but in any event prior to commencing operation of the Franchised Business. If Franchisee or its Manager fails to satisfactorily complete the Initial Training Program, Franchisor may terminate the Franchise Agreement.

(b) **Telephone Support.** Franchisor will be available during normal business hours, and without charge to Franchisee, to provide Franchisee with reasonable telephone support on operating issues concerning the Franchised Business.

(c) **Additional Optional Training.** Upon the request of Franchisee, at reasonable times determined by the parties, Franchisor will provide additional training to Franchisee on topics requested by Franchisee and agreed to by Franchisor. Such training shall be held at a location determined by Franchisor or may be provided electronically. Franchisor shall charge such fees as it shall establish from time to time for such training, plus all of Franchisor's actual costs for the trainers including travel, lodging, and meal expenses. Such fees must be paid prior to the time such training begins.

(d) **Additional Required Training.** From time to time Franchisor may require Franchisee or its Manager (or replacement managers through the term of this Agreement)

to undergo certain training on various topics, including the then-current initial training program, use new obstacle course equipment or safety equipment, operations to be implemented at the Franchised Business, or new procedures. Such training shall be held at a location determined by Franchisor or may be provided electronically. Franchisor shall charge its then-current training fee, plus all of Franchisor's actual costs for the trainers including travel, lodging, and meal expenses.

(e) Intentionally omitted.

(f) **Confidential Manual(s).** Franchisor shall loan to Franchisee one or more manuals for use in the Franchised Business, which manuals may consist of brand standards, operations, and front desk manuals or otherwise (the "**Confidential Manual(s)**"). The Confidential Manual(s) are not to be copied in whole or in part, shall remain the property of Franchisor, and shall always be kept in safekeeping. Franchisor, from time to time, may add to or modify some or all of the Confidential Manual(s) to supplement or to improve the System of Operation and the contents and methods of promotion franchised hereunder and Franchisee shall at all times maintain the updated Confidential Manual(s).

(g) **Conventions.** Franchisor may periodically conduct a convention, conference, program or training session (collectively, "**Sessions**") for all franchisees operating under the Names and Marks. If Franchisor chooses to hold such a Session, Franchisee and its Manager must attend such Session. Regardless whether Franchisee attends the Session, it shall pay to Franchisor one (1) Session registration fee at least ninety (90) days prior to the start of the Session.

(h) **Forms.** Franchisor may provide to Franchisee various forms Franchisee may use in the operation of the Franchised Business, including a payment form, enrollment form, training forms, waivers, and templates. Franchisee may not provide services to a minor unless and until the minor's parent or guardian signs a form. Franchisor makes no representation or warranty as to the enforceability of any contracts or other forms provided to Franchisee for use in its Franchised Business, or whether any such forms meet the legal requirements of the jurisdiction in which Franchisee does business. Franchisee acknowledges that it is Franchisee's responsibility to modify such forms to meet all laws and regulations applicable to the Franchised Business and to use no contract that does not comply with applicable law. Franchisor may from time to time update the forms provided to Franchisee. Upon provision of an updated form to Franchisee, Franchisee must immediately discontinue use of any prior version and only use the new version of the form on a going forward basis.

(i) **Level of Performance; Delegation.** Franchisor is not obligated to perform any services to Franchisee's particular level of satisfaction, but as a function of Franchisor's experience, knowledge, and judgment. In addition, Franchisor shall have the right to subcontract or delegate any of its duties and responsibilities under this Agreement; provided, however, Franchisor shall be responsible for the performance of such duties, notwithstanding such subcontract or delegation, to the same extent as if Franchisor had not subcontracted or delegated such duties, unless such subcontract or delegation is in connection with an assignment pursuant to Section 16.

(j) **Notice of Deficiencies.** If Franchisee believes Franchisor has failed to adequately provide any services required to be provided to Franchisee or its employees in regard to the training, support, or any other matter affecting the establishment of the

Franchised Business, Franchisee shall so notify Franchisor in writing within thirty (30) days following opening of the Franchised Business. Absent the timely provision of such notice to Franchisor, Franchisee shall be deemed to conclusively acknowledge that all pre-opening and opening services required to be performed by Franchisor were sufficient and satisfactory in Franchisee's judgment.

## 9 OPERATION OF THE FRANCHISED BUSINESS

(a) **Commencement of Operation.** Franchisee may not commence operation of the Franchised Business until Franchisee has satisfied all conditions set forth in this Agreement required to be satisfied by Franchisee prior to opening the Franchised Business, including successful completion of the Initial Training Program, and Franchisor has provided Franchisee with written certification of the completion of all such conditions.

(b) **Management of the Franchised Business.** Franchisee shall employ a "Manager" who is responsible for the general operation of the Franchised Business. Franchisee (or the majority owner of Franchisee if Franchisee is not an individual) may be the Manager. Notwithstanding the foregoing, Franchisee shall at all times be held responsible for the day-to-day operation and management of the Franchised Business.

(c) **Personnel.** Franchisee shall hire all personnel of the Franchised Business, and be exclusively responsible for the terms of their relationships with Franchisee, including compensation. Furthermore, Franchisee shall require each Manager, as a condition to their employment, to enter into a noncompetition and confidentiality agreement, enforceable by Franchisor, restricting the disclosure of confidential information and competition with Franchisee and Franchisor to the same extent as Franchisee is restricted under this Agreement. If there is a violation of that agreement, Franchisee shall take all action necessary to enforce that agreement. If Franchisee fails to enforce that agreement, it shall be liable to Franchisor for any damages, costs, and losses suffered by Franchisor, including any attorneys' fees Franchisor may incur if it elects to attempt to enforce that agreement on Franchisee's behalf. In such event, Franchisee shall execute all documents reasonably requested by Franchisor in connection with such enforcement attempt. Franchisee shall provide Franchisor an executed copy of each such agreement immediately upon execution by Franchisee and a Manager. Franchisee shall post a notice in the Franchised Business, conspicuous to Franchisee's employees, notifying Franchisee's employees that they are employees of Franchisee and not of Franchisor. Franchisee shall also obtain from each of its personnel an acknowledgment signed by such personnel providing that such individual understands, acknowledges, and agrees that he or she is an employee of Franchisee and not Franchisor and that such individual shall look solely to Franchisee for his or her compensation and for all other matters related to their relationship with Franchisee.

(d) **Training.** Franchisee shall provide to each of its staff members a training program meeting Franchisor's requirements. Franchisee shall also provide such other periodic training to such individuals as is required by Franchisor. Franchisee shall provide to Franchisor, upon Franchisor's request, a certification that all of such individuals have successfully completed the training programs.

(e) **Maintenance of High Quality Service.** Franchisee shall utilize its best efforts, skill, and diligence to ensure that Franchisee and Franchisee's employees and agents establish and maintain high quality service to all doing business with the Franchised

Business. At all times, Franchisee shall conduct its business in a manner that will preserve and enhance the goodwill associated with the Names and Marks. Franchisee shall at all times offer such services through the Franchised Business as are required by Franchisor, including the provision of open gym sessions, training sessions, and group and party rentals, all of which must meet Franchisor's standards and specifications. Franchisee may not, however, use the Franchised Business to operate any business, or offer any services, that have not been approved by Franchisor.

(f) **Reciprocity.** Franchisee shall abide by Franchisor's reciprocity policy as may be modified from time to time. This policy will allow members of a Conquer Ninja gym membership benefits at other Conquer Ninja gyms. This reciprocity policy may prohibit Franchisee from selling any memberships that do not provide full reciprocity benefits to all members at all Conquer Ninja gyms. Franchisee may be required to transfer members from its Franchised Business to another Conquer Ninja gym based on the current reciprocity policy. Franchisee agrees not to transfer members of its Franchised Business to any other obstacle course, fitness, or health club, without the express written consent of the member (except as may be required by Franchisor's reciprocity policy), and in no event shall Franchisee transfer, or attempt to transfer, any membership to any business that is not a part of the Conquer Ninja system, either during or after the expiration or termination of this Agreement.

(g) **Compliance with Specifications and Procedures.** Franchisee acknowledges that the Confidential Manual(s) are designed to protect Franchisor's standards and System of Operation, and the Names and Marks, and not to control the day-to-day operation of the business. Franchisee shall comply with all rules, regulations, and directives specified by Franchisor as well as all mandatory standards, specifications, and procedures contained in the Confidential Manual(s), as amended from time to time, and shall adopt and adhere to the policies of Franchisor. Franchisor specifically reserves the right to modify or change such rules, regulations, and directives.

(h) **Customer Calls.** Franchisee shall maintain its own local telephone number for the Franchised Business and shall at all times assure the telephone is answered during all hours of operation of the Franchised Business and that customer inquiries are promptly addressed. At the option of Franchisor, Franchisor may also establish a centralized customer service switchboard for the handling of customer inquiries and reservation requests (the "Customer Service Center"), but the Customer Service Center shall not be a substitute for Franchisee's obligations as set forth in the first sentence of this Section 9(h).

(1) If Franchisor establishes the Customer Service Center, Franchisee shall participate in the Customer Service Center. To the extent the Customer Service Center takes reservations for the Franchised Business, Franchisee must pay Franchisor its then current reservation fee for reservations made by the Customer Service Center for the Franchised Business. These fees shall be payable each Wednesday for reservations booked by the Customer Service Center for the Franchised Business in the prior calendar week (Monday to Sunday).

(2) Franchisor, through the operation of the Customer Service Center and otherwise, may refer customers attempting to make inquiries or a reservation at a Conquer Ninja business generally, or specifically at the Franchised Business, to another Conquer Ninja gym when: (1) the Franchised Business is not the closest

Conquer Ninja gym; (2) the Franchised Business is fully booked for the period requested by the customer; (3) Franchisee does not make its schedule available to Franchisor or treat reservations made by Franchisor the same as reservations booked by Franchisee, (4) the Franchised Business does not meet the customer's requirements in other respects; or (5) for any other reason reasonably determined to be in the best interests of the customer or the preservation of the customer as a Conquer Ninja customer.

(i) **Internet Usage; Computer Systems.** Franchisee must subscribe, at Franchisee's expense, to an Internet service provider or other electronic communication provider or service and obtain and use, at Franchisee's expense, and in the manner and form and meeting such minimum standards as Franchisor may approve or require, computer equipment, operating software, communication services, payment processing systems, and other electronic and computer systems, and the like, for communicating, reporting, and other operations of the Franchised Business. Franchisee must execute any software license agreements that Franchisor or the licensor of the software require and any related software maintenance agreements. Franchisor shall have independent access to all of Franchisee's computer systems. Franchisor may require that any and all communications between Franchisee and Franchisor be made through the Internet or such other electronic medium as Franchisor may designate, and Franchisee may be required to access the Internet or other electronic information on a regular basis to obtain full benefit of the System of Operation. Franchisee shall maintain a working email address to communicate with Franchisor. Franchisor is not liable for any damage to Franchisee including lost profits, which occur as a result of any outage or delay related to electronic transmission of information, whether by the Internet or otherwise, or as a result of Franchisee's failure to access the information. Franchisor may, in its sole discretion, make use of any information furnished by it to Franchisee in the conduct of its business.

(j) **Upgrades.** Notwithstanding anything set forth in this Agreement to the contrary, Franchisor may require Franchisee to upgrade any technology used by Franchisee in the Franchised Business at any time and without regard to any expenditure limitations. Additionally, there shall be no limit on Franchisor's right to require Franchisee to replace its computer system, to replace or upgrade hardware or software used by Franchisee in the Franchised Business, or to require Franchisee to purchase additional hardware or software that Franchisor may select for use in the Franchised Business.

(k) **Provision of Information.** Franchisee acknowledges and agrees that any and all information provided to Franchisee by Franchisor under this Agreement may be provided in such manner and by such media as Franchisor may determine, including, without limitation, by electronic and/or computer means. Franchisee also specifically agrees Franchisor may communicate with Franchisee by fax, email, or other electronic communications.

(l) **Franchisee Control of the Franchised Business.** Franchisee acknowledges that it is responsible for the day-to-day operation of its Franchised Business, including hiring; setting the conditions of employment; supervising, discipline, and termination of all personnel; purchases (or leases) and maintenance of equipment and supplies; preparing Franchisee's own marketing plans and funding and implementing those marketing plans; maintenance of employment records; and daily maintenance, safety, security, and the achievement of compliance with the System of Operation. Franchisor's ability to approve certain matters, to inspect the Franchised Business and its operations, and to enforce its

rights, exists only to the extent necessary to protect its interest in the System of Operation and the Names and Marks. Neither the retention nor the exercise of these rights is for the purpose of establishing any control, or the duty to take control, over those matters that are clearly reserved to Franchisee. Franchisee's employees are not Franchisor's agents or employees and Franchisor is not a joint employer of these individuals. Franchisee is solely responsible for performing all administrative functions at the Franchised Business, including payroll and providing workers' compensation insurance. Franchisee acknowledges that it is not economically dependent on Franchisor, and that Franchisor does not provide facilities, equipment, or house or transport Franchisee's employees or provide to Franchisee's employees tools or materials required for Franchisee's employees to perform services for Franchisee.

(m) **Taxes.** Franchisee shall promptly pay when due all taxes levied or assessed by reason of its operation and performance under this Agreement. Franchisee further shall secure and pay premiums on a workers' compensation policy covering all of its employees and, if applicable, shall pay all state unemployment taxes, state sales taxes, and all other taxes and expenses of operating the Franchised Business. In the event of any bona fide dispute as to the liability for any taxes assessed against Franchisee, Franchisee may contest the validity or amount of the tax in accordance with procedures of the taxing authority. In no event, however, shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant to occur against the Franchised Business, or any part thereof.

(n) **Programs.** Franchisee must participate in, comply with all terms and conditions of, and pay all charges related to, all programs Franchisor may require Franchisee to participate in from time to time, including the Customer Service Center. The terms and conditions of any such programs, as well as the programs themselves, may be modified or terminated at any time by Franchisor in its sole and absolute discretion.

(o) **Compliance with Laws.** Franchisee shall comply with all laws applicable to its Franchised Business, including all zoning, club/gym membership, and safety laws. For the avoidance of any doubt, Franchisee shall ensure that the operation of its Franchised Business complies with all applicable laws.

## 10 NAMES AND MARKS

(a) **Display of Names and Marks.** Franchisee shall operate under, and prominently display, the Names and Marks in the operation of the Franchised Business in the manner specified by Franchisor, and pursuant to the standards made available to Franchisee by Franchisor. Franchisee shall use no commercial trade names, service marks, or other commercial symbols, including associated logos, that do not satisfy the criteria established by Franchisor. If this Agreement is assigned to a corporation, partnership, or limited liability company, Franchisee may not use all or part of the Names and Marks as part of the name of the corporation, partnership, or limited liability company, and Franchisee must obtain Franchisor's prior written approval of the name of the corporation, partnership, or limited liability company prior to incorporation, formation, or organization, as applicable. Franchisee may not use all or part of any of the Names and Marks, or any similar name, word, symbol, or variant thereof, in a domain name, account name, profile, or URL, except as specifically approved by Franchisor.

(1) If Franchisor deems it advisable, Franchisee shall file for and maintain a “Certificate of Trade Name” in the county, or other appropriate jurisdiction, in which the Franchised Business is located.

(2) Franchisee shall not use any of the Names and Marks in combination with other words, letters, prefixes, suffixes, logos, or designs, other than in the manner authorized by Franchisor.

(b) **Change of Names and Marks.** From time to time, Franchisor may elect to discontinue the use of certain Names and Marks and to commence use of new Names and Marks. Franchisee shall pay all expenses incurred in connection with discontinuing the use of existing Names and Marks in the Franchised Business and commencing the use of new Names and Marks therein.

(c) **Ownership of Marks and Goodwill.** Franchisee acknowledges that Franchisor owns the Names and Marks. Franchisee’s right to use the Names and Marks is derived solely from this Agreement and all such usage and any goodwill established thereby shall inure to the exclusive benefit of Franchisor. Franchisee waives any right to challenge Franchisor’s entitlement or ownership of the Names and Marks.

(d) **Cessation of Use.** Franchisee agrees that, upon the expiration or termination of the Term of the Franchise for any reason whatsoever, Franchisee shall forthwith discontinue the use of the Names and Marks, and thereafter shall no longer use, or have the right to use, the Names and Marks.

(e) **Notification of Infringement.** Franchisee shall immediately notify Franchisor of any infringement of or challenge to Franchisee’s use of present and future Names and Marks and shall not communicate with any other person in connection with any such infringement, challenge, or claim. Franchisor shall have sole discretion to take such action as it deems appropriate, including the exclusive control of any litigation or any trademark office or other administrative proceeding arising out of any such infringement, challenge, or claim relating to any of the Names and Marks.

## 11 EQUIPMENT, SUPPLIES, AND SERVICES

(a) **Refreshing.** Franchisor will periodically update the specifications for equipment and layout of obstacle courses in Conquer Ninja gyms. Franchisee shall update, revise, or change out the obstacle course and safety equipment in the Franchised Business as Franchisor may periodically require at Franchisee’s sole cost and expense. Franchisee must pay Franchisor Five Thousand Dollars (\$5,000) at the time Franchisee obtains possession of the location of the Franchised Business under Section 3(a) (the “Refresh Deposit”), and Franchisor recommends Franchisee save at least Three Hundred Seventy-Five Dollars (\$375) per month in an account (the “Refresh Savings”, and together with the Refresh Deposit, the “Refresh Credits”), to be used as seed money to offset required purchases Franchisee must make from Franchisor or its affiliate for refreshing the Franchised Business’ obstacle course equipment and safety equipment as Franchisor may periodically require. Franchisee shall be responsible for any additional expenses in refreshing above any Refresh Credits Franchisee may have as well as for installation of the updated, revised, or changed equipment. Any refreshing shall be conducted at the times and in the manner as required by Franchisor and shall otherwise meet Franchisor’s standards.

(1) Franchisor reserves the right to require Franchisee to pay the Refresh Savings (in an amount not to exceed Three Hundred Seventy-Five Dollars (\$375) per month) to Franchisor for Franchisor to hold for Franchisee in conjunction with the Refresh Deposit. Franchisor will credit the Refresh Deposit, and the Refresh Savings held by Franchisor if required to be paid to Franchisor, against any required purchases Franchisee must make from Franchisor or its affiliate for refreshing the Franchised Business' obstacle course equipment and safety equipment, provided the Refresh Credits held by Franchisor may not be used for routine maintenance of the equipment. Franchisor reserves the right to debit the Refresh Deposit, and the Refresh Savings held by Franchisor if required to be paid to Franchisor, for any overdue amounts Franchisee owes Franchisor, and Franchisee shall thereafter immediately upon notice from Franchisor replenish such Refresh Credits for the amount deducted. Any unused Refresh Deposit, and Refresh Savings held by Franchisor if required to be paid to Franchisor, upon expiration or termination of this Agreement that are not required to pay any amounts then owing to Franchisor shall be refunded to Franchisee, provided, however, that upon assignment of this Agreement under Section 16(c), all such unused Refresh Credits shall automatically transfer to the transferee thereunder.

(2) If Franchisor requires Franchisee to replace any obstacle course and safety equipment at the Franchised Business (the "Replaced Equipment") with refreshed obstacle course and safety equipment (the "Refreshed Equipment"), Franchisor shall have the option to, or Franchisee shall have the option to require Franchisor to, buy back the Replaced Equipment in exchange for a ten percent (10%) discount off the purchase price (before shipping and taxes) of the Refreshed Equipment. If such option is exercised by either party, Franchisee shall be responsible for any return shipping costs and expenses and shall ship the Replaced Equipment to an address designated by Franchisor within the United States.

(b) **Equipment Maintenance.** Franchisee shall maintain all equipment, including all obstacle course equipment, safety equipment, and related accessories, used in the Franchised Business in excellent working condition. As such items become obsolete, unsafe, or mechanically impaired to the extent they require replacement, Franchisee shall replace such items with either the same or substantially similar types and kinds of equipment as are being installed in other, similar businesses franchised by Franchisor, or opened by Franchisor or its affiliates, at the time replacement becomes necessary. All such equipment used in the Franchised Business shall meet the specifications of Franchisor and shall be approved by Franchisor prior to installation or use thereof.

(c) **Equipment, Supplies, and Approved Suppliers.** Unless Franchisor otherwise approves, the equipment, including obstacle course equipment, safety equipment, and related accessories, furniture, fixtures, design and décor, branded items and signage, computer hardware and software, technology and security systems, payment processing services, products Franchisee purchases for use or sale at the Franchised Business, insurance, and advertising and marketing materials, must meet Franchisor's specifications as they may be provided to Franchisee from time to time. From time to time, Franchisor shall provide Franchisee a list of approved suppliers of equipment, supplies, software, hardware, insurance, and other items or services necessary to operate the Franchised Business. The approved source of supply for any individual item may be Franchisor, an affiliate of Franchisor, or an independent third party. Franchisor, an affiliate, or an unrelated third party may be the sole source of supply for an item.



(1) Unless otherwise specified by Franchisor, Franchisee shall not be restricted from using sources of supply other than those previously approved by Franchisor, if the other sources supply items or services of substantially the same quality and specifications as those supplied by the approved suppliers.

(2) Franchisor reserves the right to require Franchisee to obtain the written approval of Franchisor prior to the use of any supplier not previously approved by Franchisor and, as a precondition to the granting of such approval, may require the proposed supplier to submit to Franchisor samples of products it proposes to provide to Franchisee for use in the Franchised Business and any other information Franchisor requires. In such event, Franchisor shall have thirty (30) days from its receipt of all such information to approve such supplier. Any supplier not approved in such time period shall be deemed disapproved.

(d) **Services; Pricing.** Franchisee must offer the products and services Franchisor specifies and shall not offer or sell any products or services that have not been approved by Franchisor. Franchisee shall set its own pricing and rates for the products and services it offers in the Franchised Business; provided, however, Franchisee shall adhere to any minimum and maximum prices prescribed by Franchisor for services or products offered by Franchisee.

(e) **Liability.** Franchisor shall not be liable to Franchisee for damages caused by the failure of Franchisor or an approved supplier to make available for purchase any item or service, unless the failure is the result of factors within Franchisor's reasonable control.

(f) **Prohibited Product, Service, Supplier or Advertising Fee.** In the event Franchisee offers, sells, or uses any unapproved or unauthorized product, service, or supplier, or uses any advertising Franchisor has not approved in writing, Franchisee shall (i) cease and desist offering, selling, or using such product, service, supplier, or advertising, and (ii) pay to Franchisor, on demand, a prohibited product, service, supplier or advertising fee equal to Two Hundred Fifty Dollars (\$250) per day for each day such unauthorized or unapproved product, service, supplier or advertising was offered, sold or used by Franchisee. The prohibited product, service, supplier or advertising fee shall be in addition to all other remedies available to Franchisor under this Agreement or at law.

## 12 INFORMATION, REPORTS, INSPECTIONS, AND AUDITS

(a) **Books and Records; Financial Reports.** Franchisee shall maintain its books and records in the manner reasonably required by Franchisor. Franchisee shall provide Franchisor with such financial and sales information relating to the business of Franchisee as from time to time may be reasonably required by Franchisor. Franchisee shall provide to Franchisor such monthly and/or annual financial reports as Franchisor may specify. The financial and sales information shall be delivered to Franchisor, at the time, in the form and by the means of communication authorized by Franchisor. Franchisor may use such financial information in any manner and for any purpose it, in its sole and absolute judgment, deems appropriate. Franchisee, and if Franchisee is a limited liability company, corporation, or partnership, the owners of Franchisee, shall also submit to Franchisor, upon request, copies of their annual federal, state, and city, if any, income and sales tax returns, if any.

(b) **Audit Rights.** Franchisor shall have the right to audit or cause to be audited the sales reports and financial statements delivered to Franchisor, and the books, records, and sales and income tax returns of Franchisee, and if Franchisee is a limited liability company, corporation, or partnership, the owners of Franchisee. If any audit discloses that Franchisee has failed to pay to Franchisor any Royalty Fees or Marketing Contributions owed Franchisor based upon an understatement of Gross Sales, Franchisee, within ten (10) days of receipt of the audit report, shall pay to Franchisor the Royalty Fees, Marketing Contributions, and other amounts due Franchisor, plus late payment charges from the due date at the maximum rate permitted by law, not to exceed one and one-half percent (1.5%) per month. In addition, if an understatement for any week equals five percent (5%) or more, or for any month equals two percent (2%) or more, of the Gross Sales of the Franchised Business in such period, Franchisee shall reimburse Franchisor for the cost of the audit, including the charges of any independent accountant and the travel expenses, lodging, and compensation of persons employed by Franchisor to make the audit.

(c) **Inspection Rights.** Franchisee shall permit Franchisor and its representatives, whenever Franchisor reasonably may deem necessary, during normal business hours, to enter, remain on, and inspect the Franchised Business. Franchisor and its representatives may also, without notice to Franchisee, interview customers of the Franchised Business including parents of children to whom Franchisee has provided services.

(d) **Ownership of Information.** All information Franchisor obtains from Franchisee or about or related to the Franchised Business (collectively, the “Information”), and all revenues Franchisor derives from such Information, shall be Franchisor’s property. Franchisee may use information that it acquires from third parties in operating the Franchised Business, such as customer data, at any time during the Term of the Franchise to the extent lawful and at its sole risk and responsibility, but only in connection with operating the Franchised Business for the purposes hereunder. The Information (except for information Franchisee provides to Franchisor with respect to it and its affiliates) shall become the confidential information of Franchisor, which Franchisor may use for any reason it deems necessary or appropriate. Franchisee and Franchisor shall comply with all applicable laws pertaining to the privacy and security of personal information, including, without limitation, local, regional, and national requirements applicable to the Franchised Business.

## 13 INSURANCE

(a) **Type of Coverage.** At all times during the Term of the Franchise, Franchisee shall maintain in force, at its sole expense, insurance of the types and amounts that Franchisor specifies, including without limitation: commercial general liability insurance with limits of at least \$1,000,000 per occurrence and \$2,000,000 general aggregate, including the following coverages: claims for bodily and personal injury, death, and property damage caused by, or incurred in conjunction with, the operation of, or conduct of business by, Franchisee; general casualty insurance (including the perils of fire, broad form extended coverage, vandalism, and malicious mischief) on the premises of the Gym and its equipment; business motor vehicle liability insurance if you use a vehicle in the operation of the Gym; all risks coverage for 80% of repair and replacement value of all of the equipment, fixtures and supplies used in the Gym; abuse and molestation coverage with limits of at least \$100,000 each occurrence or \$300,000 in the aggregate; child accident insurance; workers’ compensation insurance with limits of \$500,000 each accident,

\$500,000 policy limit, \$500,000 each employee or as required by law; and such other types of insurance and all in such amounts as Franchisor may specify from time to time.

(1) The insurance coverage shall be maintained under one (1) or more policies of insurance containing the amounts and types of coverage from time to time prescribed by Franchisor and insured by insurance companies rated A or better by A.M. Best Company.

(2) All public liability and motor vehicle liability insurance policies shall name Franchisor as an additional insured and shall provide that Franchisor receive ten (10) days' prior written notice of termination, expiration, reduction, or cancellation of any such policy.

(3) Franchisee shall submit to Franchisor, annually, a copy of the certificate of or other evidence of the renewal or extension of each such insurance policy.

(b) **Failure to Obtain.** If Franchisee at any time fails or refuses to maintain any insurance coverage required by Franchisor, or fails to furnish satisfactory evidence thereof, Franchisor, at its option and in addition to its other rights and remedies hereunder, may obtain such insurance coverage on behalf of Franchisee, and any costs of premiums incurred by Franchisor in connection therewith shall be paid by Franchisee on demand.

#### 14 CONFIDENTIALITY AND IMPROVEMENTS BY FRANCHISEE

(a) **Maintenance of Confidence.** Franchisee acknowledges that all of the information it has now or obtains in the future concerning the System of Operation, including the Confidential Manual(s) and any obstacle course designs/layouts provided by Franchisor, and the concepts and methods of promotion franchised hereunder, is derived from Franchisor pursuant to this Agreement, and that such information will be treated in confidence. Franchisee agrees never to, directly or indirectly, engage in or abet the misappropriation (as the term "misappropriation" is defined in the Minnesota Uniform Trade Secrets Act, Minn. Stat. Ch. 325C), or the disclosure, divulgence, or distribution of all or any part of the System of Operation and the concepts and methods of promoting Franchises hereunder.

(b) **Improvements.** If Franchisee, during the Term of the Franchise, conceives or develops any improvements or additions to the System of Operation, new trade names, trade and service marks and other commercial symbols related to the Franchised Business, or any advertising, promotion, or marketing ideas related to the Franchised Business ("Improvements"), Franchisee shall fully disclose the Improvements to Franchisor without disclosure of the Improvements to others and shall obtain Franchisor's written approval prior to the use of such Improvements. Any such Improvement approved by Franchisor may be used by Franchisor and all other franchisees of Franchisor without any obligation to Franchisee for royalties or similar fees. Franchisee shall assign to Franchisor, and hereby does assign to Franchisor, without charge, all rights to such Improvements, together with the goodwill associated with the Improvements, including the right to grant sublicenses to any such Improvements. Franchisor, at its discretion, may make application for and own copyrights, trade names, trademarks, and service marks relating to any such Improvements. Franchisor also may consider such Improvements as the property and trade secrets of Franchisor. Franchisor shall authorize Franchisee to utilize any Improvement authorized generally for use by other franchisees.

## 15 RESTRICTIVE COVENANTS

(a) **Covenants.** Franchisee acknowledges Franchisor must be protected against the potential for unfair competition by Franchisee's use of Franchisor's training, assistance and trade secrets in direct competition with Franchisor. Franchisee therefore agrees that it shall not:

(1) During the Term of the Franchise, either directly or indirectly: (a) operate, own, manage, or be employed by or consult with, any Competitive Business other than one operated under a valid franchise agreement with Franchisor; or (b) divert or attempt to divert any customer or potential customer to any competitor of Franchisor, or a competitor of a franchisee or of an affiliate of Franchisor.

(2) For a period of two (2) years following the expiration, termination, or assignment of this Agreement, either directly or indirectly operate, own, manage, be employed by or consult with any Competitive Business, other than one operated under a valid franchise agreement with Franchisor, that is located in the Restricted Area.

(3) In the event of the violation of Section 15(a)(2) by Franchisee following expiration, termination, or assignment of this Agreement, the period of time Franchisee shall be required to abide by the breached obligation shall be extended to a period of two (2) years after Franchisee is no longer in breach of such obligation.

(b) **Franchisee Acknowledgments.** Franchisee agrees that the restrictions contained in this Section 15 are reasonable and necessary to protect the interests of Franchisor and other franchisees of Franchisor. Franchisee further acknowledges that because of the narrow scope of the limitations, the foregoing restrictions do not unduly restrict Franchisee's ability to engage in gainful employment. If Franchisee violates these restrictions, then in addition to damages incurred by Franchisor for which Franchisee shall be liable, Franchisor shall be entitled to injunctive relief to prevent the continuation of such breach.

## 16 ASSIGNMENT

(a) **By Franchisor.** This Agreement is fully assignable by Franchisor without the consent of Franchisee, and shall inure to the benefit of any assignee or other legal successor in interest of Franchisor.

(b) **General Prohibition on Franchisee Assignment.** No Franchisee, partner (if Franchisee assigns this Agreement to a partnership), shareholder (if Franchisee assigns this Agreement to a corporation), or member (if Franchisee assigns this Agreement to a limited liability company), without the prior written consent of Franchisor, by operation of law or otherwise, shall sell, assign, transfer, convey, give away, lease, have redeemed, or encumber to any person, firm, corporation, or company, its interest in this Agreement or its interest in the Franchise granted hereby or its interest in any proprietorship, partnership, corporation, or limited liability company which, directly or indirectly, owns any interest in the franchise, or its interest in the Franchised Business, or the assets of the Franchised Business. Any purported assignment not having the necessary consent shall be null and void and shall constitute a material default hereunder.

(c) **Conditions to Franchisee Assignment.** Franchisor shall not unreasonably withhold its consent to any assignment provided the following conditions and requirements shall first be satisfied:

(1) If Franchisee desires to assign or transfer all of its rights to a partnership, corporation, or limited liability company controlled by Franchisee:

(a) the transferee shall be newly organized and its charter shall provide that its activities are confined exclusively to operating the Franchised Business;

(b) Franchisee shall be and shall remain the principal executive officer of the transferee;

(c) Franchisee shall be and shall remain in control of the transferee and shall be and shall remain the owner of not less than fifty one percent (51%) of the issued and outstanding voting stock or membership interests of the transferee corporation or limited liability company or, in the case of a partnership, of fifty one percent (51%) of the voting control of the transferee partnership;

(d) each stock or membership certificate of the transferee corporation or limited liability company, or the partnership agreement of the transferee partnership, shall have conspicuously endorsed upon it a statement that it is held subject to, and that further assignment or transfer of any interest therein is subject to, all restrictions imposed upon assignments by this Agreement;

(e) no new voting interest in the transferee shall be issued to any person or entity without obtaining Franchisor's prior written consent;

(f) the transferee shall enter into a written agreement with Franchisee and Franchisor, in a form satisfactory to Franchisor, assuming all of Franchisee's obligations hereunder;

(g) all the partners, shareholders, or members of the transferee shall enter into a written agreement in a form satisfactory to Franchisor jointly and severally guaranteeing the full payment and performance of the transferee's obligations to Franchisor and agreeing to be personally bound by all covenants and restrictions imposed upon the transferee under this Agreement; and

(h) all accrued money obligations of Franchisee to Franchisor and its subsidiaries, affiliates, and assigns shall be satisfied prior to assignment or transfer.

(2) If an assignment (other than an assignment as set forth in Section 16(c)(1)), alone or together with other previous, simultaneous, or proposed transfers, would have the effect of transferring control of the Franchise created hereby or the Franchised Business:

(a) the transferee shall meet Franchisor's then-current standards for the issuance of a Franchise, be of good moral character and reputation, and shall have a good credit rating, financial capabilities, and competent business qualifications reasonably acceptable to Franchisor. Franchisee shall provide Franchisor with the information it may reasonably require to make a determination concerning each proposed transferee;

(b) the transferee, including all shareholders, members, and partners of the transferee, shall jointly and severally execute a new franchise agreement with Franchisor, on the terms then offered by Franchisor to new franchisees, for the remaining term of this Agreement, except that all pre-opening obligations of the parties, other than the transferee's obligation to complete the Initial Training Program to Franchisor's satisfaction, shall be waived, including the obligation of the transferee to pay a new initial franchise fee;

(c) if the transferee is a corporation, limited liability company, or partnership, each stock or membership certificate, or the partnership agreement, shall have conspicuously endorsed upon it a statement that it is held subject to, and further assignment or transfer of any interest therein is subject to, all restrictions imposed upon assignments by this Agreement;

(d) if the transferee is a corporation, partnership, or limited liability company, no new voting interest in the transferee shall be issued to any person or entity without obtaining Franchisor's prior written consent;

(e) Franchisee shall have fully paid and satisfied all of Franchisee's obligations to Franchisor and its affiliates, and Franchisee shall pay to Franchisor a transfer fee equal to fifty percent (50%) of Franchisor's then-current Initial Franchise Fee;

(f) Franchisee shall have executed an agreement in form satisfactory to Franchisor in which it agrees to: (a) release any claims it has against Franchisor and its affiliates; (b) subordinate any claims it may have against the transferee to any amounts owed by the transferee to Franchisor; (c) comply with the post-term obligations set forth herein, including the non-competition and confidentiality provisions; and (d) indemnify Franchisor against all claims brought against Franchisor by the transferee for a period of three (3) years following the transfer;

(g) if the transferee is a corporation, limited liability company, or partnership, all the shareholders, members, or partners of the transferee shall enter into a written agreement, in a form satisfactory to Franchisor, jointly and severally guaranteeing the full payment and performance of the transferee's obligations to Franchisor and agreeing to be personally bound by all covenants and restrictions imposed upon the transferee under the terms of this Agreement; and

(h) if the assignment or transfer is caused by the death or incapacity of Franchisee (or in the case of a partnership, corporation, or limited liability company, by the death or incapacity of one controlling more than forty-nine

percent (49%) of the voting interest of Franchisee), the provisions of this Section 16(c)(2) must be met with regard to the heir or personal representative of Franchisee succeeding to Franchisee's interest hereunder; provided, however, if the heir or personal representative assigns, transfers, or sells its interest in the Franchise within one hundred twenty (120) days after the death or incapacity of Franchisee, the person to whom the interest is assigned, transferred, or sold, and not Franchisee's heir or personal representative, must comply with the provisions of this Section 16(c)(2) as transferee.

(d) **Disclosure.** Franchisee consents to Franchisor releasing to any proposed transferee any information concerning the Franchised Business which Franchisee has reported to Franchisor.

(e) **No Single or Partial Transfer.** Notwithstanding anything set forth herein to the contrary, Franchisee may not transfer a portion of its rights or obligations hereunder or a portion of the Franchised Business, if such transfer would result in the division of the Franchised Business.

## 17 RIGHT OF FIRST REFUSAL

(a) If, at any time during the Term of the Franchise, Franchisee receives a bona fide offer to purchase or lease the Franchised Business, including the Franchised Business or the property upon which the Franchised Business is located, or any owner of Franchisee receives an offer to purchase any interest in Franchisee, either directly or indirectly, which offer Franchisee or such owner is willing to accept, Franchisee shall communicate in writing to Franchisor the full terms of the offer and the name of the offeror. Franchisor may elect to purchase or lease the business, the property, or the interest, as applicable, on the terms set forth in the offer. If Franchisor elects to exercise such option, it shall give Franchisee written notice of the election within thirty (30) days after Franchisor receives Franchisee's communication of the offer. If Franchisor fails to give written notice of election within thirty (30) days, Franchisee or the owner, as the case may be, may sell or lease to the offeror on the terms offered, subject to Section 16. The sale or lease must, however, be completed within sixty (60) days of the termination of the thirty (30) day period during which Franchisor may give written notice of election to purchase or lease; otherwise, an additional notice must be given to Franchisor and an additional option period must expire prior to any such transfer. If Franchisor elects to exercise its rights hereunder, it shall have the right to substitute equivalent cash for any noncash consideration included in the bona fide offer and Franchisor and Franchisee or Franchisee's owner, as the case maybe, will use their best efforts to complete the transaction within sixty (60) days from the date of Franchisor's notice of election to exercise its rights hereunder.

## 18 PRE-TERMINATION OPTIONS OF FRANCHISOR

(a) **Rights in Addition to Termination.** Prior to the termination of this Agreement, if Franchisee fails to pay any amounts owed to Franchisor or its affiliates or fails to comply with any term of this Agreement or any other agreement between Franchisor and Franchisee or an affiliate of Franchisor and Franchisee, then in addition to any right Franchisor may have to terminate this Agreement or to bring a claim for damages, Franchisor shall have the option to:

- (1) Prohibit Franchisee from attending any conventions, meetings or seminars held or sponsored by Franchisor or taking place on the premises of Franchisor;
- (2) Remove any listing of the Franchised Business from any advertising and Franchisor Social Media Site;
- (3) Remove the Franchised Business from the Customer Service Center and cease making reservations for the Franchised Business;
- (4) Continue requiring Franchisee to update, revise, or refresh the Franchised Business' obstacle course equipment and safety equipment but without using any Refresh Credits which Franchisor may be holding for Franchisee; and
- (5) Suspend the provision of any or all of the services provided by Franchisor to Franchisee hereunder.

(b) **Continuation of Franchisor Options.** Franchisor's actions, as provided in this Section 18, may continue until Franchisee has brought its accounts current, cured any default, and complied with Franchisor's requirements, and Franchisor has acknowledged the same in writing. Franchisee acknowledges and agrees that the taking by Franchisor of any of these actions shall not deprive Franchisee of a substantial portion of the benefits provided to it under this Agreement and therefore the taking of any of the actions permitted in this Section 18 shall not suspend or release Franchisee from any obligation that would otherwise be owed to Franchisor or its affiliates under the terms of this Agreement, or otherwise, nor shall Franchisee assert that the taking of any such actions shall act as an actual or constructive termination of this Agreement.

## 19 TERMINATION

(a) **By Franchisor.** In addition to Franchisor's other termination rights in this Agreement, Franchisor may terminate this Agreement effective immediately upon receipt by Franchisee of notice of termination, if Franchisee:

- (1) Loses the right to occupy the Franchised Business's premises;
- (2) Voluntarily abandons the Franchise relationship;
- (3) Is convicted in a court of competent jurisdiction of an offense directly related to the Franchised Business, including any offense that indicates unsuitability for the provision of services to children;
- (4) Fails to comply with any federal, state, or local law or regulation applicable to the operation of the Franchised Business, including those laws or regulations governing children, club/fitness memberships and services, health, safety, and/or sanitation;
- (5) Fails to cure a default under this Agreement which materially impairs the goodwill associated with the Names and Marks after Franchisee has received written notice to cure at least twenty four (24) hours in advance of the notice of termination;



- (6) Submits to Franchisor two (2) or more sales reports, financial statements, other information or supporting records in any period of twelve (12) consecutive months, which understates by five percent (5%) or more the Gross Sales of the Franchised Business, or otherwise materially distorts any other material information;
- (7) Consistently fails to submit when due sales reports or financial statements to Franchisor;
- (8) Fails to pay when due Royalty Fees, Marketing Contributions, or other payments due to Franchisor and such failure continues for ten (10) days after notice to Franchisee;
- (9) Consistently fails to remit when due payments to suppliers or other creditors of the Franchised Business, and such failure continues for ten (10) days after notice to Franchisee;
- (10) Makes an assignment for the benefit of creditors or an admission of its inability to pay its obligations as they become due;
- (11) Files a voluntary petition in bankruptcy or any pleading seeking any reorganization, arrangement, composition, adjustment, liquidation, dissolution, or similar relief under any law, admits or fails to contest the material allegations of any such pleading filed against it, or is adjudicated bankrupt or insolvent;
- (12) Makes an unauthorized assignment or transfer of this Agreement, the Franchised Business, or the Franchise;
- (13) Has made material misrepresentations on its application for the Franchise;
- (14) Is in breach of any other agreement with Franchisor or any of its affiliates and such failure continues for thirty (30) days after notice to Franchisee; or
- (15) Otherwise materially breaches this Agreement or fails to comply with any provision of this Agreement or any specification, standard, or operating procedure prescribed by Franchisor and does not correct such failure within thirty (30) days after notice to Franchisee.

(b) **By Franchisee.** Franchisee may terminate this Agreement and the Franchise granted hereunder effective ten (10) days after delivery to Franchisor of notice of termination, if Franchisee is in compliance with this Agreement and Franchisor materially breaches this Agreement and fails to cure the breach within thirty (30) days after written notice of the breach is delivered to Franchisor.

(c) **Compliance with Applicable Law.** The foregoing notwithstanding, to the extent that the provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation, non-renewal, or the like other than in accordance with applicable law, such provisions shall, to the extent such are not in accordance with applicable law, be superseded by said law, and Franchisor shall comply with applicable law in connection with each of these matters.

(d) **Actions Upon Expiration or Termination.** Franchisee agrees, upon expiration, termination, or assignment of the Franchise:

(1) To immediately return to Franchisor all copies of all Confidential Manual(s) that have been loaned to it by Franchisor and any material marked as property of Franchisor or as confidential;

(2) To immediately pay to Franchisor such Royalty Fees, Marketing Contributions, Technology Fees, and other charges as have or will thereafter become due hereunder and are then unpaid including amounts due for printed materials, forms, advertising material, supplies, products, and services supplied by Franchisor;

(3) Within five (5) business days following the assignment, expiration, or termination of the Franchise, to take such action as may be required to properly cancel all assumed name or equivalent registrations relating to the use of the Names and Marks, and notify the telephone company, any domain name registrar, any Internet service provider, and all listing agencies of the expiration or termination of Franchisee's right to use any domain names, profiles, accounts, user names, telephone numbers, and classified and other directory listings associated with any Franchisor Social Media Site, or that include any portion of the Names and Marks, and authorize the telephone company, domain name registrars, Internet service providers, and listing agencies to transfer to Franchisor all such telephone numbers, registrations, profiles, accounts, and directory listings, along with access thereto. Franchisee acknowledges that, as between Franchisor and Franchisee, Franchisor has the sole right to and interest in all telephone numbers, directory listings, domain names profiles, user names, and accounts associated with the Names and Marks, or any word, phrase or symbol confusingly similar to any of the Names and Marks, including any Franchisor Social Media Site, as well as any content thereon. Franchisee authorizes Franchisor, and appoints Franchisor its attorney-in-fact, to direct the telephone company, domain name registrars, internet service providers, and all listing agencies to transfer telephone numbers, domain names, accounts and listings to Franchisor, as well as provide access to Franchisor to any such account or registration;

(4) To not indicate directly or indirectly, in any manner, that it is or ever was affiliated with Franchisor in any capacity, identify itself or any business as a member of Franchisor's system, or as otherwise associated with Franchisor, or use, in any manner or for any purpose, any of the System of Operation, concepts, and methods of promotion, or Names and Marks, or any other indicia of a business operated under the Names and Marks;

(5) To immediately cause all signs using the Names and Marks to be removed. If Franchisee fails to remove such signage, Franchisor shall be entitled to remove and destroy the signage, without prior notice to Franchisee, and Franchisee shall be obligated to reimburse Franchisor for all costs associated with such removal and destruction; and

(6) If Franchisor terminates this Agreement due to Franchisee's breach, Franchisee shall pay Franchisor, within fifteen (15) days after the effective date of termination, in addition to the amounts owed hereunder, liquidated damages equal

to the average weekly Royalty Fees and Marketing Contributions paid or owed Franchisor during the fifty-two (52) weeks of operation preceding the effective date of termination multiplied by the lesser of (i) one hundred and fifty-six (156) (being the number of weeks in three (3) full years), or (ii) the number of weeks remaining in the term of this Agreement had it not been terminated, provided that if the Franchised Business was not open for such entire fifty-two (52) week period, utilizing the average weekly Royalty Fees and Marketing Contributions paid to Franchisor by other franchisees within the Franchisor's franchise system for any period in the Franchised Business was not open and operating.

The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages Franchisor would incur from this Agreement's termination and the loss of cash flow due to, among other things, the complications of determining what costs, if any, Franchisor might have saved and how much the fees would have grown over what would have been this Agreement's remaining term. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages, and not a penalty.

The liquidated damages provision only covers our damages from the loss of cash flow from specific listed fees. It does not cover any other damages, including damages to our reputation with the public and landlords and damages arising from a violation of any provision of this Agreement. Franchisee agree that this liquidated damages provision does not give us an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the sections requiring payment of weekly fees.

(e) **Option to Purchase.** Upon the expiration or termination of the Term of the Franchise, Franchisor shall have the first option, exercisable for thirty (30) days, to purchase from Franchisee at fair market value any or all of the approved equipment (including obstacle course equipment and safety equipment) and signs owned by Franchisee and used in the operation of the Franchised Business. If Franchisor and Franchisee cannot agree on the fair market value of any such item, such items shall be valued at cost paid by Franchisee less depreciation at the rate of three percent (3%) per month for the first year following the purchase of each such item and two percent (2%) per month thereafter.

(f) **Survival of Provisions.** All obligations of Franchisor and Franchisee that expressly or by their nature survive the termination, expiration, or assignment of the Franchise, including the post-termination rights and obligations, non-competition, confidentiality, and indemnification provisions herein, shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement until they are satisfied in full or by their nature expire.

(g) **Communication with Third Parties.** After Franchisor provides Franchisee with notice of any default hereunder, Franchisor can notify any third parties, including any lenders, of the default and communicate with such third parties regarding Franchisee and the Franchised Business.

## 20 ENFORCEMENT

(a) **Injunctive Relief; Attorneys' Fees.** Either party may apply for injunctive or other equitable relief to: (1) enforce its right to terminate this Agreement for the causes in Section 19; and (2) prevent or remedy a breach of this Agreement if such breach could materially impair the goodwill of such party's business, including to enforce the obligations of a party to be performed following the expiration or termination of this Agreement and enforcement of the non-competition and confidentiality provisions of this Agreement. Each party shall be entitled to the entry of temporary restraining orders and temporary and permanent injunctions enforcing its aforementioned rights. If Franchisor secures any such injunction, or any other relief against Franchisee, or is successful in defending a claim brought against it by Franchisee, Franchisee shall pay Franchisor an amount equal to the aggregate of Franchisor's costs of obtaining such relief and defending such claim, including reasonable attorneys' fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses.

(b) **Mediation.** Except with respect to matters for which a party believes it necessary to seek injunctive or equitable relief, Franchisee and Franchisor shall be required to enter into mediation of all disputes involving this Agreement, or any other aspect of the relationship between them, for a minimum of four (4) hours, prior to the initiation of any arbitration or other action or proceeding against the other.

(1) Upon written notice by either party to the other of the initiating party's desire to mediate, the party receiving the notice shall select an independent entity that regularly provides mediation services to franchisors and franchisees to serve as mediator in the proceeding. If the party receiving the notice of intent to mediate does not provide the name of such an organization within ten (10) business days from the date the notice of intention to mediate is received, then the other party may forego mediation of the issue(s) and commence an arbitration hearing or, at its option, make the selection of the organization to provide mediation services. If one party selects an organization that is unwilling to serve as mediator or does not meet the requirements of this Section 20(b)(1), then the other party may select the organization. Once the organization is designated and agrees to accept appointment as mediator, the organization shall be directed to schedule a mediation proceeding at a time mutually convenient to Franchisor and Franchisee. The mediation shall be held within thirty (30) days following receipt by the mediation organization of notification that its services are requested. If the parties cannot agree on a date for mediation, then the mediation organization shall select a date it believes is reasonable for the parties, given all of the alleged conflicts in dates. The actual mediator shall be a person who has had at least ten (10) years of experience as either franchisee or franchisor (or as an officer of such an entity), or in franchise law.

(2) The parties shall equally share the cost of the mediator. The mediator shall select the location for the mediation, giving due consideration to the location that will minimize the total expenses of the mediation; provided, however, that unless agreed to by both Franchisor and Franchisee, the mediation shall be held in a metropolitan area having a population of at least two hundred fifty thousand (250,000) persons that is not located within two hundred (200) miles of the Franchised Business or the principal office of Franchisor.

(3) Except with respect to matters for which a party is permitted to seek injunctive or equitable relief, if either party initiates arbitration or litigation without complying with their obligation to mediate in accordance with this Section 20(b) (unless the other party has failed to respond on a timely basis or has indicated it will not engage in mediation in accordance with the provisions of this Section 20(b)), then upon petition of any party named as a defendant in such arbitration or litigation, the court shall dismiss the action without prejudice, and award attorneys' fees and costs to the party seeking dismissal in an amount equal to such party's attorneys' fees and costs incurred in seeking dismissal. If the court refuses for any reason to dismiss the action, then regardless of the outcome of such action, or of any award given by the court in such action, the party initiating the action shall be responsible for all attorneys' fees and costs incurred throughout the action by the other party as damages for failing to comply with the provisions of this Section 20(b).

(c) **Arbitration.** Except insofar as either party elects to enforce this Agreement by judicial process and injunction as hereinabove provided, all disputes and claims arising out of or relating to this Agreement or any provision hereof, or to any specification, standard, or operating procedure, of Franchisor or to the breach thereof (including any claim that this Agreement, any provision thereof, any specification, standard, or operating procedure or any other obligation of Franchisee or Franchisor is illegal, unenforceable, or voidable under any law, ordinance, or ruling) shall be settled by arbitration at the office of the American Arbitration Association located in Minneapolis, Minnesota, in accordance with the United States Arbitration Act (9 U.S.C. § 1 et seq.), if applicable, and the rules of the American Arbitration Association (relating to the arbitration of disputes arising under franchise license agreements, if any, otherwise, the general rules of commercial arbitration).

(1) Any arbitrator appointed to arbitrate a dispute under this Agreement shall have at least ten (10) years' experience in franchise matters and shall have the right to award or include in any award the specific performance of this Agreement.

(2) The arbitrator will be instructed that he or she must follow the substantive law and the other requirements, waivers, and limitations of this Agreement. The arbitrator shall have no authority to add, delete, or modify in any manner, the terms and provisions of this Agreement. All findings, judgments, decisions, and awards of the arbitrator will be limited to the dispute or controversy set forth in the written demand for arbitration and response to that demand. The arbitrator may not award any relief that was not specifically requested by the parties prior to the start of the arbitration hearing. The arbitrator shall file a reasoned brief with his or her award.

(3) If there is any dispute as to whether a particular claim or matter is subject to arbitration, and the matter relates to an issue for which either party seeks an injunction in accordance with Section 20(a), the arbitrability of such claim shall be determined by the court that would otherwise hear the motion to issue the injunction. In the case of a dispute as to the arbitrability of any other claim brought by either party against the other, the decision as to whether or not the claim is subject to arbitration shall be made by the arbitrator appointed in accordance with this Agreement.

(4) Any award from the arbitrator may be appealed under the Optional Rules of the American Arbitration Association. Judgment upon the award of the arbitrator may be entered in any court having jurisdiction thereof. The award shall be binding, final, and nonappealable except as permitted under the United States Arbitration Act or for failure of the arbitrator to meet the requirements of this Section 20(c). Unless this Agreement is terminated in accordance with the provisions of Section 19, during the pendency of the arbitration proceeding, Franchisee and Franchisor shall fully perform this Agreement.

(5) If, after Franchisor or Franchisee institutes an arbitration proceeding, one or the other asserts a claim, counterclaim, or defense, the subject matter of which, under statute or current judicial decision is nonarbitrable for public policy reasons, the party against whom the claim, counterclaim, or defense is asserted may elect to proceed with the arbitration of all arbitrable claims, counterclaims, or defenses or to proceed to litigate all claims, counterclaims, or defenses in a court having competent jurisdiction.

(6) All arbitration proceedings will be individual proceedings between Franchisor and Franchisee, and will not be conducted on a “class basis,” or include any of Franchisor’s other franchisees as named parties unless Franchisor and Franchisee each agree.

(d) **Venue.** Franchisor and Franchisee (and Franchisee’s owners and guarantors) each agree that if litigation is commenced, the sole forum for resolving disputes under this Agreement or any aspect of the relationship between the parties shall be the state and federal courts of Minnesota. Such actions shall be exclusively venued in the District Courts of Minnesota, County of Hennepin, or the United States for the District of Minnesota, and the parties waive any objections they may have to either the jurisdiction or the venue in such courts and hereby consent to personal jurisdiction and venue in such courts. The only exception to the foregoing shall be: (1) if the courts of Minnesota would have no jurisdiction over a named party in the litigation, and such party’s involvement in the litigation is integral to the underlying claims and not principally for the purpose of circumventing the intent of the parties to name Minnesota as the exclusive venue for any actions, then the action may be venued in any court having jurisdiction over all the parties and a significant nexus to the parties; and (2) to the extent that either party believes it is necessary to seek injunctive relief against the other, the party seeking relief may initiate that action in the county in which the other party has its principal office (which in the case of an action against Franchisee, shall be the county in which Franchisee is domiciled, or the county in which the Franchised Business is located).

(e) **Costs.** If Franchisor secures any injunction against Franchisee, or any other relief by arbitration or otherwise against Franchisee, or is successful in defending a claim brought against it by Franchisee in an arbitration or otherwise, Franchisee shall pay Franchisor an amount equal to the aggregate of Franchisor’s costs of obtaining such relief and defending such claim, including reasonable attorneys’ fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses.

(f) **Waiver of Certain Damages.** Franchisor and Franchisee (and Franchisee’s owners and guarantors) hereby waive, to the fullest extent permitted by law, any right to, or claim for, any punitive, consequential, special, or exemplary damages against the other and any affiliates, owners, employees, or agents of the other and agree that in the event

of a dispute between or among any of them, each shall be limited to the recovery of any actual damages sustained by it and any equitable relief to which it might be entitled.

(g) **Waiver of Collateral Estoppel.** The parties agree they should each be able to settle, mediate, arbitrate, litigate, or compromise disputes in which they are involved with third parties, without having the disposition of such disputes directly affect the contract or relationship between Franchisor and Franchisee. Franchisor and Franchisee therefore each agree that a decision of an arbitrator or court of law in a dispute to which one of them is not a party shall not in any manner prevent the person that was a party to such action from making similar arguments, or taking similar positions, in any subsequent action between Franchisor and Franchisee. The parties therefore waive the right to assert that principles of collateral estoppel prevent either of them from raising any claim or defense in an action between them as a result of such party having lost a similar claim or defense in another action.

(h) **Remedies Cumulative.** All remedies provided to Franchisor under this Agreement are cumulative. No exercise or enforcement by Franchisor or Franchisee of any right or remedy hereunder shall preclude the exercise or enforcement by Franchisor or Franchisee of any other right or remedy hereunder or which Franchisor or Franchisee is entitled by law to enforce.

## 21 **INDEPENDENT CONTRACTORS; INDEMNIFICATION**

(a) **Independent Contractor; Evidence of Relationship.** Franchisee is a franchisee of Franchisor. Franchisee shall be conspicuously identified in all dealings with customers, prospective customers, and others, as a franchisee. Franchisee shall not represent or imply to any person that this Agreement authorizes Franchisee to act as agent for Franchisor.

(1) Without limiting the foregoing, Franchisee and its employees shall hold themselves out to the public as an independent contractor by, without limitation: (a) clearly identifying itself in all dealings with third parties as a franchised, independently owned and operated entity, including on all public records, checks, stationery, enrollment forms, receipts, marketing materials, envelopes, letterhead, business cards, employment applications or other employment documents, invoices, and other communications, electronic or otherwise; (b) displaying a sign in the reception area of the Franchised Business so as to be clearly visible to the general public indicating that the Franchised Business is independently owned and operated as a franchised business; and (c) maintaining a notice on the employee bulletin board clearly visible to employees at the Franchised Business, identifying the correct name of their employer and clearly stating that neither Franchisor nor any of its affiliates is the employer and if required by Franchisor, obtaining from each of its employees an acknowledgment acknowledging that their employer is Franchisee and not Franchisor.

(2) Neither Franchisor nor Franchisee shall be obligated by any agreement, representation, or warranty made by the other, nor shall Franchisor be obligated for damages to any person or property directly or indirectly arising out of the operation of the Franchised Business, or caused by Franchisee's negligence, willful action, or failure to act.

(b) **Franchisee Indemnification.** Franchisee agrees to indemnify Franchisor against, and to reimburse Franchisor for, all obligations and damages for which Franchisor is liable and for all costs reasonably incurred by Franchisor in the defense of any such claim brought against it, or in any such action in which it is named as a party, arising out of any act or omission of Franchisee, its personnel or contractors, or as a result of any activities occurring at, by, or through the Franchised Business, including the Franchised Business, its operation, design, or construction, or otherwise. Such indemnification shall include reasonable attorneys' fees, costs of investigation or proof of facts, court costs, other litigation expenses, and travel and living expenses (collectively, "Costs"). Franchisor shall have the right to defend any such claim against it.

(c) **Franchisor Indemnification.** Franchisor agrees to indemnify Franchisee against, and to reimburse Franchisee for, any obligation or liability for damages payable to persons other than Franchisee or its owners attributable to agreements, representations, or warranties of Franchisor, or caused by the negligent or willful action of Franchisor, and for Costs reasonably incurred by Franchisee in the defense of any claim brought against it as a result of the foregoing or in any such action in which it is named as a party. Franchisor shall have the right to participate in and to control any litigation or proceeding which might result in liability of or expense to Franchisee subject to indemnification by Franchisor.

## 22 FRANCHISEE REPRESENTATIONS

To induce Franchisor to accept Franchisee's application for a Franchise and to execute this Agreement, Franchisee hereby represents and warrants to Franchisor as follows:

(a) **Standards for Service.** Franchisee recognizes and acknowledges the importance of maintaining Franchisor's standards for service, and further recognizes and acknowledges the importance of following the System of Operation;

(b) **Disclosure Document.** Franchisee has received a copy of Franchisor's Franchise Disclosure Document, together with copies of all contracts relating to the sale of the Franchise, at least fourteen (14) days prior to the execution of this Agreement and at least fourteen (14) days prior to its payment of any money to Franchisor. Franchisee has read and understands all such documents;

(c) **Business Risks.** Franchisee acknowledges that it has the entire control and direction of the Franchised Business, subject only to the conditions and covenants established by this Agreement. Franchisee further acknowledges that the business to be operated under this Agreement involves business risks, and that Franchisee's success shall be largely determined by its own skill and efforts as an independent business person. Franchisee further acknowledges that if it fails at any tasks that are vital to the operation of the Franchised Business, the Franchised Business will fail and Franchisee shall be solely responsible for any such failure;

(d) **Franchisee Advisors.** Franchisee has been advised to consult with its own advisors with respect to the legal, financial, and other aspects of this Agreement, and that Franchisee has had the opportunity to consult with such advisors and also has had the opportunity to independently investigate the opportunity offered under this Agreement; and



(e) **Independent Investigation.** Franchisee has entered into this Agreement after making an independent investigation of Franchisor's operations and not upon any representation as to profits which Franchisee might be expected to realize, nor has anyone made any other representation to induce Franchisee to accept the Franchise granted hereunder and to execute this Agreement, which is not expressly set forth herein.

## 23 MISCELLANEOUS

(a) **Business Judgment.** Except as otherwise expressly stated in this agreement, any consent or approval required to be obtained from Franchisor, or decision to be made by Franchisor, may be granted or made by Franchisor in its sole and exclusive business judgment, which may take into account Franchisor's assessment of, among other things, the long-term interests of Franchisor, the System of Operation and the Names and Marks, without regard to its effect on any individual Franchisee or Franchised Business. Franchisor's judgment shall prevail even in cases where other alternatives may be reasonable, so long as Franchisor is intending to benefit or is acting in a way that could benefit the System of Operation, enhance the value of the Names and Marks, increase customer satisfaction, or minimize possible consumer, brand, or location confusion. If Franchisor's activities or decisions are supported by its business judgment, no court, arbitrator, or judge or trier of fact, or any other person reviewing those activities or decisions may substitute his, her, or its judgment for Franchisor's judgment, in recognition of the fact that the long-term goals of a franchise system, and the long-term interests of both Franchisor and its franchisees taken together, require that Franchisor have the latitude to exercise its business judgment in administering, managing and overseeing the System of Operation.

(b) **Governing Law.** Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. § 1050 et seq.), as amended, this Agreement shall be governed by the laws of the State of Minnesota. The parties agree, however, that if Franchisee is not a resident of Minnesota, or if the Franchised Business is not located in Minnesota, then they hereby waive the provisions of the Minnesota franchise law, Minn. Stat. Ch. 80C, and the regulations promulgated thereunder. If the Minnesota franchise law does not apply to the Franchise relationship created hereby, but there is a statute in the state in which the Franchised Business is situated that specifically governs relationships between franchisees and franchisors and that law would otherwise apply, then that particular law shall apply in lieu of the foregoing.

(c) **Binding Effect.** This Agreement is binding upon the parties hereto, their respective heirs, assigns, and successors in interest.

(d) **Headings; Franchisee References; Liability.** The section headings are for convenience only and do not define, limit, or construe the contents thereof. The term "Franchisee" as used herein is applicable to one (1) or more persons, a corporation, limited liability company, or a partnership, as the case may be, and the singular usage includes the plural and the masculine and feminine usages include the other. If there is more than one signatory as "Franchisee", all of Franchisee's obligations hereunder and under any other agreement with Franchisor or its affiliates shall be joint and several in each and every respect and fully enforceable against each signatory. References in this Agreement to the termination of this Agreement, or the termination of the "Term of the Franchise", shall be deemed to include the expiration of this Agreement without renewal.

(e) **Construction.** Franchisor and Franchisee agree that if any provision of this Agreement is capable of two (2) constructions, one of which would render the provision illegal or otherwise voidable or unenforceable and the other of which would render the provision valid and enforceable, the provision shall have the meaning which renders it valid and enforceable. The language of each provision of this Agreement shall be construed simply according to its fair meaning and not strictly against Franchisor or Franchisee.

(f) **Invalid Provisions.** It is the desire and intent of Franchisor and Franchisee that the provisions of this Agreement be enforced to the fullest extent possible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any provision of this Agreement is adjudicated to be invalid or unenforceable, such adjudication is to apply only with respect to the operation of such provision in the particular jurisdiction in which such adjudication is made. All provisions of this Agreement are severable and this Agreement shall be interpreted and enforced as if all completely invalid and unenforceable provisions were not contained herein, and partially valid and enforceable provisions shall be enforced to the extent valid and enforceable. Franchisor and Franchisee shall substitute a valid and enforceable provision for any specification, standard, operating procedure, rule, or other obligation of Franchisee or Franchisor which is determined to be invalid or unenforceable and is not waived by the other.

(g) **Waivers.** Franchisor and Franchisee, by written instrument signed by both parties, may unilaterally waive any obligation of or restriction upon the other under this Agreement. No acceptance by Franchisor of any payment by Franchisee and no failure, refusal, or neglect of Franchisor or Franchisee to exercise any right under this Agreement or to insist upon full compliance by the other with its obligations hereunder or with any specification, standard, or operating procedure shall constitute a waiver of any provision of this Agreement or any specification, standard, or operating procedure; provided, however, if a party fails to notify the other in writing of an alleged misrepresentation, violation of law, deficiency, or breach of this Agreement within one (1) year from the date such party has knowledge of, believes, determines, or is of the opinion that there has been a misrepresentation, violation of law, deficiency, or breach by the other party, then the alleged misrepresentation, violation of law, deficiency, or breach will be considered waived, but such waiver of any prior deficiency or breach of any provision of this Agreement shall not affect the obligation of the party to comply with the obligation or provision in the future; provided, however, that (i) this waiver will not apply to Franchisee's underreporting of Gross Sales, or under payment of any fees Franchisee owes Franchisor that are tied to the amount of the Franchised Business' Gross Sales, and (ii) the foregoing shall not otherwise extend or lengthen any statute of limitations provided by applicable law.

(h) **Modifications.** No modification of this Agreement shall be valid unless such modification is in writing and signed by Franchisee and Franchisor; provided, however, Franchisor may unilaterally modify or otherwise change the Confidential Manual(s).

(i) **Notices.** All written notices permitted or required to be delivered by the provisions of this Agreement shall be deemed so delivered: (1) when delivered by hand; (2) three (3) days after placed in the United States mail by registered or certified mail, return receipt requested, postage prepaid; or (3) one (1) business day after placed in the hands of an overnight courier, for next day delivery, and in the case of delivery under clauses (2) or

(3), addressed to the party to be notified at its most current principal business address of which the notifying party has been notified.

(j) **Patriot Act Representations.** Franchisee represents and warrants that to its actual and constructive knowledge: (1) neither it (including its directors, officers, and managers), nor any of its affiliates, or any funding source for the Franchised Business, are identified on the list at the United States Treasury's Office of Foreign Assets Control; (2) neither it nor any of its affiliates is directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States government; (3) neither it nor any of its affiliates is acting on behalf of the government of, or is involved in business arrangements or other transactions with, any country that is subject to such an embargo; (4) neither it nor any of its affiliates are on the U.S. Department of Commerce Denied Persons, Entities and Unverified Lists, the U.S. Department of State's Debarred Lists, or on the U.S. Department of Treasury's Lists of Specialty Designated Nationals, Specialty Designated Narcotics Traffickers or Specialty Designated Terrorists, as such lists may be amended from time to time (collectively, the "Lists"); (5) neither it nor any of its affiliates, during the term of this Agreement, will be on any of the Lists; and (6) during the term of this Agreement, neither it nor any of its affiliates will sell products, goods, or services to, or otherwise enter into a business arrangement with, any person or entity on any of the Lists. Franchisee agrees to notify Franchisor in writing immediately upon the occurrence of any act or event that would render any of these representations incorrect.

(k) **Variances.** Because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards for any franchise owner based upon the peculiarities of a particular site or circumstance, density of population, business potential, population of trade area, existing business practices, or any other condition which Franchisor deems to be of importance to the successful operation of such franchise owner's business. Franchisee shall not complain on account of any variation from standard specifications and practices granted to any other franchise owner and shall not be entitled to require Franchisor to grant to Franchisee a like or similar variation thereof.

(l) **Entire Agreement.** The introduction and Rider hereto are a part of this Agreement, which constitutes the entire agreement of the parties, and at the time of this Agreement, there are no other oral or written understandings or agreements between Franchisor and Franchisee relating to the subject matter of this Agreement, other than any Guarantees; provided, however, nothing in this or in any related agreement is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document furnished to Franchisee.

(m) **No Waiver or Disclaimer of Reliance in Certain States.** The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

[THIS AGREEMENT CONTINUES WITH A RIDER ATTACHMENT,  
WHICH IS A PART OF THIS AGREEMENT]

**CONQUER NINJA FRANCHISE AGREEMENT**

**RIDER**

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

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

**Initial Franchise Fee:** \$ \_\_\_\_\_

**Address of Franchised Gym:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Designated Territory:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

**FRANCHISOR:**  
CONQUER FRANCHISING, LLC

**FRANCHISEE:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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

## GUARANTY

IN CONSIDERATION of the consent by CONQUER FRANCHISING, LLC ("Franchisor") to the assignment of the Franchise Agreement to which this Guaranty is attached (the "Franchise Agreement"), and for other good and valuable consideration, receipt of which is hereby acknowledged, the undersigned hereby jointly and severally guarantee to Franchisor and to Franchisor's successors and assigns the payment of all costs and fees required to be paid to Franchisor or its affiliates by the party named as Franchisee in the Franchise Agreement ("Franchisee"), whether such costs and fees are provided for in the Franchise Agreement or under any other agreement between Franchisee and Franchisor or an affiliate of Franchisor, and the performance by Franchisee of all its obligations under all such agreements and under all manuals and operating procedures of Franchisor's business system. The undersigned further specifically agree to remain individually bound by all covenants, obligations, and commitments of Franchisee contained in the Franchise Agreement and such other agreements to the same extent as if each of the undersigned had individually been named as Franchisee in the Franchise Agreement and such other agreements, and the undersigned had individually executed the Franchise Agreement and such other agreements.

The undersigned understand and agree that any modification of the Franchise Agreement or any other agreement, including any addendum or addenda thereto, or waiver by Franchisor of the performance by Franchisee of its obligations thereunder, or the giving by Franchisor of any extension of time for the performance of any of the obligations of Franchisee thereunder, or any other forbearance on the part of Franchisor or any failure by Franchisor to enforce any of its rights under the Franchise Agreement or any other agreement, including any addendum or addenda thereto, shall not in any way release the undersigned from liability hereunder or terminate, affect or diminish the validity of this Guaranty, except to the same extent, but only to such extent, that the liability or obligation of Franchisee is so released, terminated, affected, or diminished. Notice to the undersigned of any such modification, waiver, extension, or forbearance under the terms thereof being hereby waived.

The undersigned further understand and agree that no bankruptcy or reorganization of Franchisee shall release or otherwise affect the obligations of the undersigned to pay all costs and fees provided for in all agreements between Franchisee and Franchisor or its affiliates, or otherwise owing to Franchisor or its affiliates, and to perform all the provisions of such agreements, as well as all manuals and operating procedures of Franchisor's business system, nor does the same release the undersigned from being individually bound to perform all covenants, obligations, and commitments of Franchisee contained in the Franchise Agreement or any other agreement to the same extent as if each of the undersigned had individually executed the Franchise Agreement and such other agreements.

This Guaranty shall be enforceable upon ten (10) days' written notice by Franchisor to any of the undersigned of any default by Franchisee of any of its covenants under the terms of the Franchise Agreement and addendum or addenda thereto.

The undersigned hereby waive any and all notice of default on the part of Franchisee; waive exhausting of recourse against Franchisee; and consent to any assignment of the Franchise Agreement and any other agreement, in whole or in part, that Franchisor or its assignees may make.

This Guaranty shall be a continuing Guaranty and may not be revoked without the prior written consent of Franchisor. This Guaranty shall apply to all agreements referenced in this Guaranty, to the renewal of all such agreements, and to any successor agreements thereto.

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

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

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

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

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

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

**FRANCHISE ASSIGNMENT, SALE, AND TRANSFER  
TO ENTITY OWNED BY ORIGINAL FRANCHISEE**

**1 ASSIGNMENT AND SALE**

Pursuant to Section 16(c)(1) of the Conquer Ninja Franchise Agreement dated \_\_\_\_\_, by and between the undersigned and CONQUER FRANCHISING, LLC (the "Agreement"), I/we hereby transfer, subject to approval by CONQUER FRANCHISING, LLC (the "Franchisor"), all my/our rights, in the Agreement, effective \_\_\_\_\_, to the Transferee (as defined below). I/we understand that this transfer does not relieve me/us of my/our obligations under the Agreement. To induce Franchisor to approve this assignment:

(a) I/we agree to subordinate any payment due to me/us from the Transferee to any other obligation the Transferee may have to Franchisor. If Franchisor notifies me/us of our default by the Transferee of its obligations to Franchisor under the Agreement, I/we will not accept any further amounts that may be owed to me/us by the Transferee until Franchisor has confirmed, in writing, that such defaults have been cured.

(b) I/we release Franchisor and its officers, directors, and agents, from all actions and claims I/we may have against them arising out of their sale to me/us of the Franchise, or in connection with my/our operation of the Franchise, including, but not limited to, any claims arising under the Agreement.

(c) I/we will remain bound to all the obligations of the Franchisee contained in the Agreement to the same extent as if I/we remain the Franchisee under that Agreement.

\_\_\_\_\_  
Name of New Franchisee ("Transferee")

\_\_\_\_\_  
Address of Transferee

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

\_\_\_\_\_  
Signature of Original Franchisee ("Transferor")

\_\_\_\_\_  
Date

**2 ACCEPTANCE OF TRANSFER BY TRANSFEREE**

The undersigned entity hereby accepts transfer of the Agreement and agrees to be bound by all of the provisions of the Agreement and to assume all of the obligations required of Franchisee named herein.

\_\_\_\_\_  
Name of Transferee

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

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

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

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



**3 APPROVAL OF TRANSFER**

It is hereby agreed that the Transferee is approved and accepted as Franchisee for the Franchised Business described in the Agreement and is authorized to exercise all rights and obligations of Franchisee named in the Agreement including the right to renew the Agreement upon expiration thereof, pursuant to the terms of the Agreement.

CONQUER FRANCHISING, LLC

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

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

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

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

**GENERAL RELEASE**  
[USED IN EVENT OF TRANSFER]

In consideration of the agreement of CONQUER FRANCHISING, LLC (“Franchisor”) to consent to the assignment by \_\_\_\_\_ (“Franchisee”) of its Franchise Agreement dated \_\_\_\_\_ between Franchisee and Franchisor (the “Agreement”), Franchisee hereby releases and forever discharges Franchisor, and all affiliates of Franchisor, and their respective governors/directors, managers/officers, owners/shareholders, employees, and agents, in their corporate and individual capacities, and their respective heirs, personal representatives, successors, and assigns, from any and all claims Franchisee may have against such parties, from the beginning of time to the date hereof, known or unknown, whether in law or in equity, including, but not limited to, any claims arising out of the offer or sale of any franchise to Franchisee, and any matters arising under the Agreement.

NOTWITHSTANDING THE FOREGOING, THIS RELEASE DOES NOT RELEASE ANY CLAIMS THE UNDERSIGNED MAY HAVE THAT MAY NOT BE RELEASED PURSUANT TO THE FRANCHISE LAWS WHERE THE UNDERSIGNED IS A RESIDENT OR WHERE THE FRANCHISED BUSINESS IS LOCATED, TO THE EXTENT REQUIRED BY APPLICABLE LAW.

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

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

**ADDENDUM TO  
CONQUER NINJA FRANCHISE AGREEMENT  
FOR THE  
STATE OF CALIFORNIA**

Notwithstanding anything to the contrary set forth in the Conquer Ninja Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Conquer Ninja franchises offered and sold in the State of California.

1. If the Franchise Agreement is governed by the laws of California, then (a) the covenant not to compete upon termination or expiration of the Franchise Agreement may be unenforceable, except in certain circumstances provided by law; (b) provisions of the Franchise Agreement giving Franchisor the right to terminate in the event of Franchisee's bankruptcy may not be enforceable under federal bankruptcy laws (11 U.S.C. Section 101, et seq.); and (c) to the extent that the provisions of the Franchise Agreement provide for periods of notice less than those required by California law, or provide for transfer, termination, cancellation, nonrenewal, or the like other than in accordance with California law, such provisions shall, to the extent such are not in accordance with California law, be superseded by said law.
2. The second sentence of Paragraph 5(a) of the Franchise Agreement is hereby deleted, and replaced by the following: "The Initial Franchise Fee shall be due and payable immediately upon opening of the Franchised Business. Your failure to pay this fee in full within three (3) business days of such opening, time being of the essence, shall be considered a material default of this Agreement."
3. No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.
4. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California Franchise Investment Law and California Franchise Relations Act are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date the Franchise Agreement was executed.

**FRANCHISOR:**  
CONQUER FRANCHISING, LLC

**FRANCHISEE:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ADDENDUM TO  
CONQUER NINJA FRANCHISE AGREEMENT  
FOR THE  
STATE OF MARYLAND**

Notwithstanding anything to the contrary set forth in the Conquer Ninja Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Conquer Ninja franchises offered and sold in the State of Maryland.

1. The Franchise Agreement is amended by the addition of the following language:

“Termination for bankruptcy filing may not be enforceable under the United States Bankruptcy Act, but we intend to enforce it to the extent enforceable.”
2. The Franchise Agreement is revised to provide that, pursuant to COMAR 02.02.08.16L, the general release required as a condition to renewal, sale, or consent to assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
3. The Franchise Agreement is amended by the addition of the following language:

“Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.”
4. The Franchise Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Registration and Disclosure Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.
5. The Franchise Agreement is amended by the addition of the following language: “All representations requiring Franchisee to assent to a release, estoppel, or waiver of liability are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.”
6. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.
7. No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.
8. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date the Franchise Agreement was executed.

**FRANCHISOR:**  
CONQUER FRANCHISING, LLC

**FRANCHISEE:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ADDENDUM TO  
CONQUER NINJA FRANCHISE AGREEMENT  
FOR THE  
STATE OF MINNESOTA**

Notwithstanding anything to the contrary set forth in the Conquer Ninja Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Conquer Ninja franchises offered and sold in the State of Minnesota.

1. Minnesota Statutes, Section 80C.21, and Minnesota Rules 2860.4400(J) prohibit Franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring Franchisee to consent to liquidated damages, termination penalties, or judgment notes. In addition, nothing in the Franchise Agreement can abrogate or reduce (a) any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C; or (b) Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
2. With respect to franchises governed by Minnesota law, Franchisor will comply with Minnesota Statutes, Section 80C.14, subd. 3-5, which require (except in certain specified cases) (a) that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement; and (b) that consent to the transfer of the franchise will not be unreasonably withheld.
3. To the extent required by the Minnesota Franchise Act, Franchisor will protect Franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols related to the trademarks or indemnify Franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the trademarks, provided Franchisee is using the names in marks in accordance with the Franchise Agreement.
4. Minnesota Rules 2860.4400(D) prohibits Franchisor from requiring Franchisee to assent to a general release.
5. Franchisee cannot consent to Franchisor obtaining injunctive relief. Franchisor may seek injunctive relief.
6. Franchise Agreement, Section 23(g), is revised to comply with Minnesota Statutes, Section 80C.17, subd. 5.
7. No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.
8. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Statutes, Chapter 80C, are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date the Franchise Agreement was executed.

**FRANCHISOR:**  
CONQUER FRANCHISING, LLC

**FRANCHISEE:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ADDENDUM TO  
CONQUER NINJA FRANCHISE AGREEMENT  
FOR THE  
STATE OF NEW YORK**

Notwithstanding anything to the contrary set forth in the Conquer Ninja Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Conquer Ninja franchises offered and sold in the State of New York.

1. If the Franchise Agreement is governed by the laws of New York, then (a) the Franchise Agreement will be amended to provide that Franchisee is not required to indemnify Franchisor against claims arising out of Franchisor's breach of contract, negligence, or other civil wrong, however this will not affect in any way Franchisee's obligation to obtain and maintain insurance coverage in accordance with the provisions of the Franchise Agreement; (b) any modifications to the Confidential Manual(s) Franchisor makes will not unreasonably increase Franchisee's obligations under the Franchise Agreement and will not place an excessive economic burden on the Franchised Business; and (c) any release required in the Franchise Agreement or any addendum to the Franchise Agreement and the choice of law provisions of the Franchise Agreement will not be considered a waiver of any right Franchisee is given under the New York General Business Law, Article 33.
2. No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.
3. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the New York General Business Law, Article 33, Sections 680 through 695, are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date the Franchise Agreement was executed.

**FRANCHISOR:**  
CONQUER FRANCHISING, LLC

**FRANCHISEE:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



**ADDENDUM TO  
CONQUER NINJA FRANCHISE AGREEMENT  
FOR THE  
STATE OF NORTH DAKOTA**

Notwithstanding anything to the contrary set forth in the Conquer Ninja Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Conquer Ninja franchises offered and sold in the State of North Dakota.

1. The North Dakota Franchise Investment Law supersedes any provisions of the Franchise Agreement, the other agreements or Minnesota law if such provisions are in conflict with the North Dakota Franchise Investment Law. The Franchise Agreement will be governed by North Dakota law, rather than Minnesota law.
2. Any provision in the Franchise Agreement which designates jurisdiction or venue or requires Franchisee to agree to jurisdiction or venue, in a forum outside of North Dakota, is deleted from the Franchise Agreement.
3. Any provision in the Franchise Agreement which requires Franchisee to waive its right to a trial by jury is deleted from the Franchise Agreement.
4. No release language set forth in the Franchise Agreement will relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of North Dakota.
5. The second sentence of Paragraph 5(a) of the Franchise Agreement is hereby deleted, and replaced by the following: "The Initial Franchise Fee shall be due and payable immediately upon opening of the Franchised Business. The failure to pay this fee in full within three (3) business days of such opening, time being of the essence, shall be considered a material default of this Agreement."
6. No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.
7. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date the Franchise Agreement was executed.

**FRANCHISOR:**  
CONQUER FRANCHISING, LLC

**FRANCHISEE:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ADDENDUM TO  
CONQUER NINJA FRANCHISE AGREEMENT  
FOR THE  
STATE OF VIRGINIA**

Notwithstanding anything to the contrary set forth in the Conquer Ninja Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Conquer Ninja franchises offered and sold in the State of Virginia.

1. Pursuant to the Virginia Retail Franchising Act, Section 13.1-564, it is unlawful for Franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchise Act or the laws of Virginia, that provision may not be enforceable.
2. No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.
3. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date the Franchise Agreement was executed.

**FRANCHISOR:**  
CONQUER FRANCHISING, LLC

**FRANCHISEE:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ADDENDUM TO  
CONQUER NINJA FRANCHISE AGREEMENT  
FOR THE  
STATE OF WISCONSIN**

Notwithstanding anything to the contrary set forth in the Conquer Ninja Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Conquer Ninja franchises offered and sold in the State of Wisconsin.

1. The Wisconsin Fair Dealership Law applies to most franchise agreements in the state and prohibits termination, cancellation, non-renewal, or substantial change in competitive circumstances of a dealership agreement without good cause. The law further provides that 90 days' prior written notice of the proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is so cured the notice is void. The Franchise Agreement is hereby modified to state that the Wisconsin Fair Dealership Law, to the extent applicable, supersedes any provisions of the Franchise Agreement that are inconsistent with the law Wis.Stat.Ch.135, the Wisconsin Fair Dealership Law, § 32.06(3), Wis. Code.
2. No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.
3. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Wisconsin Fair Dealership Law are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date the Franchise Agreement was executed.

**FRANCHISOR:**  
CONQUER FRANCHISING, LLC

**FRANCHISEE:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT G**  
**EQUIPMENT PURCHASE AGREEMENT**

## EQUIPMENT PURCHASE AGREEMENT

This **EQUIPMENT PURCHASE AGREEMENT** ("Agreement") is made as of \_\_\_\_\_, 20\_\_\_\_ ("Effective Date"), by and between \_\_\_\_\_ a Minnesota limited liability company ("Conquer"), and \_\_\_\_\_, a(n) \_\_\_\_\_ ("Franchisee").

### INTRODUCTION

Franchisee desires to operate a gym designed specifically for individuals 5 years and older that uses age-appropriate obstacle course equipment and safety equipment, and that offers fitness training classes, open gym sessions, group and party rentals, and related products and services, under the name "Conquer Ninja" pursuant to that certain Franchise Agreement, dated\_, 20\_\_, by and between Conquer's affiliate, Conquer Franchising, LLC, a Minnesota limited liability company ("Franchisor") and Franchisee (the "Franchise Agreement"). Conquer desires to sell to Franchisee, and Franchisee desires to purchase, certain Equipment (as defined herein) on the terms and conditions provided in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and benefits to be gained by the performance hereof, the parties hereby agree as follows:

**1 Definitions.** Capitalized terms used but not defined herein have the meanings ascribed thereto in the Franchise Agreement.

**2 Sale and Purchase of Initial Equipment.** Subject to the terms and conditions hereof, Conquer hereby sells, and Franchisee hereby purchases from Conquer, the initial set of obstacle course equipment, safety equipment, and other items set forth on Schedule A attached hereto (collectively, the "Initial Equipment").

**3 Sale and Purchase of Additional Equipment.** From time to time, Franchisee may be required to purchase additional obstacle course equipment, safety equipment, and other items (collectively, the "Additional Equipment", and together with the Initial Equipment, the "Equipment") as provided in the Franchise Agreement. Unless Conquer or Franchisor provides separate purchase agreements for any Additional Equipment, all Additional Equipment will be purchased subject to the terms and conditions hereof, and the parties shall execute a Schedule for each set of Additional Equipment purchased by Franchisee from Conquer and append such Schedule B to this Agreement.

**4 Purchase Price.** As full payment for the Initial Equipment, Franchisee shall pay to Conquer a total purchase price of \$\_\_\_\_\_ (the "Initial Purchase Price"), exclusive of any applicable taxes, payable as follows:

- (a) Fifty percent (50%) of the Initial Purchase Price, or \$ \_\_\_\_\_, shall be payable upon ordering the Initial Equipment;
- (b) Forty percent (40%) of the Initial Purchase Price, or \$ \_\_\_\_\_, shall be payable upon shipping the Initial Equipment; and
- (c) Ten percent (10%) of the Initial Purchase Price, or \$ \_\_\_\_\_, shall be payable upon installation of the Initial Equipment at the Franchised Business.

As payment for the Additional Equipment, Franchisee shall pay to Conquer the purchase price set forth on the applicable Schedule B, payable on the terms and conditions set forth on Schedule B (the "Additional Purchase Price", and together with the Initial Purchase Price, the "Purchase Price").

Payment of the Purchase Price by Franchisee to Conquer shall be by check or electronic-funds transfer or other similar means per the instructions provided by Conquer to Franchisee, or as otherwise instructed by Conquer. Franchisee shall pay, upon demand from Conquer, any and all taxes applicable to the sale and transfer of the Equipment, and all shipping, insurance, and maintenance costs in connection with the Equipment, in addition to the Purchase Price.

**5 Title.** Title to and ownership of the Equipment is and will remain with Conquer until payment in full of the Initial Purchase Price or the Additional Purchase Price, as the case may be.

**6 Ordering.** Pursuant to Section 3(e) of the Franchise Agreement, following approval by Franchisor of the interior layout of the Franchised Business, Franchisor shall design the initial obstacle course to be installed in the Franchised Business, and shall identify the Initial Equipment to be included therein. At such time as may be required by Franchisor, Franchisee shall place an order for all such Initial Equipment. Pursuant to Section 11(a) of the Franchise Agreement, Franchisee shall update, revise, or change out the obstacle course and safety equipment as Franchisor may periodically require by purchasing Additional Equipment. At such time as may be required by Franchisor, Franchisee shall place an order for all such Additional Equipment required or identified by Franchisor.

**7 Shipment; Acceptance.** Conquer shall ship the Equipment to Franchisee at the Franchised Business within a reasonable time after Conquer accepts the order of Equipment from Franchisee. Franchisee will inspect the Equipment promptly upon delivery and will notify Conquer of the acceptance or rejection of any Equipment within five (5) days after delivery. Any Equipment not rejected within that time will be considered accepted. Franchisee may reject any item of the Equipment only for defects or non-conformities. If Franchisee rejects any item of the Equipment, Conquer shall have the option to replace or repair the Equipment or refund the Purchase Price applicable to the rejected Equipment.

**8 Installation.** Upon acceptance of the Initial Equipment by Franchisee, Franchisee and Conquer agree to schedule a time for installation of the Initial Equipment at the Franchised Business by Conquer or its agents or representatives during normal business hours. Franchisee shall provide reasonable access to the Franchised Business for purposes of installing the Initial Equipment. Provided Franchisee cooperates with Conquer in scheduling a time for installation that is convenient for Conquer and during normal business hours, Franchisee shall not be obligated to pay Conquer any fees for installation of the Initial Equipment. Franchisee shall be responsible for installing any Additional Equipment at Franchisee's sole cost and expense pursuant to Conquer's and Franchisor's instructions.

**9 Use; Maintenance.** Franchisee shall (a) use and operate the Equipment only in the ordinary course of operating its Franchised Business, operate the Equipment in compliance with Conquer's and Franchisor's requirements and all safety requirements, and not use, operate, or store the Equipment improperly, carelessly, or in violation of any applicable law, rule, regulation, or government order; and (b) maintain, service, and repair the Equipment at Franchisee's sole cost and expense (including all parts, supplies, and labor) in compliance with

Conquer's and Franchisor's requirements, all safety requirements, and any applicable law, rule, regulation, or government order.

## **10 DISCLAIMER OF WARRANTIES; LIMITATIONS OF LIABILITY.**

(a) **Manufacturer Warranties.** Conquer hereby assigns to Franchisee all manufacturer, vendor, or other third party warranties and representations (if any), whether express or implied, which pertain to the Equipment, together with all rights, claims, actions, and causes of action which arise from the Equipment thereunder.

(b) **DISCLAIMER OF OTHER WARRANTIES.** EXCEPT AS PROVIDED IN SECTION 10(a), THE EQUIPMENT IS SOLD "AS IS." CONQUER MAKES NO WARRANTY OF ANY KIND, NATURE OR DESCRIPTION, EXPRESS OR IMPLIED, WITH RESPECT TO THE EQUIPMENT. CONQUER HEREBY DISCLAIMS THE WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND NON-INFRINGEMENT. This disclaimer and exclusion shall apply even if any warranty fails of its essential purpose. Conquer shall not be responsible to repair or replace the Equipment or any component thereof at any time for any reason.

(c) **LIMITATIONS OF LIABILITY.** CONQUER WILL NOT BE LIABLE UNDER ANY CIRCUMSTANCES FOR LOSS OF FRANCHISEE'S PROFITS, LOSS OF BUSINESS, OR ANY OTHER DAMAGES, DIRECT OR INDIRECT, SPECIAL, CONSEQUENTIAL, OR OTHERWISE, CAUSED BY OR RESULTING DIRECTLY OR INDIRECTLY FROM CONQUER'S FAILURE TO COMPLY WITH THE TERMS AND CONDITIONS OF THIS AGREEMENT, OR RESULTING FROM ANY DEFECT OR NONCONFORMITY OF ANY EQUIPMENT OR ANY OTHER MATTER, FACT, EVENT, OR OCCURRENCE RELATING TO THE OPERATION, PERFORMANCE, OR CONDITION OF ANY EQUIPMENT.

(d) **Assumption of Risk.** Franchisee assumes all risk and liability arising from damage, possession, ownership, and use of the Equipment, including injuries or death to persons or damage to property. Without demand, Franchisee will immediately notify Conquer of each claim against Franchisee pertaining in any way to the Equipment.

(e) **Indemnification.** Franchisee agrees to indemnify and hold Conquer and Franchisor, and the respective agents, employees, contractors, owners, and representatives, harmless from and against any and all claims, losses, liabilities, damages or expenses, including legal costs and all attorneys' fees, that arise in whole or in part from or are related to injury to or death of any person or loss of or damage to any real or personal property, caused directly or indirectly by the Equipment sold under this Agreement or Franchisee's possession, storage, maintenance, or use and operation of the Equipment.

## **11 Miscellaneous.**

(a) **Further Assurances.** Each party shall execute such further documents, agreements, and certificates as may be necessary or appropriate to effectuate and carry out the purposes and intent of this Agreement.

(b) **Force Majeure.** Neither party shall be liable for failure to perform any obligation under this Agreement due to any cause in the nature of a force majeure event that is

beyond the reasonable control of such party. In the event of any delay or anticipated delay by any party in the performance of its obligations hereunder due to any causes beyond its reasonable control, such party shall immediately notify the other party in writing of such delay, setting forth the cause(s) and the estimated duration thereof.

(c) **Applicable Law.** This Agreement has been signed in Minnesota, and will be governed by the laws of Minnesota.

(d) **No Election of Remedies.** Conquer may exercise any one or more remedies provided in this Agreement or under applicable law at the same time as it exercises other such remedies, and its decision at any one time to pursue particular remedies will not be deemed an election not to pursue any other remedy at the same time or at any other time.

(e) **Severability.** If any provision of this Agreement is held to be invalid or illegal, it will be severed from this Agreement for purposes of enforcement but will not invalidate any of the remaining provisions of this Agreement.

(f) **Modification; Waiver.** This Agreement may not be modified or amended without Conquer' written consent. Conquer will not be held to have waived any provision of this Agreement or any of its rights under this Agreement, or to have agreed to any modification of this Agreement, except by a written document signed by an authorized officer of Conquer.

(g) **Assignability.** Franchisee shall not assign its rights or duties under this Agreement, in whole or in part, without the prior written consent of Conquer.

(h) **Entire Agreement; Counterparts.** Schedules and other documents referred to in this Agreement are an integral part of this Agreement. This Agreement, together with the Franchise Agreement, sets forth the entire understanding between the parties regarding the subject matter hereof, there being no terms, conditions, warranties, or representations other than those contained herein. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties' authorized representatives, below, have executed this Agreement as of the Effective Date first written above.

**CONQUER:**

**FRANCHISEE:**

\_\_\_\_\_

\_\_\_\_\_

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

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

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

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



## SCHEDULE A - INITIAL EQUIPMENT

**SCHEDULE 8 - ADDITIONAL EQUIPMENT**

**Additional Equipment:**

**Additional Purchase Price:**

Agreed and acknowledged:

**CONQUER:**

\_\_\_\_\_

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

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

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

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

**FRANCHISEE:**

\_\_\_\_\_

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

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

**EXHIBIT H**  
**ELECTRONIC TRANSFER OF FUNDS AUTHORIZATION**

**ELECTRONIC TRANSFER OF FUNDS AUTHORIZATION**

Franchisee: \_\_\_\_\_  
Location: \_\_\_\_\_  
Date: \_\_\_\_\_

Attention: Accounting

The undersigned has entered into a Franchise Agreement with Conquer Franchising, LLC (the "Franchise Agreement"), and authorizes Conquer Franchising, LLC ("Franchisor") or any of its affiliated entities, to initiate one-time, weekly, and/or monthly ACH debit and credit entries against the account of the undersigned with you in payment of amount for ongoing royalty fees, advertising fees, and other amounts that become due and payable by the undersigned to Franchisor or any affiliate pursuant to the Franchise Agreement or any other agreement between the undersigned and Franchisor or any affiliate. The dollar amount to be debited per payment and credited per payment will vary.

Subject to the provisions of this letter of authorization, you are hereby directed to honor any such ACH debit and credit entry initiated by Franchisor.

This authorization is binding, and will remain in full force and effect until ninety (90) days prior written notice has been given to you by the undersigned. The undersigned is responsible for, and must pay on demand, all costs or charges relating to the handling of ACH debit and credit entries pursuant to this letter of authorization.

Please honor ACH debit and credit entries initiated in accordance with the terms of this letter of authorization, subject to there being sufficient funds in the undersigned's account to cover such ACH debit and credit entries.

Sincerely,

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

\_\_\_\_\_  
Account Name

\_\_\_\_\_  
Bank Name

\_\_\_\_\_  
Customer Street Address

\_\_\_\_\_  
Branch

\_\_\_\_\_  
City State Zip Code

\_\_\_\_\_  
Bank Street Address

\_\_\_\_\_  
Customer Phone Number

\_\_\_\_\_  
City State Zip Code

\_\_\_\_\_  
Customer's Account Number

\_\_\_\_\_  
Bank Phone Number

\_\_\_\_\_  
Bank's Account Number

\_\_\_\_\_  
Bank Routing/ABA Number

**EXHIBIT I**  
**FRANCHISEE QUESTIONNAIRE**

## FRANCHISE QUESTIONNAIRE

The purpose of this **FRANCHISE QUESTIONNAIRE** is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate, or misleading. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Have you received and personally reviewed our Franchise Agreement and any attachments to it?

Yes:  No:

2. Have you received and personally reviewed our Franchise Disclosure Document (“FDD”)?

Yes:  No:

3. Did you sign a Receipt for the FDD indicating the date you received it?

Yes:  No:

4. Have you discussed the benefits and risks of purchasing a Conquer Ninja franchise (the “Gym”) with an attorney, accountant, or other professional advisor?

Yes:  No:

If “No,” do you wish to have more time to do so?

Yes:  No:

5. Do you understand that the success or failure of your Gym will depend in large part upon your skills and abilities, competition from others, and other economic and business factors?

Yes:  No:

6. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits, or operating costs of a Conquer Ninja franchise?

Yes:  No:

7. Has any employee or other person speaking on our behalf made any statement (other than the information contained in Item 19 of the FDD), or any promise regarding the amount of money you may earn in operating a Conquer Ninja franchise?

Yes:  No:

8. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Conquer Ninja franchise?

Yes:  No:

9. Has any employee or other person speaking on our behalf made any statement, promise, or agreement concerning the training or support service or other assistance that we will furnish to you that is contrary to, or different from, the information contained in the FDD?

Yes:  No:

10. Have you paid any money to us concerning the purchase of your Conquer Ninja franchise prior to today?

Yes:  No:

11. If you answered "Yes" to any of Questions 6 to 10, please provide a full explanation of each "Yes" answer in the following blank lines. Attach additional pages, if necessary, and refer to them below.

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12. I signed the Franchise Agreement and Addendum (if any) on \_\_\_\_\_, 20\_\_\_\_, and acknowledge that no Franchise Agreement or Addendum is effective until signed and dated by Conquer Franchising, LLC.

Your responses to these questions are important to us and we will rely on them.

By signing below, you are representing that you have responded truthfully to the above questions.

**FRANCHISEE APPLICANT:**

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

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

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

**EXHIBIT J**  
**STATE EFFECTIVE DATES AND RECEIPTS**



## **FRANCHISE DISCLOSURE DOCUMENT EFFECTIVE DATES IN DESIGNATED STATES**

The following states 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 Franchise Disclosure Document is registered, on file, exempt from registration, or otherwise effective in the following states having franchise registration and disclosure laws as of the date listed:

<b>State</b>	<b>Effective Date</b>
Indiana	Pending
Michigan	Pending
Minnesota	Pending
Wisconsin	Pending

**RECEIPT**

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Conquer Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Maryland, New York and Rhode Island require that Conquer Franchising, LLC gives you this Disclosure Document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan, Oregon and Washington require that Conquer Franchising, LLC gives you this Disclosure Document at least ten (10) business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Conquer Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit B.

The franchisor is Conquer Franchising, LLC, 3203 Corporate Center Drive, Suite 190, Burnsville, Minnesota 55306. Its telephone number is 952-426-0520. The name, principal business address, and telephone number of each franchise seller offering the franchise is: Jake Marshman and Zach Braid, Conquer Franchising, LLC, 3203 Corporate Center Drive, Suite 190, Burnsville, Minnesota 55306, telephone 952-426-0520; and \_\_\_\_\_

**Issuance Date: June 7, 2023**

Conquer Franchising, LLC authorizes the respective parties identified on Exhibit B to receive service of process for us in the particular state. I have received a Disclosure Document with an Issuance Date of June 7, 2023, that included the following Exhibits:

- Exhibit A. State Specific Addenda to Disclosure Document
- Exhibit B. List of State Agencies and Agents for Service of Process
- Exhibit C. Table of Contents of Operations Manual
- Exhibit D. List of Outlets
- Exhibit E. Financial Statements
- Exhibit F. Franchise Agreement, Guaranty, General Release, Transfer Form, and State Specific Addenda to Franchise Agreement
- Exhibit G. Equipment Purchase Agreement
- Exhibit H. Electronic Transfer of Funds Authorization
- Exhibit I. Franchisee Questionnaire
- Exhibit J. State Effective Dates and Receipts

Indicate the date on which you received this Disclosure Document, sign, indicate the date you signed this Receipt, and promptly return one completed copy of the Receipt to Conquer Franchising, LLC, at 3203 Corporate Center Drive, Suite 190, Burnsville, Minnesota 55306.

\_\_\_\_\_  
Date Disclosure Document Received

\_\_\_\_\_  
Prospective Franchisee's Signature

\_\_\_\_\_  
Date Receipt Signed

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

Address: \_\_\_\_\_  
\_\_\_\_\_

**RECEIPT**

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- Exhibit G. Equipment Purchase Agreement
- Exhibit H. Electronic Transfer of Funds Authorization
- Exhibit I. Franchisee Questionnaire
- Exhibit J. State Effective Dates and Receipts

Indicate the date on which you received this Disclosure Document, sign, indicate the date you signed this Receipt, and keep this copy of the Receipt for your records.

\_\_\_\_\_  
Date Disclosure Document Received

\_\_\_\_\_  
Prospective Franchisee's Signature

\_\_\_\_\_  
Date Receipt Signed

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

Address: \_\_\_\_\_  
\_\_\_\_\_