

## FRANCHISE DISCLOSURE DOCUMENT



FIRE FITNESS AFFILIATION, LLC  
A Wisconsin Limited Liability Company  
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Plover, WI 54467  
(715) 544-6777  
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[www.firefitnesscamp.com](http://www.firefitnesscamp.com)

As a FIRE Fitness Camp® franchisee, you will operate a retail unit providing group personal training and fitness services to retail customers using designated or authorized “FIRE Fitness Camp®” fitness programs and methods.

The total investment necessary to begin operation of a FIRE Fitness Camp® franchise is \$114,575 to \$382,853. This includes \$55,490 that must be paid to the franchisor or affiliate.

The total investment necessary to begin operation of two FIRE Fitness Camp® franchised locations is \$134,575 to \$402,853. This includes \$75,490 that must be paid to the franchisor or affiliate for the right to open two FIRE Fitness Camp® businesses.

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 the 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 government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Hans Hartleben at 3050 Village Park Drive, Plover, WI 54467 and (715) 544-6777, [info@firefranchise.com](mailto:info@firefranchise.com).

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

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

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

**Issuance Date:** April 24, 2024

## How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit E.
<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 D 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 FIRE Fitness Camp® business in my area?</b>	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What’s it like to be a FIRE Fitness Camp® franchisee?</b>	Item 20 or Exhibit E 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 and area development agreement require you to resolve disputes with the franchisor by arbitration only in Wisconsin. Out-of-state arbitration 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 Wisconsin than in your own state.
2. **Mandatory Minimum Payments**. You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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

## TABLE OF CONTENTS

<u>Item</u>	<u>Page</u>
ITEM 1 THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES .....	1
ITEM 2 BUSINESS EXPERIENCE .....	2
ITEM 3 LITIGATION.....	2
ITEM 4 BANKRUPTCY .....	3
ITEM 5 INITIAL FEES.....	3
ITEM 6 OTHER FEES.....	4
ITEM 7 ESTIMATED INITIAL INVESTMENT.....	8
ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.....	10
ITEM 9 FRANCHISEE’S OBLIGATIONS .....	13
ITEM 10 FINANCING.....	15
ITEM 11 FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING .....	15
ITEM 12 TERRITORY .....	21
ITEM 13 TRADEMARKS.....	25
ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION.....	26
ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS .....	27
ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL .....	28
ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION .....	28
ITEM 18 PUBLIC FIGURES.....	35
ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS .....	35
ITEM 20 OUTLETS AND FRANCHISEE INFORMATION .....	37
ITEM 21 FINANCIAL STATEMENTS .....	39
ITEM 22 CONTRACTS.....	39
ITEM 23 RECEIPTS .....	39

### EXHIBITS:

- Exhibit A List of State Administrators and Agents for Service of Process
- Exhibit B Franchise Agreement
- Exhibit C Area Development Agreement
- Exhibit D Financial Statements
- Exhibit E List of Current and Former Franchisees
- Exhibit F State Addenda and Agreement Riders
- Exhibit G Franchise Operations Manual Table of Contents
- Exhibit H Contracts for use with Franchise
- Exhibit I State Effective Dates
- Exhibit J Receipts

## **ITEM 1: THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES**

To simplify the language in this Franchise Disclosure Document, “FIRE Fitness Affiliation, LLC,” “we,” “us,” and “our” means FIRE Fitness Affiliation, LLC, the franchisor. “You,” “your,” and “Franchisee” means the person, and its owners if the Franchisee is a business entity, who buys the franchise from FIRE Fitness Affiliation, LLC.

### ***The Franchisor***

FIRE Fitness Affiliation, LLC is a Limited Liability Company formed in the State of Wisconsin on May 29, 2015. Our principal place of business is 3050 Village Park Drive, Plover, WI 54467. We do business under our corporate name and the name “FIRE Fitness Camp®”.

### ***Our Agent for Service of Process***

Our agent for service of process are listed in Exhibit A to this Disclosure Document. The name and address of our Agent for Service of Process in Wisconsin is Hans Hartleben, 3050 Village Park Drive, Plover, WI 54467.

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

We do not have a parent or predecessor. We do not have any affiliates that provide products or services to franchisees. We do not operate a FIRE Fitness Camp® business, but our affiliate(s) do.

#### Our Affiliates

Our affiliate, Hammer & Ski, LLC (“H&S”) has operated a FIRE Fitness Camp® at its principal place of business of 3050 Village Park Drive, Plover, WI 54467 since January 2014. H&S does not offer franchises and has never offered franchises in any line of business.

Our affiliate, Rehab Supps Lab, LLC (“RSL”) was formed on February 28, 2023. It’s principal place of business is 3050 Village Park Drive, Plover, WI 54467. RSL does not offer franchises and has never offered franchises in any line of business. You are required to purchase products from RSL.

### ***Our Business & the Franchise Offered***

We grant franchises to qualified individuals and business entities to establish and operate personal training and fitness businesses under the name “FIRE Fitness Camp®” and certain other trademarks, service marks, trade names, and logos we designate from time to time (collectively referred to as the “Marks”) in accordance with comprehensive marketing and operational systems prescribed by us to be used in the conduct of the Franchised Business, as set forth in your Franchise Agreement and the Brand Standards Manual (“System”). We refer to the FIRE Fitness Camp® you will operate as the “Franchised Business”, “FIRE Fitness Camp® Business” or simply your “Business.” We began offering franchises in February 2019. We do not offer and have not previously offered franchises in any other line of business.

We also offer to select qualified individuals and business entities (“Area Developers”) the opportunity to sign our area development agreement attached to this Franchise Disclosure Document as Exhibit C (“Area Development Agreement”) and acquire the right to develop multiple FIRE Fitness Camp® Businesses in a designated development area (“Development Area”) in accordance with a specified development schedule (“Development Schedule”). The Development Area will be established based on the consumer demographics of the Development Area, geographical area, city, county and other boundaries. If you enter into an Area Development Agreement, you must first sign a Franchise Agreement for your first FIRE Fitness Camp® at the same time that you sign the Area Development Agreement. Area Developers must open a minimum of two FIRE Fitness Camp®. Unless otherwise stated, any reference in this Franchise Disclosure Document to “you” or “franchisee” includes you both as an Area Developer under an Area Development Agreement and as a franchisee under a Franchise Agreement.

The Franchise Agreement for the first FIRE Fitness Camp<sup>®</sup> Business to be developed under the Area Development Agreement will be in the form attached as Exhibit C to this Franchise Disclosure Document and must be signed at the same time you sign the Area Development Agreement. For each additional FIRE Fitness Camp<sup>®</sup> Business developed under the Area Development Agreement, you must sign the form of Franchise Agreement that we are then offering to new franchisees, which may differ from the current one included with this Franchise Disclosure Document.

### ***The Market and Competition***

The FIRE Fitness Camp<sup>®</sup> concept is targeted towards individuals focused on health and fitness. As a FIRE Fitness Camp<sup>®</sup> franchisee, you will compete in a developed and highly competitive market with local businesses as well as regional and national chains offering similar services.

### ***Industry-Specific Regulations***

Most states and local jurisdictions have enacted laws, rules, and regulations that might particularly impact the operation of FIRE Fitness Camp<sup>®</sup> Businesses. You must comply with these laws and with laws applying generally to all businesses. You must also comply with all local, state and federal laws of general applicability to all businesses, such as laws related to employee compensation, business licensure, minimum wage laws and health and sanitation laws. You should investigate whether there are regulations and requirements that may apply in the geographic area in which you are interested in locating a FIRE Fitness Camp<sup>®</sup> Business, and you should consider both their effect and the cost of compliance.

Laws and regulations vary widely from place to place. You should consult an advisor in your area to determine all applicable laws and regulations. You must obtain all permits and licenses and operational licenses. The Franchise Agreement requires that you be responsible for complying with these laws and obtain these licenses.

## **ITEM 2: BUSINESS EXPERIENCE**

### **CEO/Founder: Hans Hartleben.**

Hans Hartleben is our founder. Hans has also served as founder and Managing Member of our affiliate, Hammer & Ski, LLC since its inception in 2014.

### **President/Chief Operations Officer: Payal Patel.**

Payal Patel is the President and Chief Operations Officer and co-owner of FIRE Fitness Affiliation, LLC and has served in these positions since our inception. Payal has also served as owner of a FIRE Fitness franchise location in Plover, WI since 2014. She is also CEO and Founder of WhipLASH in Plover, WI and Appleton, WI and has served in that position since November 2019.

### **Chief Brand Officer: Jaymi Ruffalo.**

Jaymi Ruffalo has served as our Chief Brand Officer since March 2019. Jaymi was co-owner of FIRE Fitness Camp<sup>®</sup> Madison West in 2019 in Madison, WI. From 2017 to 2019, Jaymi was employed as Manager at the FIRE Fitness Camp<sup>®</sup> Plover franchise location. Jaymi worked as a stay-at-home mom from 2014 to 2017.

### **Vice President: Sheila Doherty**

Sheila Doherty has served as our Vice President since December 2023. Sheila was a General Fitness Manager for us from July 2020 to December 2023. Prior to that, Sheila was a Logistics Manager for Schneider National in Green Bay, WI from January 2017 to July 2020.

**Franchise Development Specialist: Katie Yeager.**

Katie Yeager has served as our Franchise Development Specialist since October 2021. Katie has also been co-owner of FIRE Fitness Camp Title Town in Green Bay, WI since August 2019 and co-owner of FIRE Fitness Camp New Franken in New Franken, WI since October 2021. Prior to that Katie was the Purchasing Manager for Hansen Foods in Green Bay, WI from 2015 to 2019.

**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***

The initial franchise fee (“Initial Franchise Fee”) for a single FIRE Fitness Camp® Business is \$49,995. This fee includes any assistance we may provide with references to architectural firms. Each Franchise Agreement will grant you the right to operate one FIRE Fitness Camp® Business. The Initial Franchise Fee is payable by wire transfer and must be paid in one lump-sum upon execution of the Franchise Agreement. The Initial Franchise Fee is uniform, payable when you sign your Franchise Agreement and is nonrefundable.

During the fiscal year ended December 31, 2023 we did not discount our Initial Franchise Fee.

***Grand Opening Promotional Items***

You must purchase certain promotional supplies, such as supplements and apparel, from us or our affiliates for use in your Grand Opening advertising. The cost for these promotional supplies is \$4,500 and must be paid to us in one lump-sum within 30-days after execution of the Franchise Agreement regardless of when you place the order. This fee is uniform and is nonrefundable.

***Certification of FIRE Education***

You and any of your staff that conducts fitness sessions on must obtain a Certification of FIRE Education (“C.O.F.E”). You will pay us a fee of \$995 for C.O.F.E. training at our headquarters. You will be solely responsible for all travel and living expenses for you and your trainees.

***Development Fee***

Franchisees may also purchase the rights to open additional FIRE Fitness Camp® Businesses by signing our Area Development Agreement and paying a development fee (“Development Fee”) which is equal to the Initial Franchise Fee for the first FIRE Fitness Camp® Business and a reduced Initial Franchise Fee of \$20,000 for each additional FIRE Fitness Camp® Business you intend to develop under the Area Development Agreement.

Area Developers must open a minimum of two FIRE Fitness Camp® Businesses. We calculate the Development Fee uniformly for all Area Developers, but the total amount of the Development Fee will vary depending on the number of FIRE Fitness Camp® Businesses to be developed under the Area Development Agreement. The Development Fee is payable in full when you sign your Area Development Agreement and is deemed fully earned by us once paid and is nonrefundable, even if you fail to open any FIRE Fitness Camp® Business.

To open additional FIRE Fitness Camp® Businesses under an Area Development Agreement, you will be required to sign the then-current FIRE Fitness Camp® franchise agreement for each FIRE Fitness Camp® Business, but you will not be required to pay an Initial Franchise Fee.



**ITEM 6**  
**OTHER FEES**

<b>Column 1 Name of Fee<sup>1</sup></b>	<b>Column 2 Amount</b>	<b>Column 3 Due Date</b>	<b>Column 4 Remarks</b>
Royalty	7% of Gross Revenues	Payable on the 5 <sup>th</sup> day of each month for the immediately preceding month	See Note 2. All payments must be made by wire. The royalty is non-refundable when paid and is fully earned upon receipt.
Marketing Fund Fees	Currently, none, but may be up to 2% of Gross Revenues	Payable on the 5 <sup>th</sup> day of each month for the immediately preceding month	See Note 2. We currently do not have a Marketing Fund fund, but we reserve the right to establish one in the future.
Local Advertising	\$300 monthly.	As Incurred	You must spend a minimum of this amount monthly on local advertising either by way of direct promotion or participation in an Advertising Cooperative. Any amounts you spend on Cooperatives will be credited against this requirement.
Local and Regional Advertising Cooperatives	Established by cooperative members	Established by cooperative members	We have the right to require you to participate in a national or regional approved cooperative, up to 2% of Gross Revenues, for the area in which your FIRE Fitness Camp <sup>®</sup> Business operates. We do not have any national or regional cooperatives in place as of the Issuance Date.
Technology Fee	\$395 per month for use of the MINDBODY POS System	Payable on the 5 <sup>th</sup> day of each month for the immediately preceding month	You must use the MINDBODY POS System. This fee may be subject to change in our discretion.
Computer Maintenance Fee	Estimate of \$50 to \$100 per month	As Incurred	You are required to maintain your computer system and software. This fee is charged by outside vendors.
Internet Access	Varies	As Incurred	You must obtain and install a high-speed Internet connection (through DSL or cable modem). The cost of this service varies depending the vendor you choose.

<b>Column 1 Name of Fee<sup>1</sup></b>	<b>Column 2 Amount</b>	<b>Column 3 Due Date</b>	<b>Column 4 Remarks</b>
General Fitness Manager Training Fee	Our then current General Fitness Manager Training Fee, currently \$1,495.	Prior to scheduling training	If you hire a new manager or replace an old manager, you must send the new or replacement manager to training with us and pay our then-current General Fitness Manager Training Fee.
Certification of FIRE Education (C.O.F.E.)	\$995	Prior to scheduling training	You and any of your staff that conducts fitness sessions on must obtain a Certification of FIRE Education (“C.O.F.E”). You will be solely responsible for all travel and living expenses for you and your trainees. We reserve the right to revoke, terminate or suspend any individuals C.O.F.E., in our sole discretion effective upon receipt of our written notice to you.
Non-Compliance Fee	(i) \$5,000 for C.O.F.E. non-compliance, and (ii) a reinspection fee of \$750 for the first non-compliance for which we give you written notice; \$1000 for the second; \$1,500 for the third and subsequent.	If Incurred	Payable upon your failure to comply with our System standards and requirements. This fee is in addition to all other remedies that we have under the Franchise Agreement.
Failure to Retain Required Staff or Notify us of Changes in Staff	\$100 per day until compliance is accomplished if related to retaining required staff. If related to failure to notify us of staff changes, \$100 per day from the time of the change until the time we received the required notification.	If Incurred	If you do not at all times have a General Fitness Manager that has completed Initial Training and is C.O.F.E. certified plus at least 2 C.O.F.E. certified coaches at all time, we may charge you \$100 per day until such time as the required staff is hired or trained as required. We reserve the right to increase this fee at any time in our sole discretion.
Ongoing Purchases of FIRE Merchandise	\$1,500 quarterly	Prior to ordering	You must purchase from us no less than \$1,500 of FIRE merchandise for sale in your FIRE Fitness Camp <sup>®</sup> Business each calendar quarter.

<b>Column 1 Name of Fee<sup>1</sup></b>	<b>Column 2 Amount</b>	<b>Column 3 Due Date</b>	<b>Column 4 Remarks</b>
Transfer Fee	\$10,000 per person or \$20,000 depending on the type of transfer	At time of transfer	See Note 4.
Interest on Late Fees	Lesser of 18% per annum or the maximum allowed under applicable state law.	Upon Demand	Payable on overdue royalty payments and other payments due to us by you. The interest rate is per annum calculated daily.
Insufficient Funds Fees	\$100 per occurrence	As Incurred	Payable if any payment from you to us is not successful due to insufficient funds, stop payment or any similar event.
Renewal Fee	\$4,995	Upon execution of the successor franchise agreement	
Audit	Cost of audit, but not less than \$500, plus interest equal to the lesser of 1.5% per month or the highest rate allowed by law and our expenses	15 days after billing	If an audit reveals a deficiency, you must pay the amount owed plus interest. If the audit reveals an understatement of Gross Revenues by 2% or more, you must pay the amount owed plus applicable late fees with interest, and you must reimburse us for the cost of the audit, and our expenses including travel, lodging, wage expenses and reasonable accounting and legal costs.
Relocation Fee	\$9,995	When you submit your application for relocation to us.	If you desire to relocate your FIRE Fitness Camp® Franchised Business, you may do so provided that not less than 90 days prior to the desired date of relocation, you make a written request for consent to relocate, describing the reasons for the relocation and providing complete written details respecting any proposed new location and pay to us the relocation fee.

<b>Column 1 Name of Fee<sup>1</sup></b>	<b>Column 2 Amount</b>	<b>Column 3 Due Date</b>	<b>Column 4 Remarks</b>
Indemnification	All damages and costs including attorneys' fees	Upon demand	You must defend lawsuits at your cost and hold us harmless against lawsuits arising from your operation of the Business.
Insurance	Reimbursement of our costs plus a \$500 administrative fee	Upon demand	We may (but are not required to) obtain insurance coverage for your FIRE Fitness Camp <sup>®</sup> Business if you do not do so.

Notes:

1. All fees paid to us or our affiliates are uniform and not refundable under any circumstances once paid. We currently require you to pay fees and other amounts due to us or our affiliates via electronic funds transfer (“EFT”) or other similar means. You are required to complete the EFT authorization (in the form attached to this Franchise Disclosure Document in Exhibit H-4. We can require an alternative payment method or payment frequency for any fees or amounts owed to us or our affiliates under the Franchise Agreement. If you enter into an Area Development Agreement to operate multiple FIRE Fitness Camp<sup>®</sup> Businesses, the fees indicated in the chart above are the fees charged and/or incurred for each FIRE Fitness Camp<sup>®</sup> Business. All fees are current as of the Issuance Date of this Franchise Disclosure Document. Certain fees that we have indicated may increase over the term of the Franchise Agreement.
2. Gross Revenues. “Gross Revenues” means the total of all monies and receipts you derive in connection with the Business, and from all other business using the Marks, whether evidenced by cash, credit, check, gift certificate, gift card, script or other property or services, including all proceeds received from any business interruption insurance policy. Gross Revenues also include all commissions, finder's fees, referral fees, construction management fees or other compensation you receive arising from the operations of the Business. Gross Revenues does not include (i) promotional allowances or rebates paid to Franchisee in connection with its purchase of products or supplies; (ii) sales, use, merchants’ or other taxes measured on the basis of the gross revenues of the Business imposed by governmental authorities directly on sales or use and collected from customers, if the taxes are added to the selling price of your goods and services and are in fact paid by you to the appropriate governmental authorities; or (iii) the value of any coupons duly issued and approved by you, or any bona fide discounts or customer refunds approved by us.
3. Local and Regional Advertising Cooperatives. If a local or regional advertising cooperative is established, contribution amounts will be established by the cooperative members, subject to our approval. Any amounts spent on Cooperative Advertising shall be credited against this requirement. We anticipate that each FIRE Fitness Camp<sup>®</sup> franchisee and each FIRE Fitness Camp<sup>®</sup> Business that we own will have one vote for each FIRE Fitness Camp<sup>®</sup> Business operated in the designated market. Each FIRE Fitness Camp<sup>®</sup> Business we own that exists within the cooperative’s area will contribute to the cooperative on the same basis as franchisees and will have one vote for each subject being voted on, including fee amounts to be paid by cooperative members. Members of the cooperative will be responsible for administering the cooperative, including determining the amount of contributions from each member. No local or regional advertising cooperatives have been established as of the Issuance Date of this Franchise Disclosure Document.
4. Transfer Fee. The transfer fee charged is dependent on the type of transfer. If you are conducting an internal transfer among persons with current ownership interests in your franchise entity that are

transferring 20% or less amongst themselves, the transfer fee is \$10,000 per person. If you are either (i) selling all interest in the Franchise Agreement or your franchise entity, or (ii) adding a new owner to your entity regardless of percentage interest being purchased or transferring greater than 20% among existing owners of the entity, the transfer fee is \$20,000. The Transfer Fee is subject to adjustment in our discretion based on corresponding changes in the CPI since the Effective Date.

**ITEM 7: ESTIMATED INITIAL INVESTMENT**

<b>YOUR ESTIMATED INITIAL INVESTMENT SINGLE UNIT FRANCHISE</b>					
<b>Column 1 Type of Expenditure</b>	<b>Column 2 Amount  Low End- High End</b>		<b>Column 3 Method of Payment</b>	<b>Column 4 When Due</b>	<b>Column 5 To Whom Payment is to be Made</b>
Initial Franchise Fee (See Note 1)	\$49,995	\$49,995	Lump Sum	Upon signing the Franchise Agreement	Us
Travel & Living Expenses While Attending Initial Training	\$250	\$1,250	As Incurred	Before, During & After Training	Vendors, Airlines, Units, Car Rental Companies, etc.
Leasehold Improvements (See Note 2)	\$2,500	\$220,000	As agreed with Landlord or Mortgage Lender	As Arranged	Landlord or Mortgage Lender, contractors
Rent & Security Deposit (See Note 3)	\$3,000	\$9,000	As agreed with Landlord	As Arranged	Landlord
Computer System and Software (See Note 4)	\$1,895	\$2,995	Lump Sum	Before opening	Approved suppliers and other vendors
Furniture, Fixtures and Equipment (includes exercise equipment)	\$38,135	\$42,813	Lump Sum	Before opening	Approved suppliers and other vendors
Signs	\$2,500	\$15,000	Lump Sum	Before opening	Designated vendor
Licenses	\$200	\$600	Lump Sum	Before opening	State, County, City
Grand Opening Advertising	\$1,000	\$5,000	As Incurred	Immediately before, during and just after opening	Approved suppliers
Opening Inventory and Promotional Items	\$4,500	\$5,000	Lump Sum	Before opening	Us & approved suppliers

Business Insurance (including worker's compensation)	\$600	\$1,200	Lump Sum	As required by insurance policy	Insurer
Additional Funds (3 months) See Note 5)	\$10,000	\$30,000	As Incurred	After opening	Employees, Vendors, Utilities, Taxing Agencies, Etc.
<b>Total</b> (See Note 6)	<b>\$114,575</b>	<b>\$382,853</b>			

<b>YOUR ESTIMATED INITIAL INVESTMENT AREA DEVELOPER</b>				
<b>Column 1 Type of Expenditure</b>	<b>Column 2 Amount</b>	<b>Column 3 Method of Payment</b>	<b>Column 4 When Due</b>	<b>Column 5 To Whom Payment is to be Made</b>
Development Fee (for 2 Units)	\$69,995	Lump Sum	Upon Signing	Us
Initial Investment for the first FIRE Fitness Camp <sup>®</sup> Business (less Initial Franchise Fee)	\$64,580 - \$332,858	Per Table Above	Per Table Above	Per Table Above
<b>TOTAL</b>	<b>\$134,575 - \$402,853</b>			

Notes:

1. Initial Franchise Fee. The Initial Franchise Fee is described in greater detail in Item 5 of this Disclosure Document. All expenditures are non-refundable unless specifically noted otherwise.
2. Leasehold Improvements. We suggest you find a space needing minimal leasehold improvements or fixtures. In most cases, you will need to alter the interior of your Facility before you open for operation according to our specifications. Real estate improvement costs will vary widely and may be significantly higher than what is projected in the table above depending on factors such as property location, the condition of the property and the extent of alterations required for the property. You may be able to negotiate with your landlord to obtain a tenant improvement allowance whereby your landlord will give you a sum of money upon or following execution of your lease for you to use for Leasehold Improvements, and the amount of any allowance will typically be added into your rent payments and amortized over the initial term of your lease. You should investigate all these costs in the area in which you wish to establish a FIRE Fitness Camp<sup>®</sup> Business.
3. Rent and Security Deposits. Your FIRE Fitness Camp<sup>®</sup> will be at least 3,000 square feet in a free-standing building or in a traditional retail space. The amount of your monthly rent will depend on the site's size, condition, and location, your ability to negotiate with the landlord, and the demand for the site among prospective lessees. Your proposed site must be approved by us. Our estimates assume that you will be leasing space and that you will not purchase real property and build your

own building for your FIRE Fitness Camp® Business. If you choose to purchase real property and construct a building, we cannot estimate how your initial investment would increase.

4. Computer System and Software. You are required to purchase and otherwise use MINDBODY software as your POS system and to process your retail customers. The monthly cost of MINDBODY is \$395 per month. This fee is subject to change in our discretion. You are responsible for all ongoing maintenance and repairs and upgrades which we estimate to be between \$50 and \$100 per month. You must purchase, use and maintain a personal computer system for use in connection with the Unit, which will cost from \$1,895 to \$2,995.
5. Additional Funds. We recommend that you have a minimum amount of money available to cover operating expenses, including employees' salaries, for the first three months that the Business is open and the portion of the Grand Opening Advertising to be spent after opening. This estimate does not include a salary for you or the Designated Manager.
6. Total. In compiling this chart, we relied on our experience and the experience of operations staff operating franchise systems of businesses similar to the one offered in this Disclosure Document. You should review these estimates carefully with an accountant or other business advisor before making any decision to buy a franchise.

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

You must operate your Business according to our System, which includes (among other things) using only certain products and services that we require or products and services that meet our specifications. In some cases, we require that you purchase those products and services only from specific vendors and suppliers, which may include us or one of our affiliates. We may revise or update the lists of mandatory and approved products and services, required vendors and suppliers and standards and specifications from time to time.

We estimate that required purchases will be approximately 80% of your purchases of goods and services in establishing your Business and 50% to 80% of your purchases of goods and services in operating your Business.

Except as indicated below, you are not required to purchase or lease products or services from us, from suppliers approved by us or under our standards and specifications.

##### ***Required Purchases from Specified Sources***

You currently must purchase, obtain a license for and/or use the following products or services from vendors or suppliers we designate: health club surety bond, digital marketing and set-up, business management software, bookkeeping software and services, refrigeration unit, beverage dispensers, music services, apparel, signage, and flooring.

You must use an architect we approve or designate for construction of your FIRE Fitness Camp® Business construction and development.

You must purchase from us no less than \$1,500 of FIRE merchandise for sale at your FIRE Fitness Camp® Business each quarter of the calendar year. You must also purchase from us no less than \$1,500 of our affiliate's, (Rehab Supps Lab), and 1<sup>st</sup> Phorm branded supplements for sale at your FIRE Fitness Camp® Business each quarter of the calendar year. Payment for these purchases is due prior to ordering.

Our CEO and Founder, Hans Hartleben and our President and Chief Operations Officer, Payal Patel own interests in our affiliate, Rehab Supps Lab, which you are required to purchase products from. Other than that, none of our officers owns an interest in any supplier or vendor.

##### ***Approved Products, Services and Vendors***

We require that certain other products and services that you use in the operation of your Business be purchased only from an approved vendor or otherwise meet our standards and specifications. We do not provide material benefits to franchisees based on their use of designated or approved suppliers.

### ***Alternative Products, Services and Vendors***

The standards and specifications for products and services you use in the Business (and, where applicable, the vendors approved for those products and services) are contained in the Operations Manual. We may update the Operations Manual with additional or modified standards and specifications from time to time and you must comply with any additional or modified standard or specification. If you wish to use any product or service that we have not evaluated or to buy or lease from a supplier that we have not yet approved or designated, you must provide us with sufficient information, specifications, and samples so that we may determine whether the product or service meets our standards and specifications and our supplier criteria. We may charge you or the supplier a reasonable fee for the evaluation and will make our decision within 10 business days. We may establish procedures or requesting approval of additional products and services or vendors and we may limit the number of products, services or vendors as we decide it best.

Supplier approval may depend on product quality, delivery capabilities, service standards, financial capacity, customer relations, concentration of purchases with limited suppliers to obtain better pricing or purchasing terms, warranties, incentives provided to us or the System and any other criteria we determine is appropriate. We do not make our criteria for approving vendors available to franchisees. We may revoke our approval of any vendor at any time, by providing written notice or updating the Operations Manual.

### ***Insurance***

You are required to maintain in full force and effect during the Term, at your expense, the insurance specified by us for your Business. With 30 days' notice, we may periodically increase the amount and change the types of insurance specified through changes in the Operations Manual. As of the issuance date of this disclosure document, the following insurance policies (in addition to any insurance that may be required by applicable law, any lender, or any lessor): (a) comprehensive commercial general liability insurance against claims for bodily or personal injury, death and property damage caused by or occurring in connection with the operation of your Business; (b) property/casualty insurance for your Business and its contents; (c) worker's compensation insurance and employer's liability insurance as required by law; (d) professional liability and malpractice insurance; (e) products/completed operations insurance; (f) personal and advertising injury insurance; (g) business income coverage insurance for actual losses sustained or full amount of annual Gross Revenues; (h) cyber insurance, including data breach; (i) automobile liability insurance; and (j) any other insurance that we specify in the Operations Manual or otherwise require from time to time. You are required to provide us with proof of coverage on demand. All insurance policies must: (1) (except for worker's compensation insurance) name us (and our members, officers, directors, and employees) as additional insureds; (2) contain such types and minimum amounts of coverage, exclusions and maximum deductibles as we prescribe from time to time; (3) contain a waiver by the insurance carrier of all subrogation rights against us; (4) provide that we receive 10 days prior written notice of the termination, expiration, cancellation or modification of the policy; and (5) include such other provisions as we may require from time to time. Upon 30 days' notice to you, we may increase the minimum protection requirement as of the renewal date of any policy and require different or additional types of insurance at any time, including excess liability (umbrella) insurance, to reflect inflation, identification of special risks, changes in law or standards or liability, higher damage awards or other relevant changes in circumstances. You may have to purchase additional coverage, either in dollar limits or types, if required by your state's laws. Factors that may affect your cost of insurance include the value and age of your equipment, number of employees, your safety record and record of workers' compensation claims, record of liability claims and driving record. You may purchase this insurance from a vendor of your choice.

### ***Purchasing or Distribution Cooperatives***



There are currently no purchasing or distribution cooperatives. We may negotiate distribution and supply arrangements, commissions, and group rates for purchases of certain inventory and supplies necessary for the operation of the Business. The terms of these arrangements may vary but may include preferential pricing or purchasing terms for franchisees, contributions to the Marketing Fund (if established), franchisee training and educational programs provided by the vendor, rebates paid to us and/or payments to us to support our annual convention or other franchisee meetings. Rebates and other financial considerations from vendors may be flat payments or based on the aggregate amount of franchisee purchases.

***Revenue Derived from Required Franchisee Purchases or Leases***

We and our affiliates do derive revenues or other material consideration as a result of required purchases or leases by franchisees. We may use any payments, discounts, or other amounts received from suppliers, lessors, or other parties in connection with those arrangements without restriction. We are not required to give you any accounting of those payments, discounts or other amounts or share the benefit of them with you. Any such amounts may be kept by us as compensation for locating and negotiating with suppliers for the System.

During our fiscal year ending December 31, 2023, we derived \$227,504 from required franchisee purchased and leases, which is 19% of our total revenue of \$1,197,747.

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## ITEM 9: FRANCHISEE’S OBLIGATIONS

### Franchise Agreement

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

Obligation	Article/Section in Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Articles 7 and 8	Items 7, 8, 11
b. Pre-opening purchases/ leases	Article 7	Items 7, 8, 11
c. Site development and other pre-opening requirements	Article 7	Items 7, 8, 11
d. Initial and ongoing training	Article 6	Items 7, 11
e. Opening	Article 7	Item 11
f. Fees	Articles 4, 5, 6, 7, 8, and 12	Items 5, 6, 7, 11
g. Compliance with standards and policies/Operating Manual	Articles 2, 3, 4, 7, 8 and 9	Items 8, 11, 16
h. Trademarks and proprietary information	Articles 1, 3, 8 and 9	Items 13, 14
i. Restrictions on products/ services offered	Articles 2, 3, 8, 9 and 11	Items 8, 16
j. Warranty and customer service requirements	Articles 4 and 8	Item 8
k. Territorial development and sales quotas	Articles 1, 3 and Exhibit 1	Item 12
l. Ongoing product/service purchases	Articles 6, 7 and 8	Item 8
m. Maintenance, appearance and remodeling requirements	Article 8	Items 6, 11
n. Insurance	Article 8	Items 7, 8
o. Advertising	Articles 4, 7, 8 and 10	Items 6, 7, 11
p. Indemnification	Articles 9, 11 and 16	Item 6
q. Owner’s participation/ management/staffing	Article 8	Item 15
r. Records and reports	Articles 8	Item 6
s. Inspection and audits	Articles 7, 8 and 12	Items 6, 11
t. Transfer	Articles 1 and 12	Items 6, 17
u. Renewal	Article 5	Items 6, 17

<b>Obligation</b>	<b>Article/Section in Franchise Agreement</b>	<b>Disclosure Document Item</b>
v. Post-termination obligations	Article 11	Item 17
w. Non-competition covenants	Article 11	Item 17
x. Dispute resolution	Article 14	Item 17

Area Development Agreement

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

<b>Obligation</b>	<b>Article/Section in Area Development Agreement</b>	<b>Disclosure Document Item</b>
a. Site selection and acquisition/lease	Article 1	Items 7, 8, 11
b. Pre-opening purchases/ leases	Not Applicable	Items 7, 8, 11
c. Site development and other pre-opening requirements	Article 4	Items 7, 8, 11
d. Initial and ongoing training	Article 8	Items 7, 11
e. Opening	Not Applicable	Item 11
f. Fees	Article 2	Items 5, 6, 7, 11
g. Compliance with standards and policies/Operating Manual	Articles 7 and 9	Items 8, 11, 16
h. Trademarks and proprietary information	Article 7	Items 13, 14
i. Restrictions on products/ services offered	Not Applicable	Items 8, 16
j. Warranty and customer service requirements	Not Applicable	Item 8
k. Territorial development and sales quotas	Article 7	Item 12
l. Ongoing product/service purchases	Not Applicable	Item 8
m. Maintenance, appearance and remodeling requirements	Not Applicable	Items 6, 11
n. Insurance	Not Applicable	Items 7, 8
o. Advertising	Not Applicable	Items 6, 7, 11
p. Indemnification	Article 14	Item 6
q. Owner's participation/ management/staffing	Not Applicable	Item 15

Obligation	Article/Section in Area Development Agreement	Disclosure Document Item
r. Records and reports	Not Applicable	Item 6
s. Inspection and audits	Not Applicable	Items 6, 11
t. Transfer	Article 11	Items 6, 17
u. Renewal	Article 5	Items 6, 17
v. Post-termination obligations	Article 12	Item 17
w. Non-competition covenants	Article 12	Item 17
x. Dispute resolution	Article 19	Item 17

### 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, FIRE Fitness Affiliation, LLC is not required to provide you with any assistance.**

#### *Pre-Opening Obligations*

Before you open your Business, we will:

1. Provide you with written site selection guidelines and site selection assistance that we deem advisable. We will also designate the Territory for your FIRE Fitness Camp<sup>®</sup> Businesses when we have accepted your proposed location. (Franchise Agreement, Section 7.2.5). If you are an Area Developer, we will designate your Development Area when you sign the Area Development Agreement (Area Development Agreement, Section 1).

2. We will consult with you about the proposed economics of a lease for your FIRE Fitness Camp<sup>®</sup> Businesses, but you must have your own attorney review all terms of the lease. You must select a site that meets our site selection criteria. You will need at least 3,000 square feet of space that we anticipate will be either a free-standing building or an in-line location in a retail strip center. We will have 10 days after receipt of all information we require to notify you whether the site you propose to use is accepted. Unless we provide our specific acceptance of a site, it is deemed not accepted. You must find an approved site within 180 days after you sign the Franchise Agreement. We must also approve the lease for the accepted site (Franchise Agreement, Section 7.2.5). We generally do not own and then lease any sites to you. We reserve the right to require that your lease includes an option to purchase the site and that it may be assigned to us.

3. Provide standard design specifications for the design, interior layout, fixtures, displays, equipment, signs, color scheme and décor and standard specifications and layouts for building and furnishing the FIRE Fitness Camp<sup>®</sup> Businesses, which you will use to have site plans and build-out plans prepared, at your expense (Franchise Agreement, Section 7.2). We reserve the right to require you to use the architect/designer we designate and to inspect your FIRE Fitness Camp<sup>®</sup> Businesses during its construction. You must comply with all ordinances, building codes, and permit requirements, and with any lease requirements and restrictions. We do not provide assistance in your conformance of the premises to local ordinances and/or building codes, obtainment of required permits, and/or the construction, remodeling or decoration of your premises.

4. Loan you one copy of the Franchise Operations Manual. The Franchise Operations Manual contains approximately 67 pages. The table of contents for the Franchise Operations Manual is attached to this Franchise Disclosure Document as Exhibit G (Franchise Agreement, Section 8.2).

5. Provide a list of approved suppliers, which we may revise during the term of your Franchise Agreement (Franchise Agreement, Section 7.3).

6. Provide an initial training program at our headquarters for up to 2 people, the cost of which is included in the Initial Franchise Fee (Franchise Agreement, Section 6.1). We do not provide training to any other employees of yours unless you request we provide additional training or on-site assistance, and pay our then-current training fees. We do not hire any of your employees either prior to the opening or during the operation of your FIRE Fitness Camp<sup>®</sup> Business.

### ***Typical Length of Time Before Operation***

We estimate that the typical length of time between the signing of the Franchise Agreement and the opening of a FIRE Fitness Camp<sup>®</sup> Business is approximately 90 to 365 days. Your total time frame may be shorter or longer depending on the time necessary to obtain an accepted site, to obtain financing, to obtain the permits and licenses for the construction and operation of the FIRE Fitness Camp<sup>®</sup> Businesses, to complete construction or remodeling as it may be affected by weather conditions, shortages, delivery schedules and other similar factors, to complete the interior and exterior of the FIRE Fitness Camp<sup>®</sup> Businesses, including decorating, purchasing and installing fixtures, equipment and signs, and to complete preparation for operating the FIRE Fitness Camp<sup>®</sup> Businesses, including purchasing inventory and supplies. You must open the FIRE Fitness Camp<sup>®</sup> Businesses and begin business within 180 days after we have accepted the location for your FIRE Fitness Camp<sup>®</sup> Businesses. If you are not able to open your FIRE Fitness Camp<sup>®</sup> Businesses within this period, we have the right to terminate your Franchise Agreement or, in our discretion, we may extend the period of time for you to open. You may not open your FIRE Fitness Camp<sup>®</sup> Businesses for business until we have approved you to do so. If you do not locate a site which is acceptable to us, or find acceptable sites and open the FIRE Fitness Camp<sup>®</sup> Businesses by the deadlines in your Area Development Agreement, we may terminate the agreements.

### ***During the Operation of the Business***

After the opening of the Business, we will:

1. upon your request and if approved by us, provide you with additional opening assistance with sales, promotional and operations matters regarding the Business. This assistance will be provided on days and times as mutually agreed upon by you and us. (Franchise Agreement, Section 6.2);

2. periodically advise and offer general guidance to you by telephone, e-mail, facsimile, newsletters and other methods. Our advice and guidance may consist of knowledge and experience relating to the authorized services or products, as well as operational methods, accounting procedures, and marketing and sales strategies. (Franchise Agreement, Section 6.2);

3. at our discretion, make periodic visits to the FIRE Fitness Camp<sup>®</sup> Businesses for the purposes of consultation, assistance and guidance in various aspects of the operation and management of the Business and make available to you operations assistance and ongoing training as we deem necessary (Franchise Agreement, Sections 6.2);

4. provide you with changes and additions to the System, the Operations Manual, the approved or designated suppliers, and the approved products and services, as generally made available to all franchisees. (Franchise Agreement, Section 6.2);

5. allow you to use the Marks (Franchise Agreement, Section 9.1);

6. approve forms of advertising materials you will use for Local Advertising, Grand Opening Advertising and Cooperative Advertising. (Franchise Agreement Section 4.3);

7. suggest pricing policies. You will set the minimum prices you charge for the products and services you offer. We may establish maximum prices for sales promotions, to the extent permitted by law. (Franchise Agreement, Section 8.1.3).

### ***Advertising and Promotion***

#### Grand Opening

You must spend between \$1,000 and \$5,000 on Grand Opening Advertising during the period that is 30 days before and 90 days after the opening of the FIRE Fitness Camp® Businesses. You may choose to spend more than this amount. Your Grand Opening Advertising, including the beginning and ending dates, must be approved by us.

#### Marketing Fund

We do not currently have a Marketing Fund established to promote the System, FIRE Fitness Camp® Businesses and the products and services offered by FIRE Fitness Camp® Businesses (Franchise Agreement, Section 4.3). We may establish a Marketing Fund upon 90-days write notice to you. If we establish a Marketing Fund, you must pay us our then-current Marketing Fund contribution which shall not exceed 2% of your Gross Revenues.

If established, we may use Marketing Fund contributions, at our discretion, to meet any and all costs of maintaining, administering, directing, conducting, developing and preparing advertising, marketing, public relations and other promotional programs and materials, and any other activities which we believe will enhance the System, including the costs of preparing and developing print, radio and television advertising; Internet advertising; direct mail advertising; marketing surveys; employing advertising or public relations agencies; purchasing promotional items; and providing promotional and other marketing materials and services to businesses operating under the System. The coverage of the materials and programs may be local, regional or national. We may use the Marketing Fund to reimburse us or our affiliates for the internal expenses of operating an advertising department and administering the advertising program.

We will direct all Marketing Fund programs, with sole discretion over the concepts, materials and media used in the programs and the placement and allocation of them. The Marketing Fund is intended to maximize and support general public recognition, brand identity, sales and patronage of FIRE Fitness Camp® businesses in the United States and the System. We are not obligated to make expenditures for you, on your behalf or in your Territory which are equivalent or proportional to your contributions or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Marketing Fund.

All monies paid into the Marketing Fund will be accounted for separately from our general operating revenues. We anticipate that all contributions to the Marketing Fund will be expended during the Marketing Fund's fiscal year in which they are received. The Marketing Fund is not a trust, and we assume no fiduciary duty in administering the Marketing Fund. Marketing Fund surpluses, if any, may be expended in the following fiscal year(s). We may advance money to the Marketing Fund from time to time. In this event, we may be reimbursed by the Marketing Fund for the monies advanced, including a reasonable interest rate. The Marketing Fund will not be audited, but at your request you may receive an annual report of expenditures and advertising contributions for the fiscal year most recently ended.

Although the Marketing Fund is intended to be perpetual, we may terminate the Marketing Fund at any time. The Marketing Fund will not be terminated until all monies in the Marketing Fund have been spent for advertising or promotional purposes or returned to contributors on a pro rata basis. If we terminate the Marketing Fund, we have the right to reinstate it at any time and you must again contribute to the Marketing Fund.

No portion of the Marketing Fund will be used for advertising that is principally a solicitation for the sale of franchises.

Because we have not established a Marketing Fund, we did not collect any Marketing Fund contributions during the last fiscal year ended December 31, 2023.

#### Advertising Council

We may form, at our discretion, an advertising council consisting of FIRE Fitness Camp<sup>®</sup> Businesses (the “Advertising Council”) in which you may be required to participate and provide advice and counsel regarding our use of the Marketing Fund. We select members of the Advertising Council based on a variety of objective and subjective factors, including volume of business, collaborative disposition, availability, and personal interest, among others. The Advertising Council will function in an advisory capacity only and will not exercise authority over the Marketing Fund or over us. We reserve the right to change or dissolve the advertising council after formation. You may be required to your own expenses associated with participating in Advertising Council activities and pay dues assessed for the administration of the Advertising Council. We will pay our proportionate share of Advertising Council dues based on the number of FIRE Fitness Camp<sup>®</sup> Businesses we or our affiliates operate. From time to time, we may also seek input or feedback from the Advertising Council on System operational issues or other matters beyond advertising.

#### Cooperative Advertising

Although we are not obligated to do so, we may create a Cooperative Advertising program for the benefit of all FIRE Fitness Camp<sup>®</sup> Businesses located within a particular region. We have the right to (a) allocate any Portion of the Marketing Fund to a Cooperative Advertising program, and (b) collect and designate all or a portion of the Local Advertising for a Cooperative Advertising program. We will determine the geographic territory and market areas for each Cooperative Advertising program, and we may require cooperatives to be changed, dissolved or merged. You must participate in any Cooperative Advertising program established in your region, and we may establish an advertising council for you and the other franchisees in that region to self-administer the program. Payments to any Advertising Cooperative shall be determined by FIRE Fitness Camp<sup>®</sup> Businesses and those other FIRE Fitness Camp<sup>®</sup> Businesses of the FIRE Fitness Camp<sup>®</sup> System and/or us, as the case may be, who are participants in such Advertising Cooperative, as set forth in the by-laws of that Advertising Cooperative or membership, dues, participation or other payment agreements of such Advertising Cooperative. Franchisee, however, may not be required to spend more than 2% of Gross Revenues per annum in connection with any Advertising Cooperative. (Franchise Agreement Section 4.3.6)

#### Local Advertising

In addition to contributions to the Marketing Fund (if established), after the Grand Opening program, you must spend at least \$300 per month on advertising in the Territory. Any amounts spent on Cooperative Advertising shall be credited against this requirement. You must provide us with evidence each month that you have spent the required amount on local advertising. We may require that your minimum local advertising expenditure be allocated to advertising of certain types, using specific vendors, in particular channels or as a component of a broader campaign.

Your advertising must be in such media, and of such type, format and other particulars as we approve, must be conducted in a dignified manner, and must conform to our standards and requirements. Any and all advertising and marketing materials (whether developed in connection with an Cooperative Advertising or otherwise) not prepared or previously approved by us must be submitted to us at least 10 days prior to any publication or run date for approval, which we may withhold for any or no reason. We will provide you with written notification of approval or disapproval within a reasonable time. If we do not notify you of approval or disapproval within 10 days of our receipt of the materials, the materials will be denied. You must discontinue the use of any denied advertising immediately and any approved advertising within 30 days of your receipt of our request to do so. You may not conduct advertising or promotion on or through the Internet/world wide web or other electronic transmission via computer without our express prior written approval. All of your advertising and promotion must be factually accurate and shall not detrimentally

affect the Marks or the System, as we determine. You must use the telephone number provided by us in connection with all marketing initiatives. We are not required to conduct local advertising for you but have the right to do so if you fail to meet the minimum local advertising requirement. You will reimburse us for any amounts we remit on your behalf for local advertising.

### ***Computer/ Point-of-Sale System***

#### Hardware

You are required to purchase or lease a computer system that consists of the following hardware and software: MINDBODY (“Computer System”), 1 computer, 1 iPad kiosk, 1 printer, a computerized membership scanner and point of sale credit card system. In addition, you will need to pay a monthly maintenance service fee, which we estimate to be between \$50 and \$100 per month. We estimate this cost to be between \$1,895 and \$2,995. You must also pay us a monthly fee of \$395 for use of the MINDBODY system.

#### Internet

You must obtain and install a high-speed Internet connection (through DSL or cable modem) to your computer system and maintain and use the e-mail address and account (or accounts) we provide to you, to which you will have access and through which we may contact you. (Franchise Agreement, Section 8.4). We own your email account and have the right to independently access it at any time without first notifying you. You must cooperate with us to enable our access to your computer system to enable us to obtain this data (for example, by providing your password). The cost of this varies depending on local vendors.

#### Our Access to Your Data

We have the right at all times to independently access the information and data on your computer system, and to collect and use your information and data in any manner we choose to promote the development of the System and the sale of franchises. The information we may download includes financial and sales information, reservation information, client database, and similar information concerning your operation of the FIRE Fitness Camp® Businesses. There is no contractual limitation on our right to receive information through your computer system. You must make sure that we have electronic access to your computer system at all times, at your expense. Your client database will at all times remain our property.

#### Upgrades, Updates and Maintenance

During the term of your Franchise Agreement, we may require you to upgrade or purchase additional computer hardware and software. There are no specific contractual obligations limiting the frequency or cost of your obligation to acquire upgrades and updates or to replace obsolete or worn out hardware or equipment. You are not required to have a maintenance contract for the computer system; however, it is highly recommended. We cannot estimate the cost of maintaining, updating or upgrading the Computer System or its components because it will depend on your repair history, local costs of computer maintenance services in your area and technological advances which we cannot predict at this time. Neither we nor our affiliates will provide you with any updates, upgrades or maintenance for your computer system. Once instituted, you will need to pay a technology fee to us.

### ***Site Selection***

You must provide to us all of the information we require to evaluate the site you propose, which may include photographs of the proposed site and demographic studies. We will have 30-days after we receive all information we need to accept or not accept your proposed site. We will not unreasonably withhold our approval, if the site meets our minimum requirements. Our acceptance only indicates that the site meets our minimum requirements for a FIRE Fitness Camp® Business. Unless we provide our specific acceptance of a proposed site, the site is deemed not accepted. Our criteria for reviewing a proposed site includes its general location and neighborhood, traffic patterns, parking, size, physical characteristics of existing buildings and lease or rental terms.



You are solely responsible for selecting the site of each of your FIRE Fitness Camp® Businesses under the Area Development Agreement which will be subject to our review and acceptance. We do not locate sites for you. As an Area Developer, you must sign your first Franchise Agreement at the same time you sign the Area Development Agreement. The typical length of time between the signing of the Franchise Agreement and the opening of your first FIRE Fitness Camp® Business under an Area Development Agreement is the same as for a single FIRE Fitness Camp® Business, within 30-days after we have accepted the location for your FIRE Fitness Camp® Business. Each additional FIRE Fitness Camp® Business you develop must be opened according to the terms of your Development Schedule. The site selection and approval process for each FIRE Fitness Camp® Business under an Area Development Agreement is the same as that for a single FIRE Fitness Camp® Business and will be governed by the Franchise Agreement signed for that location. In evaluating a proposed site, we consider such factors as general location and neighborhood, traffic patterns, parking, size, physical characteristics of existing buildings and lease or rental terms. We may conduct an on-site evaluation of the proposed site for your FIRE Fitness Camp® Business. We will have 30-days after we receive all needed information to accept or not accept your proposed site. For each accepted FIRE Fitness Camp® Business site, you must execute the then-current Franchise Agreement and return it to us within later of 10-days after your receipt of the Franchise Agreement or, if required by law, the day the time period required by law for you to review the document expires. Failure to execute and submit the then-current Franchise Agreement to us within the 10-day time period (except if otherwise required by law) voids our acceptance of the site and you will not have any rights to that site. The development schedule for the opening of each FIRE Fitness Camp® Business is identified in Attachment C, Minimum Performance Schedule, to the Area Development Agreement.

**Training**

You must train your own employees and other management personnel; however, a Certification of FIRE Education (“C.O.F.E.”) is required for all persons, trainers, or fitness coaches who conduct fitness sessions on behalf of a FIRE Fitness Franchise.

The initial training program is overseen and conducted by (1) Hans Hartleben. Hans is our founder and CEO and has been operating FIRE Fitness businesses since 2014, (2) Max Olson who has 4 years of experience as a trainer, and (3) Sheila Doherty, who has 3 years of experience as a trainer.

**TRAINING PROGRAM**

<b>Column 1 Subject</b>	<b>Column 2 Hours of Classroom Training</b>	<b>Column 3 Hours of On-The-Job Training</b>	<b>Column 4 Location</b>
Level-1	3-6 Hours	16-38 Hours (assisting and auditioning)	Franchisee Unit, Plover, WI*
TOTAL	3-6 Hours	16-38 Hours	

\*The address of the Plover FIRE Fitness® Unit is 2621 Post Road, Plover, WI 54467.

Currently, we do not have planned or scheduled required training programs in addition to the initial training program. We may periodically require you to attend periodic training programs in addition to the initial training which address new developments in the market or changes to the System. Live training may be conducted online, at our headquarters in Plover, WI or at your location, as we deem appropriate. You must bear any costs you incur (including any travel and living expenses) in connection with any additional training and we may require that you pay us a fee (as described in Item 6). The instructional materials for any additional training programs may include the Operations Manual or third-party technical manuals.

C.O.F.E. courses will be offered on an as-needed basis for all persons, trainers, or fitness coaches who conduct fitness sessions on behalf of a FIRE Fitness Franchise. You will pay us a fee of \$995 for C.O.F.E.

training at our headquarters. You will be solely responsible for all travel and living expenses for you and your trainees.

We reserve the right to revoke, terminate or suspend any individuals C.O.F.E., in our sole discretion effective upon receipt of our written notice to you

At all times you must be, or employ, a General Fitness Manager who has complete our Initial Training course and has C.O.F.E. certification that will devote his or her entire time during normal business hours, as defined in the Brand Standards Manual, to the management, operation and development of the Franchised Business. The General Fitness Manager must ensure that you fulfill your obligations to your clients in a timely and professional manner and he or she may not engage in any other business requiring his or her active participation during normal business hours. You must also employ at least 2 C.O.F.E. Certified coaches at all time. Failure to do so may result in the assessment of a fine of \$100 per day until such time as you hire or train the required employees.

### **ITEM 12: TERRITORY**

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

#### ***Franchise Agreement***

You will receive a Protected Territory meaning that, as long as you comply with the Franchise Agreement, neither we nor our affiliates will open and operate, nor authorize a third party to open and operate, a FIRE Fitness® Camp Business in the Protected Territory we designate for you on Exhibit 1 to the Franchise Agreement.

There will be no minimum geographic size to your Protected Territory. The Protected Territory will be determined by the demographics and population size specific to your location. The minimum population size of the target demographic group within your Protected Territory is determined on a case-by-case basis depending on the results of demographic research. The source of the population and demographic determinations are from the current reports obtained through the use of demographic software. Protected Territories will range in size from a site-specific location, i.e., a street address, to a block, a zip code, or a defined measurable area, depending on where your FIRE Fitness® Camp Franchised Business is located. Typically, Franchised Businesses located in metropolitan areas will receive a smaller Protected Territory than Franchised Businesses located in suburban/rural areas. You will negotiate and agree upon the size of your Protected Territory with us at the time you identify a site for your Franchised Business. Your Protected Territory will be described in Exhibit 1 to your Franchise Agreement. During the term of your Franchise Agreement, and provided that you are not in default, we will not establish or license another person to establish another FIRE Fitness® Camp Franchised Business within your Protected Territory.

You are prohibited making a concerted effort to solicit and marketing by any means within the Protected Territory of another FIRE Fitness® Camp franchisee. A concerted effort to solicit and obtain clients means through any type of advertisement or marketing, directed at all or a portion of another franchisee's territory. You may not use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales outside of your Protected Territory. Your Protected Territory does not ensure that other franchisees will not respond to unsolicited inquiries from customers in your Protected Territory. We cannot control or prevent this. Marketing activities (especially advertising in newspapers, magazines, radio and television) by us and others may be received by persons within your Protected Territory even though they are aimed principally outside your Protected Territory. You will not receive any compensation for our solicitation and/or acceptance of customers from within your Protected Territory.

You may not conduct business at any other site or sites other than your FIRE Fitness® Camp Franchised Business location or sites as permitted by your Franchise Agreement. You can conduct business at off-site events (for example at fitness expos, health fairs, promotional events, charity events, etc.) to sell services

(such as membership options) and products and/or provide services so long as such events are within your Protected Territory. You may conduct business at off-site events in other geographical areas where there is not a FIRE Fitness Camp® business only after providing notice to us and after obtaining our written approval. We shall approve or deny your request in writing or by email, which approval is in our sole discretion, within 10 business days of receipt of your written request to conduct business at off-site events in other geographical areas (outside your Protected Territory) that has not been sold to one or more franchisee(s) or licensee(s). If we do not timely respond then your request will be deemed denied. If we approve your request to conduct business at off-site events in another geographical area, you must be prepared to immediately lose any accounts you have established when that area is purchased and immediately refrain from conducting business at such off-site events. You may sell and ship products to people located outside your Territory so long as your sales do not result from any Target Marketing activities by you.

You may not operate your FIRE Fitness® Camp Franchised Business from any other location except the site we approve, and you may not relocate your FIRE Fitness® Camp Franchised Business for any purpose without (i) remitting payment to us in the amount of \$9,995 and (ii) our express prior written approval. Circumstances under which we may consider allowing you to relocate are your loss of possession of the premises for reasons out of your control or if we determine an alternative location will be better able to comply with our standards and specifications. You must not engage catering or delivery services with a vehicle without our written consent.

Continuation of your Protected Territory is not dependent upon achievement of a certain sales volume or market penetration. However, if you fail to fulfill your obligations under your Franchise Agreement we may terminate your Protected Territory. Other than your failure to comply with your Franchise Agreement, there are no circumstances under which we can unilaterally modify your Protected Territory.

Unless specified in writing, you do not have options, a right of first refusal, or similar rights to acquire additional franchisees in the Protected Territory, or otherwise.

### ***Development Agreement***

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

In addition to your Protected Territory, when you sign a Development Agreement, you will also receive a designated geographic area within which you will be required to develop (the “Development Area”) a certain number of FIRE Fitness® Camp Franchised Businesses, which will be set forth in Exhibit A to the Development Agreement. The size of the Development Area for each Outlet will depend on a number of factors, including: (1) population (including density and characteristics); (2) potential trade area population growth; (3) nature of the competition within the trade area; and (4) the number of Outlets you agree to open, as well as the factors we consider when granted you a Protected Territory (see above).

Continuation of your Development Area is not dependent upon achievement of a certain sales volume or market penetration. However, if you fail to fulfill your obligations to develop, open and continuously operate any FIRE Fitness® Camp Franchised Business when required by your development schedule, fail to obtain site approval by the date specified in your development schedule or have otherwise materially breached the Development Agreement or any separate Franchise Agreement, we may terminate the Development Agreement and the Development Area. Your limited development protection will also terminate upon the expiration of the Development Agreement.

You may not establish a FIRE Fitness® Camp Business anywhere outside of the Development Area. Other than your development rights granted under the Development Agreement, you are not granted any options, rights of first refusal or similar rights to acquire additional development rights or franchises within contiguous territories. There are no circumstances under which we can unilaterally modify the Development Area. You will not have the right to amend or modify your Development Area.

### ***Relocation***

If you desire to relocate your FIRE Fitness Camp® Franchised Business, you may do so provided that not less than 90 days prior to the desired date of relocation (unless prior notice is impractical because of a required relocation in which event notice must be given as soon as possible), you make a written request for consent to relocate, describing the reasons for the relocation and providing complete written details respecting any proposed new location and pay to us a relocation fee in the amount of \$9,995.

Within 20 business days after receiving your request, we will either approve or disapprove in writing such closure or relocation in our reasonable discretion. In the event of disapproval of a proposed relocation, you may request an alternative proposed new location.

You and the landlord may be required to execute a rider to your lease for the new location for the FIRE Fitness Camp® Franchised Business (or other agreement or written understanding) that (i) grants us an option to assume your position as lessee under the lease for the relocated FIRE Fitness Camp® Franchised Business premises if you are in material default of either the lease for the relocated FIRE Fitness Camp® Franchised Business premises (including an obligation of the landlord to notify us if you are in such default) or this Agreement, (ii) grants us the right to assign the lease to a bona fide franchisee of the FIRE Fitness Camp System after assuming the lease, and (iii) requires the landlord to fully cooperate with us in completing de-identification of the relocated FIRE Fitness Camp® Franchised Business if this Agreement is terminated or expires without being renewed and we do not exercise our option to assume the lease for the relocated FIRE Fitness Camp® Franchised Business premises.

### ***Area Development Agreement***

Under the Area Development Agreement, we grant you the right to develop and operate the number of FIRE Fitness Camp® Businesses in the Development Area that is specified in the Development Schedule. The Development Area is typically described in terms of geographic area. The actual size of the Development Area will vary depending upon the availability of contiguous markets, our long-range development plans, your financial and operational resources, population and market conditions. Our designation of a particular Development Area is not an assurance or warranty that there are a sufficient number of suitable sites for FIRE Fitness Camp® Businesses in the Development Area for you to meet your Development Schedule. You are solely responsible for the location and preparation of a sufficient number of suitable sites. Each additional FIRE Fitness Camp® Business you develop must be opened according to the terms of your Development Schedule.

Except as described below, during the term of the Area Development Agreement, neither we nor our affiliates will operate or grant a franchise for the operation of FIRE Fitness Camp® Businesses to be located within the Development Area. However, we have the right to terminate these protections if you are not in full compliance with all of the terms and conditions of the Area Development Agreement and all of the Franchise Agreements signed under it.

To maintain your rights under the Area Development Agreement you must have open and in operation the cumulative number of FIRE Fitness Camp® Businesses stated on the Development Schedule by the dates agreed upon in the Development Schedule. Failure to do so will be grounds for either a loss of territorial exclusivity or a termination of the Area Development Agreement.

In addition, upon the termination or expiration of the Area Development Agreement, your exclusive rights under the Area Development Agreement with respect to the Development Area will terminate and we and our affiliates will have the right to operate and to grant to others development rights and franchises to develop and operate FIRE Fitness Camp® Businesses within the Development Area. This right will be subject only to the territorial rights under the Franchise Agreements signed by you for FIRE Fitness Camp® Businesses in the Development Area. The Development Area may not be altered unless we and you mutually agree to do so. There are no minimum sales goals, market penetration or other contingency that

you must meet to keep your Development Area, except that you must meet your Development Schedule. You are not granted any right of first refusal to obtain additional development rights.

**Reserved Rights Under Franchise Agreement and Area Development Agreement**

As of the date of this disclosure document, we do not operate or plan to operate or franchise businesses under a different trademark that will sell goods and services that are similar to those you will sell. We reserve all rights not expressly granted to you under the Franchise Agreement and Development Agreement, if applicable.

We (and our affiliates) retain all rights with respect to FIRE Fitness® Camp Franchised Businesses, the Marks, the sale of similar or dissimilar products and services, and any other activities we (and our affiliates) deem appropriate wherever and whenever we determine, including, without limitation, the right to:

- (i) issue competing franchises and to directly or indirectly develop and operate competing company-owned businesses under the Marks for or at any locations outside of the Protected Territory and/or Development Area. This includes locations near the boundaries of the Protected Territory/Development Area;
- (ii) solicit prospective franchisees and grant other persons the right to operate FIRE Fitness® Camp Franchised Businesses through national or regional advertising, trade shows or conventions, or using or through the Internet, Intranet or other forms of e-commerce or through similar means;
- (iii) sell, solicit, recruit and provide services for FIRE Fitness® Camp Franchised Businesses or any franchised business not defined as a FIRE Fitness® Camp Franchised Business in the Franchise Agreement or Development Agreement;
- (iv) sell, and provide the products and/or services authorized for sale by, FIRE Fitness® Camp Franchised Businesses under the Marks or other trade names, trademarks, service marks and commercial symbols through similar or dissimilar channels (like telephone, mail order, kiosk, co-branded Premises and Premises located within other retail businesses, Intranet, Internet, web Premises, wireless, email or other forms of e-commerce). This includes the sale and distribution of food products in grocery and other retail stores, for distribution within and outside of your Protected Territory and pursuant to such terms and conditions as we consider appropriate, without compensation to you;
- (v) acquire the assets or ownership interest of one or more businesses providing products and services similar to those provided at FIRE Fitness® Camp Franchised Businesses, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these business (or the franchisees or licensees of these businesses) are located or operating (including in your Protected Territory/Development Area);
- (vi) be acquired (whether through acquisition of assets, ownership interest or otherwise, regardless of the form of transaction), buy a business providing products and services similar to those provided at FIRE Fitness® Camp Franchised Businesses, or by another business, even if such business operates, franchises and/or licenses Competitive Businesses in the Protected Territory/Development Area. The term “**Competitive Business**“ means any business which produces, offers, sells, distributes or is otherwise involved in, the sale of products or services (the same or similar to or which are competitive with those which are provided by FIRE Fitness® Camp Franchised Businesses or which are similar to or competitive with the services and/or products offered by us or our franchisees);

(vii) conduct all internet-related, e-commerce, social media and related communications relating to the operation of FIRE Fitness® Camp Franchised Businesses or the selling of products and services offered at any of the FIRE Fitness® Camp Franchised Businesses. As such, and without limiting the generality of the foregoing, we will have the sole right to establish one or more websites that contain any of the Marks, or that advertise, market or promote any of the services that we authorize for FIRE Fitness® Camp Franchised Businesses. We may engage in internet and any e-commerce, marketing, promotion and operation, even if those activities affect customer relationships within your Protected Territory;


(viii) offer, promote and perform delivery and catering services, whether or not using the Marks, anywhere; and

(ix) solicit prospective franchisees for, and own and operate, businesses and Outlets of any other kind or nature, anywhere.

### ITEM 13: TRADEMARKS

We grant you the right to operate a Franchised Business under the name “FIRE Fitness Camp®.”

Our owner, Hans Hartleben has registrations with the United States Patent and Trademark Office (“USPTO”) for the following Marks:

Mark	Registration Number	Registration Date	Register
FIRE Fitness Camp®	6173596	October 13, 2020	Principal
F.I.R.E. FITNESS CAMP	6315074	April 6, 2021	Principal
Marvelous Motivation®	6369276	June 1, 2021	Principal
	6320099	April 13, 2021	Principal

We have the right to use and license the use of the Marks to franchisees under a perpetual license agreement with Hans Hartleben dated February 2019 (the “License Agreement”). The License Agreement provides that Hans Hartleben has the right to specify, inspect, and oversee the quality standards of our services and products to assurance the protection, enhancement, and goodwill of the Marks. The License Agreement is of perpetual duration and will remain in effect unless terminated by us or Hans Hartleben. If we breach the License Agreement, or if the License Agreement is otherwise terminated, you may lose your rights to use the Marks.

There are no effective adverse material determinations of the USPTO, the Trademark Trial and Appeal Board or the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceedings or material litigation involving the Marks. All required affidavits and renewals have been filed. There are no agreements currently in effect which significantly limit our right to use or to license others to use the Marks that could materially affect your use of the trademarks.

You must follow our requirements when you use the Marks. You may not use any Mark (1) in your corporate or legal business name; (2) with any prefix, suffix or other modifying words, terms, designs, or symbols (except for those we license to you); (3) in selling any unauthorized services or products; (4) as

part of any domain name, electronic address, or search engine you maintain on any website; (5) in any other way we have not expressly authorized in writing; or (6) that may damage or cause harm to us, our affiliates, the Marks, the System or our principals. You may not make any disparaging remarks related to us, our affiliates, our franchisees, the Marks, the System or our principals.

You must promptly notify us of any suspected unauthorized use of the Marks, any challenge to the validity of the Marks, or any challenge to our ownership of, our right to use and to license others to use, or your right to use, the Marks. We have the sole right to direct and control any administrative proceeding or litigation involving the Marks, including any settlement. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks. We may defend you against any third-party claim, suit or demand arising out of your use of the Marks. If we, in our sole discretion, determine that you have used the Marks in accordance with your Agreement, the cost of the defense, including the cost of any judgment or settlement, will be borne by us. If we determine that you have not used the Marks in accordance with your Agreement, the cost of the defense, including the cost of any judgment or settlement, will be yours. If there is any litigation relating to your use of the Marks, you must sign any and all documents and do any acts as may, in our opinion, be necessary to carry out the defense or prosecution, including becoming a nominal party to any legal action. Except if this litigation is the result of your use of the Marks in a manner inconsistent with the terms of your Agreement, we will reimburse you for your out-of-pocket costs in doing these acts.

There are no superior prior rights or infringing uses actually known to us that could materially affect your use of the Marks in your state or elsewhere.

We reserve the right to substitute different Marks for use in identifying the System and the businesses operating under it, at our sole discretion. We are not required to reimburse you for any costs you incur in relation to any change or substitution, such as the cost of changing stationery or signage, and have no obligation or liability to you as a result of any change or substitution.

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

There are no patents of which we are aware that are material to the FIRE Fitness Camp<sup>®</sup> Businesses, and there are no patents pending. We own copyrights in the Operations Manual, marketing materials and other copyrightable items that are part of the System. While we claim copyrights in these and similar items, we have not registered these copyrights with the United States Registrar of Copyrights and need not do so to protect them. You may use these items only as we specify while operating the Franchised Business, and you must stop using them if we direct you to do so.

You must promptly tell us when you learn about unauthorized use of this proprietary information. We are not obligated to take any action but will respond to this information as we think appropriate. We are not obligated to indemnify you for losses brought by a third party concerning your use of this information, but we will take all steps we think are appropriate to protect our copyright in the Operations Manual.

You must operate your FIRE Fitness Camp<sup>®</sup> Business according to the standards, methods, policies and procedures specified in the Operations Manual, which is comprised of several guides and other documents. One copy of the Operations Manual is loaned to you by us for the term of the Franchise Agreement after you complete our initial training program to our satisfaction.

You must treat the Operations Manual, any other of our manuals that are used in the operation of your FIRE Fitness Camp<sup>®</sup> Business and the information in them as confidential, and must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record, or otherwise reproduce these materials, in whole or in part or otherwise give them to any unauthorized person. The Operations Manual will remain our sole property and must be kept in a secure place at the FIRE Fitness Camp<sup>®</sup> Business.

We may revise the contents of the Operations Manual and you must comply with each new or changed standard. You must make sure that the Franchise Operations Manual is kept current at all times. In the event of any dispute as to the contents of the Franchise Operations Manual, the terms of the master copy maintained by us at our home office will be controlling.

You must not, during the term of your Agreement or after the term of your Agreement, communicate, divulge, or use for the benefit of any other person, partnership, association, or corporation any confidential information, knowledge, or know-how concerning the methods of operation of the FIRE Fitness Camp<sup>®</sup> Business which may be communicated to you, or which you may learn because of your operation under the terms of your Agreement. You may divulge this confidential information only to those of your employees who have access to and who operate your FIRE Fitness Camp<sup>®</sup> Business. The term “Confidential Information” includes System standards, market research, advertising and promotional campaigns, approved suppliers, operating results of FIRE Fitness Camp<sup>®</sup> Businesses, proprietary software (if we choose to develop proprietary software for the System), the terms of your Agreement with us, the Operations Manual, graphic designs and other intellectual property, and your client database.

At our request, you must require your General Fitness Manager and any personnel having access to any of our confidential information to sign agreements that say that they will maintain the confidentiality of information they receive in connection with their employment by you at your FIRE Fitness Camp<sup>®</sup> Business. The agreements must be in the form provided by us.

If you, your owners, managers or employees develop any ideas, techniques, services and products in the operation or promotion of the FIRE Fitness Camp<sup>®</sup> Business, you must receive our prior written approval and give us all necessary information, free of charge. You, your owners, managers and employees must acknowledge that any of these ideas, techniques, services and products will become our sole and exclusive property and we may give the information to other franchisees.

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

The FIRE Fitness Camp<sup>®</sup> Franchise shall be managed by you, or if you are an entity, one owner who is designated in writing to us as the person to make all decisions for the franchisee entity and will be principally responsible for communicating with us about the FIRE Fitness Camp<sup>®</sup> Business (“Designated Owner”). The Designated Owner must have the authority and responsibility for the day-to-day operations of your FIRE Fitness Camp<sup>®</sup> Business and must have at least 10% equity. With our consent, you may hire a General Fitness Manager who has complete our Initial Training course and has C.O.F.E. certification that will devote his or her entire time during normal business hours, as defined in the Brand Standards Manual, to the management, operation and development of the Franchised Business.

You must also appoint a General Fitness Manager (“General Fitness Manager”) to run the day-to-day operations of the FIRE Fitness Camp<sup>®</sup> Business. If you are a sole proprietor, or an owner-operator, this General Fitness Manager may be you. The Designated Owner and General Fitness Manager must each successfully complete our training program (See Item 11). We do not require that the General Fitness Manager have an ownership interest in the legal entity of the Franchise owner. If you replace the Designated Owner or General Fitness Manager, the new Designated Owner or General Fitness Manager must satisfactorily complete our training program at your own expense. You must pay us our then current General Fitness Manager Training Fee to cover our costs of training the new Designated Owner or General Fitness Manager. Currently, our General Fitness Manager Training Fee is \$1,495.

Any General Fitness Manager and, if you are an entity, an officer that does not own equity in the franchisee entity, must sign the “System Protection Agreement,” the form of which is attached to this Franchise Disclosure Document in Exhibit H-2. All of your employees, independent contractors, agents or representatives that may have access to our confidential information must sign a confidentiality agreement (unless they already signed a System Protection Agreement), the current form of which is attached to this



Franchise Disclosure Document in Exhibit H-3. If you are an entity, each direct and indirect owner (i.e., each person holding a direct or indirect ownership interest in you) must personally guarantee your operational and financial requirements. We do not require that the spouses of the Franchise owners sign the owner's agreement.

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

You must offer all products and perform all services that we periodically require for FIRE Fitness Camp® Businesses and you are not permitted to offer any products or services that we have not approved. All suppliers, products and services approved by us must be offered for sale on a continuous basis from your FIRE Fitness Camp® Business at the time and in the manner required by us. No sale of any product or service except those products and services from approved suppliers may be solicited, accepted or made at or from your FIRE Fitness Camp® Business. If requested by us with at least 30 days' notice, the marketing of a product or service may be discontinued. If we notify you that a specific product or supplier is no longer approved, you must immediately stop purchasing that product and/or stop purchasing and/or refrain from further contracts with that supplier. Our System standards may regulate required and authorized vendors, products and services and product and service categories. We periodically may change required and/or authorized vendors, products and services and product and service categories. There are no limitations on our rights to make changes to the required services and products offered by you except that any changes to the required services and products shall not require an additional investment by you of more than \$5,000 per year.

Our online policy may completely prohibit you from any use of the Marks in social networking sites or other online use. You may not sell products through other channels of distribution such as wholesale, Internet or mail order sales. Otherwise, we place no restrictions upon your ability to serve customers provided you do so from the location of your FIRE Fitness Camp® Business in accordance with our policies.

We may periodically advise you regarding the prices you charge for the products and services offered from your FIRE Fitness Camp® Business, but you will set your own prices. If you choose to follow any pricing advice we provide, we make no guarantees or warranties that offering the products or services at the recommended price will enhance your sales or profits.

*[Remainder of Page Intentionally Left Blank]*

**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>FRANCHISE AGREEMENT</b>		
<b>Provision</b>	<b>Article in Franchise Agreement</b>	<b>Summary</b>
a. Length of the franchise term	5.1	5 years
b. Renewal or extension of the term	5.2	If you are in good standing you can add additional 5-year terms upon written notice delivered to us not less than 120 days before the end of the existing Franchise Agreement term. However, we are not obligated to renew your Franchise.
c. Requirements for franchisee to renew or extend	5.2	Sign then current Franchise Agreement modified by addendum to apply to renewal ("Renewal Franchise Agreement") or an addendum to your existing Franchise Agreement extending its term, and remodel Unit (if necessary). You are qualified for renewal if you are in full compliance your operating requirements, all fees due us are paid and you are not in breach of any term of your Franchise Agreement. Pay a renewal fee of \$4,995. The Renewal Franchise Agreement may have materially different terms and conditions than your original Franchise Agreement, but the boundaries of the Territory will remain the same.
d. Termination by franchisee	13.1.1 and 13.1.2	If we are in material breach (beyond any applicable cure periods), you can terminate your franchise agreement.
e. Termination by franchisor without cause	Not applicable	Not applicable.
f. Termination by franchisor with cause	13.2 and 13.3	We can terminate the Franchise Agreement only if you are in material default of that agreement. We cannot terminate the Franchise Agreement if we terminate an ADA we have entered into with you (or your affiliated entity). We can terminate the ADA if you (or your affiliated entity) fail to meet the development schedule or you are in material breach of any Franchise Agreement that you (or your affiliated entity) have entered into with us.
g. "Cause" defined – curable defaults	13.3	You have 30 days after notice to cure monetary defaults and other defaults (including defaults under a lease for your Unit) that can be cured.
h. "Cause" defined – non-curable defaults	13.2	Non-curable defaults: your bankruptcy or insolvency; abandonment of the franchise; you engage in conduct that reflects materially and

<b>FRANCHISE AGREEMENT</b>		
<b>Provision</b>	<b>Article in Franchise Agreement</b>	<b>Summary</b>
		unfavorably upon the operation or reputation of FIRE Fitness Camp® or our franchise system; you make material misrepresentations relating to your acquisition of the Franchise or you engage in conduct that reflects materially and unfavorably upon the operation and reputation of the Franchised Business or the System; you fail, for a period of 10 days after notification of noncompliance, to comply with any federal, state or local law or regulation applicable to the operation of the Franchise; after curing any default, you engage in the same noncompliance whether or not such noncompliance is corrected after notice; you repeatedly fail to comply with one or more material requirements of the Franchise Agreement, whether or not corrected after notice; the Franchised Business or your Unit is seized, taken over, or foreclosed by a government official, creditor, lien holder or lessor, or that a final judgment against you remains unsatisfied for 30 days; you are convicted of a felony or any other criminal misconduct that is relevant to the operation of the Franchise; or we make a reasonable determination that your continued operation of the Franchise will result in an imminent danger to public health or safety.
i. Franchisee’s obligations on termination/non-renewal	15.1	Obligations include removal of our Brand and other trademarks, return of all confidential and proprietary information and erasure of all copies of confidential and proprietary information, forwarding of telephone number and payment of amounts due (also see r, below).
j. Assignment of contract by franchisor	12.1	No restriction on our right to assign. (However, no assignment will be made except to an assignee that in good faith and judgment of the franchisor is willing and financially able to assume our obligations as franchisor under the Franchise Agreement.)
k. “Transfer” by franchisee – defined	12.2	Includes transfer of contract or assets or ownership change.
l. Franchisor approval of transfer by franchisee	12.2	We have the right to approve all transfers (including transfers of (i) more than 50% of the equity or (ii) controlling interest in a franchisee entity), but we will not unreasonably withhold approval.

<b>FRANCHISE AGREEMENT</b>		
<b>Provision</b>	<b>Article in Franchise Agreement</b>	<b>Summary</b>
m. Conditions for franchisor approval of transfer	12.2	New franchisee qualifies, transfer fee paid, purchase agreement approved, training arranged, release signed by you and our current form of Franchise Agreement signed by new franchisee (this also applies any time a majority equity interest in your franchised entity is transferred). Within 60 days after our receipt of all necessary information and documentation required under the Franchise Agreement, or as specified by written agreement between us and you, we will notify you of the approval or disapproval of the proposed transfer of the Franchise by you This notice will be in writing and delivered to you by business courier.
n. Franchisor's right of first refusal to acquire franchisee's business	12.3	We can match any legitimate offer for your business, but we have no right of first refusal if the transfer is (i) between or among individuals (including their immediate family members) who have guaranteed obligations under a Small Business Administration loan or (ii) a transfer of less than 100% of the equity interest of a franchisee entity).
o. Franchisor's option to purchase franchisee's business	15.2.4	Within 30 days after the termination, expiration or non-renewal of the Franchise Agreement, we have the option, but not an obligation, to purchase all or any portion of your reusable inventory, apparel containing the Marks, proprietary equipment, parts, fixtures and furnishings owned and used by you in your franchised operation.
p. Death or disability of franchisee	12.6	Franchise must be assigned by estate to approved buyer within 270 days.
q. Non-competition covenants during the term of the franchise	11.1	Cannot divert or attempt to divert any business or customer to any competitor, by direct or indirect inducement or otherwise; do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System.
r. Non-competition covenants after the franchise is terminated or expires	11.2	For 2 years, you cannot engage in a competing business within 25 miles of your territory or any other FIRE Fitness location. Subject to state law.
s. Modification of the Agreement	16.14.3	No modifications generally, but Manual subject to change.
t. Integration/Merger Clause	16.14.1	Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.

<b>FRANCHISE AGREEMENT</b>		
<b>Provision</b>	<b>Article in Franchise Agreement</b>	<b>Summary</b>
u. Dispute resolution by arbitration or mediation	14.1	The parties agree in the Franchise Agreement to submit disputes (not including your failure to pay us sums due under the Franchise Agreement, or an act of yours allowing us to immediately terminate the Franchise Agreement) initially to a meeting in person of our executive officers and your Principal Equity Owners at our principal executive office (without our respective legal counsel) within 5 business days after a dispute arises to conduct a good faith discussion and negotiation of the issues with a view to arriving at a settlement . If this meeting does not result in a settlement of the dispute (or the meeting does not take place), within 10 business days after the date the meeting took place (or should have taken place), the parties may submit the dispute to non-binding mediation in Wisconsin conducted by a mediator mutually agreeable to both parties; provided however the mediator must be an attorney who is a State Bar of Wisconsin Board of Legal Specialization Certified Specialist in Franchise and Distribution Law.
v. Choice of forum	14.2	Arbitration proceedings will take place in Waupaca County, Wisconsin. Any mediation proceeding will take place at a mutually agreed location. Litigation proceedings will be filed in an appropriate court in Wisconsin.
w. Choice of law	14.1, 14.2 and 14.3	The Federal Arbitration Act (9 U.S.C. §1 et seq.) governs the arbitration of disputes under the Franchise Agreement and the ADA. Otherwise, the laws of the state where the Unit is located govern the Franchise Agreement and the ADA.

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<b>AREA DEVELOPMENT AGREEMENT</b>		
<b>Provision</b>	<b>Section in Area Development Agreement</b>	<b>Summary</b>
a. Length of the franchise term	Section 6	Length of the Development Schedule.
b. Renewal or extension of the term	Section 5	After all Franchised Businesses have been developed, we will negotiate in good faith another Area Development Agreement.
c. Requirements for Area Developer to renew or extend	Not applicable	Not applicable.
d. Termination by Area Developer	Not applicable	The Agreement does not provide for this. But you may seek to terminate on any grounds available to you at law.
e. Termination by franchisor without cause	Not applicable	Not applicable.
f. Termination by franchisor with cause	Section 9	We can terminate if you or any of your affiliates materially default under the Area Development Agreement, any individual Franchise Agreement, or any other agreement with us, if you commit any one of several listed violations.
g. “Cause” defined – curable defaults	Section 9	If you use the Marks or System without our consent; participating in a Competitive Business; failure to pay money to us when due; you begin developing a Franchised Business before all of your pre-development obligations are met; failure to obtain our consent when required; you open any Franchised Business before a Franchise Agreement for that Franchised Business has been signed by us and all fees have been paid.
h. “Cause” defined – non-curable defaults	Section 9	Failure to meet your development schedule; failure to comply with applicable laws; if all of your Franchised Business stop operating; unauthorized transfer; you make a material misrepresentation to us; conviction by you or your owners of an indictable offense; bankruptcy or insolvency; if a Franchise Agreement with us is terminated according to its terms (this is a cross-default provision).
i. Area Developer’s obligations on termination/non-renewal	Section 10	You must stop selecting sites for Franchised Business, and you may not open any more Franchised Business.

<b>AREA DEVELOPMENT AGREEMENT</b>		
<b>Provision</b>	<b>Section in Area Development Agreement</b>	<b>Summary</b>
j. Assignment of contract by franchisor	Section 11	No restriction on our right to assign. However, no assignment will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Area Development Agreement.
k. "Transfer" by Area Developer – defined	Section 11	Includes transfer of any interest in the Area Development Agreement.
l. Franchisor approval of transfer by Area Developer	Section 11	You may not transfer the Area Development Agreement or any rights to the Development Area.
m. Conditions for franchisor approval of transfer	Section 11	You may not transfer the Area Development Agreement or any rights to the Development Area.
n. Franchisor's right of first refusal to acquire Area Developer's business	Section 11	We have the right to match the offer to purchase your Franchised Business or an ownership interest in you.
o. Franchisor's option to purchase Area Developer's business	Not applicable	Not applicable.
p. Death or disability of Area Developer	Not applicable	Not applicable
q. Non-competition covenants during the term of the franchise	Section 12	Can't divert business or operate a Competitive Business anywhere.
r. Non-competition covenants after the franchise is terminated or expires	Section 12	No participation in a Competitive Business for two years and within 50 miles of any FIRE Fitness Business in the System.
s. Modification of the agreement	Section 18	No modifications except by mutual agreement of the parties.
t. Integration/merger clause	Section 18	Only the terms of the Area Development Agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and the Area Development Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 19	Except for certain claims, all disputes must be mediated and arbitrated in the principal city closest to our principal place of business (currently Plover, Wisconsin), subject to applicable state law.

<b>AREA DEVELOPMENT AGREEMENT</b>		
<b>Provision</b>	<b>Section in Area Development Agreement</b>	<b>Summary</b>
v. Choice of forum	Section 19	Except for certain claims, all disputes must be mediated, arbitrated, and if applicable, litigated in the principal city closest to our principal place of business (currently Plover, Wisconsin), subject to applicable state law.
w. Choice of law	Section 18	Wisconsin law applies, subject to applicable state law.

### **ITEM 18: PUBLIC FIGURES**

We do not use any public figure to promote our franchise.

### **ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS**

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

#### **Overview**

This financial performance representation (“FPR”) includes 2023 Gross Revenue data for 23 franchised and 1 corporate owned Fire Fitness® businesses described below.

Each Fire Fitness® business is referred to as an “unit”. We have provided data for all units that were open as of December 31, 2023. We have broken down the data based on total annual Gross Revenue between:

- The top 8 units;
- The middle 8 units; and
- The bottom 8 units.

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

<b>Net Income of Units Open as of December 31, 2023</b>						
<b>Subset</b>	<b>Total #</b>	<b>Highest Net Income</b>	<b>Lowest Net Income</b>	<b>Median Net Income</b>	<b>Average Net Income</b>	<b># and % of Units Exceeding Average</b>
Top 8 Units	8	\$54,549	\$18,402	\$31,791	\$32,195	4 or 50%
Middle 8 Units	8	\$60,104	\$9,368	\$17,084	\$18,385	3 or 37.5%
Bottom 8 Units	8	\$25,383	\$4,610	\$12,419	\$12,752	1 or 12.5%
All Units	24	\$60,104	\$4,610	\$18,470	\$21,140	9 or 37.5%



Notes to FPR Table:

1. In making the above FPR, we have relied upon Gross Revenue figures generated by the point-of-sale and computer systems utilized by our franchisees. Neither we nor any independent certified public accountant has independently audited or verified the information.
2. The FPR does not reflect the operating costs and expenses that you will incur in operating your Business, such as royalties, technology fees, system brand fees, local marketing expenses, rent, payroll, insurance, utilities, inventory replenishment, etc.
3. The Gross Revenue figures are based on the historical results from the Fire Fitness<sup>®</sup> businesses described above.

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

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

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

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Hans Hartleben at (715) 544-6777, the Federal Trade Commission and the appropriate state regulatory agencies.

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**ITEM 20: OUTLETS AND FRANCHISEE INFORMATION**

ITEM 20 TABLE NO. 1  
**System-wide Outlet Summary  
 For Years 2021, 2022 and 2023**

<b>Column 1 Outlet Type</b>	<b>Column 2 Year</b>	<b>Column 3 Outlets at the Start of the Year</b>	<b>Column 4 Outlets at the End of the Year</b>	<b>Column 5 Net Change</b>
Franchised	2021	23	24	+1
	2022	24	23	-1
	2023	23	23	0
Company-Owned	2021	1	1	0
	2022	1	1	0
	2023	1	1	0
<b>Total Outlets</b>	<b>2021</b>	<b>24</b>	<b>25</b>	<b>+1</b>
	<b>2022</b>	<b>25</b>	<b>24</b>	<b>-1</b>
	<b>2023</b>	<b>24</b>	<b>24</b>	<b>0</b>

ITEM 20 TABLE NO. 2  
**Transfers of Franchised Outlets to New Owners  
 (other than the Franchisor)  
 For Years 2021, 2022 and 2023**

<b>Column 1 State</b>	<b>Column 2 Year</b>	<b>Column 3 Number of Transfers</b>
WI	2021	0
	2022	3
	2023	3

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**ITEM 20 TABLE NO. 3  
Status of Franchised Outlets  
For Years 2021, 2022, and 2023**

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Termina- tions	Col. 6 Non- Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Opera- tions- Other Reasons	Col. 9 Outlets at End of the Year
Wisconsin	2021	23	1	0	0	0	0	24
	2022	24	0	0	0	0	1	23
	2023	23	0	0	0	0	3	20
<b>Total</b>	<b>2021</b>	<b>23</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24</b>
	<b>2022</b>	<b>24</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>23</b>
	<b>2023</b>	<b>23</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>23</b>

**ITEM 20 TABLE NO. 4  
Status of Company-Owned Outlets  
For Years 2021, 2022 and 2023**

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of Year
Wisconsin	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
<b>Total Outlets</b>	<b>2021</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2022</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2023</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>

**ITEM 20 TABLE NO. 5  
Projected Openings as of December 31, 2023**

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Next Fiscal Year
WI	0	5	0
<b>Total</b>	<b>0</b>	<b>5</b>	<b>0</b>

Attached as Exhibit E to this Disclosure Document is a list of the FIRE Fitness Camp® franchisees as of the date of this Disclosure Document and attached as Exhibit E is a list of FIRE Fitness Camp® franchisees

who have been terminated, cancelled or otherwise ceased to do business under the Franchise Agreement during the year ended December 31, 2023 or who have not communicated with us within 10 weeks of the date of this Disclosure Document. If you buy a FIRE Fitness Camp® franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

### ***Confidentiality Agreements***

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the FIRE Fitness Camp® franchise system. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you. During the last 3 fiscal years, no franchisees signed confidentiality clauses.

### ***Trademark-Specific Franchisee Organizations***

As of the date of this Disclosure Document, there are no trademark-specific franchisee organizations associated with the FIRE Fitness Camp® system that we have created, sponsored, or endorsed, and there are no independent trademark-specific franchisee organizations that have asked to be included in our Disclosure Document.

## **ITEM 21: FINANCIAL STATEMENTS**

Attached to this Disclosure Document as Exhibit D are our audited financial statements for the fiscal years 2021, 2022 and 2023. Our fiscal year end is December 31.

## **ITEM 22: CONTRACTS**

Attached to this Disclosure Document are the following contracts and their attachments:

Exhibit B	Franchise Agreement
Exhibit C	Area Development Agreement
Exhibit F	State Addenda and Agreement Riders
Exhibit H-1	Sample General Release/Waiver and Release of Claims
Exhibit H-2	Sample System Protection Agreement
Exhibit H-3	Sample Confidentiality Agreement
Exhibit H-4	Automated Clearing House Payment Authorization Form
Exhibit H-5	Sample Approval of Requested Assignment
Exhibit H-6	Lease Addendum

## **ITEM 23: RECEIPTS**

Two copies of an acknowledgement of your receipt of this Disclosure Document appear at the end of the Disclosure Document under Exhibit J. Please return one signed copy to us and retain the other copy for your records.

**EXHIBIT A**

**STATE ADMINISTRATORS AND  
AGENTS FOR SERVICE OF PROCESS**

<b>State</b>	<b>State Administrator</b>	<b>Agent for Service of Process (if different from State Administrator)</b>
California	Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 2101 Arena Boulevard Sacramento, CA 95834 866-275-2677	
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, HI 96810 (808) 586-2722	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681	
Maryland	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	
Minnesota	Minnesota Department of Commerce Securities Unit 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Commissioner of Commerce Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500
New York	NYS Department of Law Investor Protection Bureau 28 Liberty St., 21 <sup>st</sup> Floor New York, NY 10005 (212) 416-8285	Secretary of State 99 Washington Avenue Albany, NY 12231

North Dakota	North Dakota Securities Department 600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	Securities Commissioner North Dakota Securities Department 600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex-69-1 Cranston, RI 02920-4407 (401) 462-9527	
South Dakota	Division of Insurance Securities Regulation 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563	Director of the Division of Insurance 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division PO Box 9033 Olympia, WA 98507 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, WA 98501 (360) 902-8760
Wisconsin	Division of Securities Department of Financial Institutions Post Office Box 1768 Madison, WI 53701 (608) 266-2801	Securities And Franchise Registration Wisconsin Securities Commission 201 West Washington Avenue, Suite 300 Madison, WI 53703

**EXHIBIT B**  
**FRANCHISE AGREEMENT**



## FRANCHISE AGREEMENT

This Franchise Agreement ("Agreement") is made and entered into as of \_\_\_\_\_ (the "Effective Date"), by and among FIRE Fitness Affiliation, LLC DBA FIRE Fitness Franchise, a Wisconsin Limited Liability Company ("we" or "us"), and \_\_\_\_\_ ("you"), and (if you are not a sole proprietorship) each person owning 20% or more of your entity (in such context, "Principal Equity Owner"), with reference to the following facts:

### RECITALS

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

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

C. Franchisor has entered into an exclusive license ("License Agreement") with Hans Hartleben for the right to use and sublicense to our franchisees the Names, Marks and other property in connection with the operation of a FIRE Fitness Camp<sup>®</sup> business and has developed expertise (including confidential information) and a unique, distinctive and comprehensive system ("System") for the establishment and operation of Businesses; and

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

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

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

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

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

## 1. DEFINITIONS

1.1. **Abandoned.** The term "Abandoned" means cessation of operation of the Franchised Business for a period of five consecutive business days, without our prior written consent. A repeated pattern of inactivity at your Unit for periods of less than five consecutive business days may result in your Franchised Business being deemed Abandoned if in our judgment such inactivity adversely impacts the Franchised Business. However, your Franchised Business will not be deemed Abandoned if the inactivity is due to natural disasters or other matters reasonably beyond your control, provided that you give us notice of any such closure within five business days after the initial occurrence of the event resulting in such inactivity, and we acknowledge in writing that such inactivity is due to one of the foregoing causes, and provided further that you re-establish the Franchised Business and be fully operational within 180 days after the initial occurrence of the event resulting in such inactivity or such longer period as we may permit.

1.2. **Anniversary Year.** The term "Anniversary Year" means the 12-month period between the "Opening Date" (as defined below in this Article I) and the first anniversary thereof and between each succeeding anniversary.

1.3. **Brand Standards Manual.** The term "Brand Standards Manual" means the confidential Brand Standards manual or manuals (regardless of title) containing policies and procedures to be adhered to by you in performing under this Agreement, including all amendments and supplements thereto provided to you from time to time.

1.4. **Confidential Information.** The term "Confidential Information" means information, know-how, and materials, other than Trade Secrets, that is of value to us (or other third party, as applicable) and treated as confidential by any of the foregoing and is disclosed or made known or available to you or your employees or agents. Without limiting the generality of the foregoing, the term "Confidential Information" includes, without limitation: (i) the Confidential Brand Standards Manual; (ii) all technical and non-technical information, including without limitation, information concerning finances, financing and capital raising plans, accounting or marketing, business opportunities, affiliate lists, business plans, forecasts, predictions, projections, recipes, products, research, development, and know-how; (iii) Intellectual Property, the Marks, FIRE Fitness Franchise Services and Products, insignias, designs, and materials subject to copyright, patent, or trademark registration; (iv) any developments, inventions, improvements, additions, modifications, enhancements, derivatives, ideas, reports, analyses, opinions, studies, data or other materials or work product, whether prepared by us or otherwise, that contain or are based upon Proprietary Information; (v) information regarding customers and potential customers of the Franchised Business, including customer lists, names, needs or desires with respect to the products or services offered, contracts and their contents and parties, the type and quantity of products and services provided or sought to be provided to customers and potential customers of the Franchised Business and other non-public information relating to customers and potential customers; (vi) information regarding any of Franchisor's business partners or affiliates and their services, including names, representatives, proposals, bids, contracts and their contents and parties, the type and quantity of products and services received by the discloser, and other non-public information relating to business partners; (vii) information regarding personnel, including compensation and personnel files; and (viii) any other non-public information that a competitor of ours could use to our competitive disadvantage.

1.5. **Control.** The term "Control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person or entity, whether through the ownership of voting securities, by contract or otherwise.

1.6. **Consumer Price Index or CPI.** The term "Consumer Price Index" or "CPI" means the annual average of the Consumer Price Index for All Urban Consumers, published by the Bureau of Labor Statistics of the United States Department of Labor (or the highest similar future index if these figures become unavailable).

1.7. **FIRE Fitness Franchise Services and Products.** The term "FIRE Fitness Franchise Services and Products" means (i) a variety of fitness products and accessories supplied by us, designated vendors and approved suppliers for use and resale by you at your Unit and (ii) other goods and services that we specifically authorize you to offer and sell at your Unit, in accordance with this Agreement and the Brand Standards Manual (as amended from time to time by us).

1.8. **Fitness Trainer.** The term "Fitness Trainer" means an individual that has been designated by you as a provider of FIRE Fitness Franchise techniques to retail customers and who has successfully completed "Initial Training" or otherwise been certified by us as a qualified fitness trainer.

1.9. **Franchised Business.** The term "Franchised Business" means (i) the providing of FIRE Fitness Franchise fitness programs and services to retail customers using designated or authorized FIRE Fitness Franchise training techniques and formats (ii) the sale to retail customers of "FIRE Fitness Franchise Services and Products" (as defined in this Article I), and other services we authorize in the Brand Standards Manual and (iii) the operation and marketing of an Unit within the "Territory" (as defined in this Article I), pursuant to our "System" (as defined in this Article I) and business methods and procedures set forth by us.

1.10. **General Fitness Manager.** The term "General Fitness Manager" means the individual (may be a Principal Equity Owner) that has been designated by you as the person responsible for the day-to-day operation of the Unit, and who has successfully completed "Initial Training".

1.11. **Gross Revenues.** The term "Gross Revenues" means all revenues, however generated or received, that are derived by you from operating the Franchised Business at or through your Unit, excluding only applicable sales or use taxes and legitimate refunds, and not modified for uncollected accounts.

1.12. **Initial Training.** The term "Initial Training" means training in the System provided by us, as described in the Franchise Disclosure Document.

1.13. **Marks.** The term "Marks" means the proprietary marks that are associated with the FIRE Fitness Franchise system and associated designs in respect of which registrations have been obtained from or applied for with the United States Patent and Trademark Office, as well as all common law trademarks and service marks, trade names, logos, insignias, designs and other commercial symbols which we now or hereafter are authorized to use and use or authorize others to use to identify the Franchised Business.

1.14. **Marvelous Motivation System.** The term "Marvelous Motivation System" means the award system created to keep clients motivated and coming through the door. This includes awards given at 25, 50, 75, 100, 144, 200, 250, 300, 365, 500, 650, 850, 1000, visits (and possibly more in the future). These awards are given to clients based on their visits to your FIRE Fitness Franchise.

1.15. **Opening Date.** The term "Opening Date" means the day you open your Unit, furnished, inventoried and equipped in accordance with our requirements, and you begin operating the Franchised Business at your Unit.

1.16. **Unit.** The term "Unit" means a retail fitness studio and equipment store that we have consented to which is exclusively dedicated to the operation of the Franchised Business under the Marks and in accordance with the System.

1.17. **Proprietary Information.** The term "Proprietary Information" means, refers to, and includes our Trade Secrets and Confidential Information. No formal identification of Proprietary Information will be required. Without limiting the generality of the foregoing, Proprietary Information may take the form of documentation, drawings, specifications, software, technical or engineering data and other forms, and may be communicated orally, in writing, by electronic means or media, by visual observation and by other means.

1.18. **System.** The term "System" means comprehensive marketing and operational systems prescribed by us to be used in the conduct of the Franchised Business, as set forth in this Agreement and the Brand Standards Manual. The System includes (i) the Marks, (ii) know-how relating to FIRE Fitness

Franchise Services and Products, (iii) advertising, marketing and sales programs and techniques, (iv) training programs, and (vi) related materials, artwork, graphics, layouts, slogans, names, titles, text and other intellectual property that we make available to you. In our sole discretion, we may improve or change the System from time to time (including but not limited to adding to, deleting or modifying elements of the System and amending the Brand Standards Manual) for the intended purpose of making the System more effective, efficient, economical or competitive; adapting to or taking advantage of competitive conditions, opportunities, technology, materials or local marketing needs and conditions; enhancing the reputation or public acceptance of the System; or better serving the public.

1.19. **Territory.** The term "Territory" means the designated and agreed geographical area surrounding your Unit as set forth in Exhibit 1 attached hereto.

1.20. **Trade Dress.** The term "Trade Dress" means the unique and distinctive layout, design and color schemes relating to the Unit, and the textures, sizes, designs, shapes, and placements of words, graphics, and decorations on products and packaging related to FIRE Fitness Franchise Services and Products.

1.21. **Trade Secret.** The term "Trade Secret" means information constituting a trade secret within the meaning of the Uniform Trade Secrets Act, as amended from time to time.

1.22. **Transfer.** The term "Transfer" means a sale, assignment, transfer, conveyance, pledge, mortgage, encumbrance, abandonment, elimination or giving away, voluntarily or involuntarily, by operation of law or otherwise.

## 2. THE FRANCHISED BUSINESS

2.1. **Our Business.** We are engaged in the administration, development, operation and licensing of businesses that operate Units offering the Franchised Business, using the Marks, operational techniques, service concepts and proprietary information owned or authorized to be used by and identified with us and our affiliated companies. Our activities in general, and our system (including proprietary products and services; logos; equipment and Brand Standards; designs and layouts for the Units; marketing and advertising, specialty retail items and promotional activities) are undertaken to develop, maintain and enhance the Marks and our business reputation.

2.2. **The Franchise System.** As a result of our expenditure of time, skill, effort and money, we have developed and supervise the franchise System under the Marks operated in accordance with the provisions of this Agreement and our Brand Standards Manual, as amended from time to time.

## 3. GRANT OF FRANCHISE

### 3.1. Grant of Franchise.

3.1.1. By our respective signatures below, we hereby grant to you, and you hereby accept, a license ("Franchise") to participate in and use the System by conducting the Franchised Business at your Unit within your Territory as described in Exhibit 1 attached hereto, in strict accordance with this Agreement and the Brand Standards Manual, from the time of commencement of the Franchised Business until the end of the term hereof and any additional term unless sooner terminated. So long as you comply with this Agreement, we will not authorize another FIRE Fitness Franchise to operate, or operate ourselves, a FIRE Fitness Franchise Unit in your Territory. If you fail to fulfill your obligations under this Franchise Agreement, we may terminate your Protected Territory. Other than your failure to comply with your Franchise Agreement, there are no circumstances under which we can unilaterally modify your Protected Territory.

3.1.2. You are prohibited making a concerted effort to solicit and marketing by any means within the Protected Territory of another FIRE Fitness® Camp franchisee. A concerted effort to solicit and obtain clients means through any type of advertisement or marketing, directed at all or a portion of another franchisee's territory You may not use other channels of distribution, such as the Internet, catalog

sales, telemarketing, or other direct marketing, to make sales outside of your Protected Territory. Your Protected Territory does not ensure that other franchisees will not respond to unsolicited inquiries from customers in your Protected Territory. We cannot control or prevent this. Marketing activities (especially advertising in newspapers, magazines, radio and television) by us and others may be received by persons within your Protected Territory even though they are aimed principally outside your Protected Territory. You will not receive any compensation for our solicitation and/or acceptance of customers from within your Protected Territory.

3.1.3. You may not conduct business at any other site or sites other than your Unit location or sites as permitted by your Franchise Agreement. You can conduct business at off-site events (for example at fitness expos, health fairs, promotional events, charity events, etc.) to sell services (such as membership options) and products and/or provide services so long as such events are within your Protected Territory. You may conduct business at off-site events in other geographical areas where there is not a FIRE Fitness Camp® business only after providing notice to us and after obtaining our written approval. We shall approve or deny your request in writing or by email, which approval is in our sole discretion, within 10 business days of receipt of your written request to conduct business at off-site events in other geographical areas (outside your Protected Territory) that has not been sold to one or more franchisee(s) or licensee(s). If we do not timely respond then your request will be deemed denied. If we approve your request to conduct business at off-site events in another geographical area, you must be prepared to immediately lose any accounts you have established when that area is purchased and immediately refrain from conducting business at such off-site events. You may sell and ship products to people located outside your Territory so long as your sales do not result from any Target Marketing activities by you

3.1.4. You acknowledge that we may have granted and may in the future operate or grant other licenses and franchises for other retail and wholesale fitness businesses outside the Territory. YOU MAY NOT USE OUR MARKS, OPERATIONAL TECHNIQUES, SERVICE CONCEPTS OR PROPRIETARY INFORMATION IN CONNECTION WITH ANY BUSINESSES OR SERVICES OTHER THAN THE FRANCHISED BUSINESS AT THE UNIT WITHOUT THE EXPRESS PRIOR WRITTEN PERMISSION OF ONE OF OUR EXECUTIVE OFFICERS, WHICH PERMISSION, IF GRANTED, WILL BRING SUCH BUSINESSES OR SERVICES WITHIN THE SCOPE OF THE FRANCHISED BUSINESS AND SUBJECT REVENUES THEREFROM TO PAYMENT OF ROYALTY AND MARKETING FUND FEES.

3.2. **Reserved Rights.** We (and our affiliates) retain all rights with respect to FIRE Fitness® Camp Franchised Businesses, the Marks, the sale of similar or dissimilar products and services, and any other activities we (and our affiliates) deem appropriate wherever and whenever we determine, including, without limitation, the right to:

3.2.1. issue competing franchises and to directly or indirectly develop and operate competing company-owned businesses under the Marks for or at any locations outside of the Protected Territory and/or Development Area. This includes locations near the boundaries of the Protected Territory;

3.2.2. solicit prospective franchisees and grant other persons the right to operate FIRE Fitness® Camp Franchised Businesses through national or regional advertising, trade shows or conventions, or using or through the Internet, Intranet or other forms of e-commerce or through similar means;

3.2.3. sell, solicit, recruit and provide services for FIRE Fitness® Camp Franchised Businesses or any franchised business not defined as a FIRE Fitness® Camp Franchised Business in the Franchise Agreement or Development Agreement;

3.2.4. sell, and provide the products and/or services authorized for sale by, FIRE Fitness® Camp Franchised Businesses under the Marks or other trade names, trademarks, service marks and commercial symbols through similar or dissimilar channels (like telephone, mail order, kiosk, co-

branded Premises and Premises located within other retail businesses, Intranet, Internet, web Premises, wireless, email or other forms of e-commerce). This includes the sale and distribution of food products in grocery and other retail stores, for distribution within and outside of your Protected Territory and pursuant to such terms and conditions as we consider appropriate, without compensation to you;

3.2.5. acquire the assets or ownership interest of one or more businesses providing products and services similar to those provided at FIRE Fitness® Camp Franchised Businesses, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these business (or the franchisees or licensees of these businesses) are located or operating (including in your Protected Territory/Development Area);

3.2.6. be acquired (whether through acquisition of assets, ownership interest or otherwise, regardless of the form of transaction), buy a business providing products and services similar to those provided at FIRE Fitness® Camp Franchised Businesses, or by another business, even if such business operates, franchises and/or licenses Competitive Businesses in the Protected Territory/Development Area. The term “**Competitive Business**” means any business which produces, offers, sells, distributes or is otherwise involved in, the sale of products or services (the same or similar to or which are competitive with those which are provided by FIRE Fitness® Camp Franchised Businesses or which are similar to or competitive with the services and/or products offered by us or our franchisees);

3.2.7. conduct all internet-related, e-commerce, social media and related communications relating to the operation of FIRE Fitness® Camp Franchised Businesses or the selling of products and services offered at any of the FIRE Fitness® Camp Franchised Businesses. As such, and without limiting the generality of the foregoing, we will have the sole right to establish one or more websites that contain any of the Marks, or that advertise, market or promote any of the services that we authorize for FIRE Fitness® Camp Franchised Businesses. We may engage in internet and any e-commerce, marketing, promotion and operation, even if those activities affect customer relationships within your Protected Territory;

3.2.8. offer, promote and perform delivery and catering services, whether or not using the Marks, anywhere; and

3.2.9. solicit prospective franchisees for, and own and operate, businesses and Outlets of any other kind or nature, anywhere.

3.3. **Promotion and Development of Your Unit.** You must (i) diligently and effectively promote, market and engage in the Franchised Business at your Unit; (ii) develop, to the best of your ability, the potential for future Franchised Business within your Territory; and (iii) devote and focus a substantial portion of your professional attentions and efforts to such promotion and development.

#### 3.4. **Extent of Grant.**

3.4.1. You understand and agree that you are licensed hereby only for the operation of your Franchised Business at and from your Unit and only within your Territory (unless we specifically agree otherwise on a case by case basis).

3.4.2. You may not sublicense, sublease, subcontract or enter any management agreement, concession agreement, partnership agreement or joint venture agreement providing for, the right to operate the Franchised Business or to use the System granted pursuant to this Agreement.

#### 3.5. **Electronic Execution and Copies.**

3.5.1. An executed counterpart of this Agreement (or any portion of this Agreement) may be delivered by any of the parties by fax, electrical, digital, magnetic, optical, electromagnetic, or similar capability regardless of the medium of transmission (any such medium is referred to in this and the following section as "electronic"), and such delivery will be effective and binding upon such party, and will not in any way diminish or affect the legal effectiveness, validity or enforceability of this Agreement.

3.5.2. You acknowledge and agree that we may create an electronic record of any or all agreements, correspondence or other communication between us or involving third parties, and those we may thereafter dispose of or destroy the original of any such document or record. Any such electronic record will be inscribed on a tangible medium or stored in an electronic or other medium and be retrievable in perceivable form and will be maintained in and readable by hardware and software generally available. You agree that, notwithstanding any statute, regulation or other rule of law to the contrary, any such electronic version of this or any other agreement or correspondence between the parties will have the same legal effect, validity and enforceability as an original of any such document, even if the original of such document has been disposed of or intentionally destroyed.

### **3.6. Obligations of Entity Franchisee.**

3.6.1. If you are an entity, you must provide us at the Effective Date with a copy of your entity's organizational document and by-laws, shareholders' agreement, operating agreement or other agreement between the equity owners.

3.6.2. If you are an entity, any person or entity that at any time after the Effective Date becomes a Principal Equity Owner of your entity will automatically acquire all the obligations of a Principal Equity Owner under this Agreement at the time such person or entity becomes a Principal Equity Owner. Before approving and entering into any transaction that would make any person or entity a Principal Equity Owner, you must notify such person about the content of this section 3.6.2.

3.6.3. If you are an entity, you must place the following legend on all certificates evidencing an equity interest: "THE TRANSFER OF THE EQUITY INTEREST IN THE ENTITY REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE TERMS AND CONDITIONS OF A FRANCHISE AGREEMENT DATED \_\_\_\_\_ BETWEEN THIS ENTITY AND FIRE FITNESS FRANCHISE. REFERENCE IS MADE TO SUCH FRANCHISE AGREEMENT AND THE RESTRICTIVE PROVISIONS CONTAINED THEREIN AND AS MAY BE OTHERWISE SET FORTH IN THE ORGANIZATIONAL DOCUMENTS AND OPERATING AGREEMENTS OF THIS ENTITY."

## **4. PAYMENTS BY YOU**

### **4.1. Initial Franchise Fee.**

4.1.1. The "Initial Franchise Fee" for a single franchised Unit is forty-nine thousand nine hundred ninety nine dollars (\$49,995). However, if this Agreement is for a second or subsequent Unit owned by you under the terms of an Area Development Agreement ("ADA") you executed, a credit will be applied against the Initial Franchise Fee in the amount specified in the ADA and you must pay us the balance.

4.1.2. The Initial Franchise Fee is due and payable in full, by cashier's check, money order, credit card or wire transfer to our bank account, when you sign this Agreement. The Initial Franchise Fee is fully earned by us when paid. The Initial Franchise Fee (and, if applicable, the "Development Fee" paid under an ADA) is not refundable.

### **4.2. Royalty.**

4.2.1. During the term of this Franchise Agreement, you will pay us a continuing monthly royalty fee, payable no later than the close of business on the fifth business day of each calendar month for the immediately preceding month, in an amount equal to seven percent (7%) of the Gross Revenues for your Unit. "Gross Revenues" means revenue from the sale of all products and/or services, revenue generated by your use of your Unit's products and services for businesses unrelated to your Unit, and all other income or consideration of every kind and nature, received by your Unit, whether for cash, barter, or credit, and regardless of collection in the case of credit.

#### 4.3. **Marketing, Advertising and Promotion.**

4.3.1. Upon ninety (90) days prior written notice, we may require you to pay us a monthly "Marketing Fund Fee" for a Marketing Fund of up to 2% of your Gross Revenues. If and when we require payment thereof, Marketing Fund Fees would be due and payable on a monthly basis on the first business day of each succeeding calendar month. Any Marketing Fund will be administered as follows:

4.3.2. If established, we may use Marketing Fund contributions, at our discretion, to meet any and all costs of maintaining, administering, directing, conducting, developing and preparing advertising, marketing, public relations and other promotional programs and materials, and any other activities which we believe will enhance the System, including the costs of preparing and developing print, radio and television advertising; Internet advertising; direct mail advertising; marketing surveys; employing advertising or public relations agencies; purchasing promotional items; and providing promotional and other marketing materials and services to businesses operating under the System. The coverage of the materials and programs may be local, regional or national. We may use the Marketing Fund to reimburse us or our affiliates for the internal expenses of operating an advertising department and administering the advertising program.

We will direct all Marketing Fund programs, with sole discretion over the concepts, materials and media used in the programs and the placement and allocation of them. The Marketing Fund is intended to maximize and support general public recognition, brand identity, sales and patronage of FIRE Fitness Camp<sup>®</sup> businesses in the United States and the System. We are not obligated to make expenditures for you, on your behalf or in your Territory which are equivalent or proportional to your contributions or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Marketing Fund.

All monies paid into the Marketing Fund will be accounted for separately from our general operating revenues. We anticipate that all contributions to the Marketing Fund will be expended during the Marketing Fund's fiscal year in which they are received. The Marketing Fund is not a trust, and we assume no fiduciary duty in administering the Marketing Fund. Marketing Fund surpluses, if any, may be expended in the following fiscal year(s). We may advance money to the Marketing Fund from time to time. In this event, we may be reimbursed by the Marketing Fund for the monies advanced, including a reasonable interest rate. The Marketing Fund will not be audited, but at your request you may receive an annual report of expenditures and advertising contributions for the fiscal year most recently ended.

Although the Marketing Fund is intended to be perpetual, we may terminate the Marketing Fund at any time. The Marketing Fund will not be terminated until all monies in the Marketing Fund have been spent for advertising or promotional purposes or returned to contributors on a pro rata basis. If we terminate the Marketing Fund, we have the right to reinstate it at any time and you must again contribute to the Marketing Fund. No portion of the Marketing Fund will be used for advertising that is principally a solicitation for the sale of franchises.

4.3.3. You must spend at least \$300 per month on advertising in the Territory. Any amounts spent on Cooperative Advertising shall be credited against this requirement. You must provide us with evidence each month that you have spent the required amount on local advertising. We may require that your minimum local advertising expenditure be allocated to advertising of certain types, using specific vendors, in particular channels or as a component of a broader campaign. Your advertising must be in such media, and of such type, format and other particulars as we approve, must be conducted in a dignified manner, and must conform to our standards and requirements. Any and all advertising and marketing materials (whether developed in connection with an Cooperative Advertising or otherwise) not prepared or previously approved by us must be submitted to us at least 10 days prior to any publication or run date for approval, which we may withhold for any or no reason. We will provide you with written notification of approval or disapproval within a reasonable time. If we do not notify you of approval or disapproval within 10 days of our receipt of the materials, the materials will be denied. You must discontinue the use of any denied advertising immediately and any approved advertising within 30 days of your receipt of our request



to do so. You may not conduct advertising or promotion on or through the Internet/world wide web or other electronic transmission via computer without our express prior written approval. All of your advertising and promotion must be factually accurate and shall not detrimentally affect the Marks or the System, as we determine. You must use the telephone number provided by us in connection with all marketing initiatives. We are not required to conduct local advertising for you but have the right to do so if you fail to meet the minimum local advertising requirement. You will reimburse us for any amounts we remit on your behalf for local advertising

4.3.4. On a regional or system-wide basis, we may impose an additional assessment upon affected franchisees for special designated advertising or promotional activities if two-thirds of all affected FIRE Fitness Franchise franchised units agree to such additional assessment by affirmative vote.

4.3.5. With respect to regional or system-wide advertising, including without limitation advertising done as a result of Marketing Fund Fee contributions, we determine the cost, form of media, content, format, production, timing (including regional or local concentration and seasonal exposure), location and all other matters relating to advertising, public relations and promotional campaigns.

4.3.6. In addition to the ongoing advertising expenditures set forth herein, you shall be required to spend between one thousand and no/100 dollars (\$1,000) and five thousand and no/100 dollars (\$5,000) on a grand opening advertising campaign to advertise the opening of Unit. The grand opening advertising campaign must be conducted in the thirty (30) days before and ninety (90) days after the opening of your Unit. Your grand opening advertising campaign, including the beginning and ending dates, must be approved by us before you may begin the campaign. You may include brochures, newspaper advertising, billboards, internet marketing, social media, direct mailings, and flyers. You may not mail any advertising until you have received our approval of your grand opening advertising campaign.

4.3.7. We may establish one or more advertising cooperatives from time to time and, further, may modify, terminate and reform any existing advertising cooperative at any time in our sole discretion. If your Unit operates within a designated marketing area for which an approved advertising cooperative exists, you will contribute to the advertising cooperative the amounts required by the cooperative up to two percent (2%) of the Gross Revenues of the Unit during each month. Any such payments made to any cooperative will count towards satisfaction of your minimum local advertising. All FIRE Fitness Camp businesses that we or our Affiliates operate will participate in any advertising cooperative that we establish for the designated marketing area in which they are located on the same basis as the Unit in the designated marketing area. We will administer the cooperative unless we designate another administrator.

#### 4.4. **New Client Lead Generation Programs.**

4.4.1. During the first ninety (90) days after the Opening Date, you must participate in any "New Client Lead Generation Program" we have set up with third party promotional companies, designed to get you qualified leads and clients (if we have this setup at that time).

4.4.2. You must fully participate with any other gift card, customer loyalty, referral and other contests and promotions we arrange for, require or authorize FIRE Fitness Franchise franchisees to participate in. Details regarding such contests and promotions will be set forth in the Brand Standards Manual.

4.4.3. You must also participate in all FIRE Fitness Franchise website promotions we set up. We will send you all leads that are specifically generated from the website promotion.

4.5. **Electronic Funds Transfer.** Upon thirty (30) days' notice, we may require payment of the Royalty and Marketing Fund Fees by electronic funds transfer ("EFT") or such other automatic payment mechanism that we may designate directly from your account into our operating account. If we do so, you must execute or re-execute and deliver to us bank-required pre-authorized check forms and other

instruments or drafts to enable us to draw directly from your bank account your Royalty and Marketing Fund Fees and other sums payable under the terms of this Agreement. You must also, in addition to those terms and conditions set forth in the Brand Standards Manual, maintain a single bank account for such payments (with overdraft protection from your operating account) and must maintain such minimum balance in such account as we may reasonably specify from time to time. You must not alter or close such account except upon our prior written approval. Any failure of yours to implement such EFT system in strict accordance with our instructions will constitute a material default of this Agreement.

4.6. **Fees Fully Earned; No Setoff on Payments.** All payments made by you to us under this Agreement are fully earned and non-refundable when paid. All payments to be made by you to us will be made without setoff, deduction, defense, counterclaim or claims in recoupment.

4.7. **Late Fee; Interest on Delinquent Payments.**

4.7.1. Any payment of Royalty and Marketing Fund Fees not received by us when due will be a material breach of this Agreement and will be subject to a late charge of \$100. You and we agree that the late charge is a reasonable and good faith estimate by you and us of such costs because (i) as a result of any such late payment, we will incur certain costs and expenses including, without limitation, administrative costs, collection costs, loss of interest, and other direct and indirect costs in an uncertain amount; and (ii) it would be impractical or extremely difficult to fix the exact amount of such costs in such event.

4.7.2. All delinquent amounts may bear interest from the date payment was due at an annual percentage rate ("APR") of eighteen percent (18%) (unless interest rates on delinquent payments in the state in which your Unit is located are limited by law to a lesser percentage, in which case that APR will apply), and you must reimburse us immediately upon demand for all reasonable costs of collection relating to delinquent amounts.

4.8. **Technology Fee.** Upon thirty (30)-days written notice to you, we may require that you pay us a monthly technology fee ("Technology Fee"). Once implemented, the Technology Fee will be payable no later than the close of business on the fifth business day of each calendar month. The Technology Fee will cover certain technologies, such as the point of sale software, internal communications tools, social media and email hosting, utilized in the Franchised Business. You acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement. We reserve the right to: (i) upgrade, modify and add new technologies and software, in which case you will be responsible for any increase in fees that results from such upgrades, modifications or additional software; (ii) change or add approved suppliers of these services at any time in our sole discretion; (iii) enter into a master license agreement with any software or technology supplier and sublicense the software or technology to you, in which case we may charge you for all amounts that we must pay to the licensor based on your use of the software or technology; (iv) create proprietary software or technology that must be used by our franchisees, in which case we may require that you enter into a license agreement with us and pay us reasonable initial and ongoing licensing, support and maintenance fees; and (v) increase or decrease the Technology Fee upon thirty (30)-days' written notice to you.

4.9. **Non-Compliance Fee.** In the event you are, at any time during the term of this Agreement, found to not be in compliance with the terms hereof and/or the System Standards or this Agreement, you agree to pay to us seven hundred fifty and no/100 dollars (\$750) the first time you are found to not be in-compliance with the System; One thousand and no/100 dollars (\$1000) for the second time you are found to not be in-compliance with the System; and one thousand five hundred dollars (\$1,500) for the third and any subsequent times you are found to not be in-compliance with the System. If your non-compliance is monetary in nature, we reserve the right to notify your credit union or other banking institution that issued a loan or line of credit for the Unit of your failure to comply with this Agreement. You agree that such fee and banking notification is in addition to any other rights or remedies we may have under this Agreement or at law. We reserve the right to grant you the opportunity to cure the non-compliance prior to imposing

the Non-Compliance Fee. We have the right to require any form of verification to determine non-compliance, with or without cause, including but not limited to documentation, photos, video tours, etc. and that you shall be required to furnish such verification within seventy-two (72) hours of our request. We have the right to make personal visits without notice to the Unit.

4.10. **No Accord and Satisfaction.** If you pay, or we otherwise receive, a lesser amount than the full amount provided for under this Agreement for any payment due hereunder, such payment or receipt will be applied against the earliest amount due us. We may accept any check or payment in any amount without prejudice to our right to recover the balance of the amount due or to pursue any other right or remedy. No endorsement or statement on any check or payment or in any letter accompanying any check or payment or elsewhere will constitute or be construed as an accord or satisfaction.

## 5. INITIAL TERM AND RENEWAL TERMS

5.1. **Initial Term.** The initial term of this Agreement (applicable solely to the Franchised Business licensed hereunder) commences on the Effective Date and expires on the 5th anniversary of the Opening Date, unless sooner terminated pursuant to the provisions of this Agreement.

### 5.2. **Renewal Terms.**

5.2.1. Upon written notice delivered to us not less than one hundred twenty (120) days before the end of the existing term hereof, you may renew your Franchise for successor five-year terms commencing on the expiration date of the previous term, subject to the provisions of sections 5.2.2 through 5.2.8 below.

5.2.2. At the time of renewal, you must (i) then be solvent (which means that you are able to pay your debts as and when promised by you and you have assets that are greater than your debts), (ii) have not abandoned the Franchise, (iii) not be operating the Franchise in a manner endangering public health or safety or materially harming the FIRE Fitness Franchise brand or reputation, and (iv) not have knowingly submitted false or incomplete reports to us during the initial term.

5.2.3. Notwithstanding section 5.2.1 above, we are not obligated to renew your rights granted under this Agreement for an additional term if one or more of the following applies or occurs:

5.2.3.1. You give us written notice of your intention not to renew this Agreement at least one hundred eighty (180) days before the expiration of the initial term or any successor term.

5.2.3.2. During the one hundred eighty (180) days prior to expiration of the Franchise, we permit you to sell your Franchised Business to a purchaser meeting our then current requirements for granting new Franchises or (if we are not granting a significant number of new Franchises) the then current requirements for granting renewal Franchises.

5.2.3.3. Termination of this Agreement would be permitted pursuant to sections 13.1 or 13.2 hereof.

5.2.3.4. You and we agree not to renew the Franchise.

5.2.3.5. We withdraw from distributing our products or services through Franchises in the geographic market you serve, provided that:

5.2.3.5.1. Upon expiration of the Franchise, we agree not to seek to enforce any covenant of the non-renewed franchisee not to compete with us or our franchisees; and

- 5.2.3.5.2. The failure to renew is not for the purpose of converting the business conducted by you pursuant to this Agreement to operation by our employees or agents for our own account.
- 5.2.3.6. At the time of renewal, you or any Principal Equity Owner has been convicted of a felony or a crime involving moral turpitude, consumer fraud or any other offense that is reasonably likely, in our reasonable judgment, to have a materially adverse effect on the Marks, the System or the goodwill associated with the Marks or System.
- 5.2.3.7. We and you fail to agree to change or additions to the terms and conditions of this Agreement, if such changes or additions would result in renewal of this Agreement on substantially the same terms and conditions on which we are then customarily granting renewal franchises, or if we are not then granting a significant number of renewal Franchises, the terms and conditions on which we are then customarily granting original franchise agreements. We may give you written notice of a date which is at least 30 days from the date of such notice, on or before which a proposed written agreement of the terms and conditions of the renewal Franchise must be accepted in writing by you. Such notice, when given not less than 180 days before the end of the Franchise term, may state that in the event of failure of such acceptance by you, the notice will be deemed a notice of intention not to renew at the end of the Franchise term.

5.2.4. As a condition to renewing your Franchise rights, we and you would sign a mutual release and we will require you to sign either (i) our then-current standard Renewal Franchise Agreement not later than ninety (90) days before the end of the term that is expiring or (ii) an addendum to this Agreement extending its term for an additional five years. IN ADDITION TO NOT GRANTING ANY ADDITIONAL RIGHTS BEYOND THOSE GRANTED IN THIS AGREEMENT, THE THEN-CURRENT RENEWAL FRANCHISE AGREEMENT MAY CONTAIN OTHER TERMS THAT ARE SUBSTANTIALLY DIFFERENT FROM THOSE IN THIS AGREEMENT, EXCEPT THE BOUNDARIES OF THE TERRITORY AND THE RECURRING FEES YOU PAY US WILL NOT VARY FROM THE TERMS OF THIS AGREEMENT WITHOUT YOUR CONSENT. The then-current Renewal Franchise Agreement, when executed, will supersede this Agreement.

5.2.5. At the time of renewal, you must have satisfied all monetary obligations owed by you to us and to our affiliates and all other material obligations under this Agreement, and we may examine your books and records to verify compliance with this requirement anytime during normal business hours within sixty (60) days of your renewal date.

5.2.6. At the time of renewal, you and your Principal Equity Owners may be required to execute a release, in the form prescribed by us, of any and all actual or potential claims you or they may have against us, our affiliates and our respective officers, directors, agents and employees as of the effective date of the Renewal Franchise Agreement.

5.2.7. Before or not later than 90 days after your execution of a Renewal Franchise Agreement for an additional term, you must make such physical modifications to your Unit as are reasonably necessary so that they are substantially consistent with the then current System requirements, and so that they can accommodate new FIRE Fitness Franchise Services and Products, if any. You must also bring your Unit and equipment, materials and supplies into compliance with the standards then applicable to new FIRE Fitness Franchise franchises.

5.2.8. You pay a renewal fee to us concurrently with the execution of a Renewal Franchise Agreement of four thousand nine hundred ninety five dollars (\$4,995).

### **5.3. Month to Month Extension; Longer Notice of Expiration Required by Law.**

5.3.1. At our option, to be exercised in our sole and absolute discretion, if the renewal procedures described in section 5.2 above have not been completed, or in lieu of formal renewal of the Franchise, we may extend this Agreement on a month-to-month basis by notifying you we are doing so. Said month-to-month extension will continue until we give you at least a thirty (30)-day notice that the Franchise rights must be formally renewed in accordance with section 5.2 or the Agreement will expire and be terminated.

5.3.2. If applicable law requires us to give a longer period of notice to you than herein provided prior to the expiration of the initial term or any successor term, we will give such additional required notice. If we do not give such required additional notice, this Agreement will remain in effect on a month-to-month basis only until you have received such required additional notice.

## **6. TRAINING AND ASSISTANCE**

### **6.1. Initial Training.**

6.1.1. It is of paramount importance that you, your General Fitness Manager, your Fitness Trainers, the Principal Equity Owners, and your other key employees and representatives have been trained how to operate the Franchised Business, and that your Fitness Trainers have been trained how to provide FIRE Fitness Franchise fitness techniques to retail customers. Accordingly, we will provide to your General Fitness Manager, Fitness Trainers and your Principal Equity Owners an Initial Training program that is conducted via the training content hosted on the FIRE Fitness Franchise site, content in your Brand Standards Manual, and scheduled webinars with a member of the FIRE Fitness Franchise Coaching Team. The program will provide an orientation to the System and instruction on how to operate the Franchised Business (collectively, "Initial Training"). As mutually agreed upon by you and us, you, your Fitness Coaches and/or your General Fitness Manager may also attend additional training at or near our headquarters, or at another training center designed by us. Unless there are extenuating circumstances that in our reasonable determination justify a delay, your required trainees must attend the next Initial Training that we offer. Your required trainees must complete Initial Training within ninety (90) days after the Effective Date and you may not open and operate your Franchised Business until your General Fitness Manager and at least one of your Fitness Trainers have satisfactorily completed Initial Training. You acknowledge and agree that we will solely determine whether or not you, your General Fitness Manager and your Fitness Trainer have satisfactorily completed Initial Training.

6.1.2. The failure of your designated General Fitness Manager and at least one of your Fitness Trainers to complete Initial Training to our satisfaction (this is typically completed within the first forty-five (45) but no later than ninety (90) days after the Effective Date) will be grounds for termination of this Agreement; provided, however, that your General Fitness Manager and Fitness Trainer who fails to successfully complete Initial Training will have the opportunity to either retake the Initial Training or you may designate one replacement for the Initial Training program.

6.1.3. We will determine the contents and manner of conducting the Initial Training program in our discretion, however, the training course will be structured to provide practical training in the implementation and operation of the Franchised Business and may include such topics as FIRE Fitness Franchise standards, marketing and customer service techniques, reports and equipment maintenance.

6.1.4. There is no separate fee payable to us for the Initial Training program provided for two people attending Sales Training (on the same day) and two people attending Coach Training (on the same day). One Principle Equity Owner must attend both Sales and Coach Training prior to opening. Should you want to have additional members to attend the optional training at a facility at/or near our headquarters, then you must pay us a fee for each additional attendee of Initial Training as follows: Principal Equity Owners and replacement General Fitness Managers – one thousand four hundred ninety-five dollars

(\$1,495) (or the then-current cost); additional Fitness Trainers – six hundred ninety-five dollars (\$695) (or the then-current cost).

6.1.5. All costs and expenses (including travel, unit and meal) of your attendees of Initial Training will be your sole responsibility. All persons attending Initial Training on your behalf must have a demonstrable relationship to the management and operation of your Franchised Business.

## 6.2. Training and Assistance after Opening.

6.2.1. After you open your Franchised Business, we will list your Unit on, and integrate other information about your Unit into, the FIRE Fitness Franchise website.

6.2.2. After you open your Franchised Business, we will provide you with on-going access to as telephone and e-mail assistance at your request or otherwise as we deem necessary to instruct in all phases of the operation of the Franchised Business. Our representatives may visit your Unit and Territory from time to time, but the frequency and duration of any such visits by our representatives is in our sole discretion.

6.2.3. After you open your Franchised Business, and upon reasonable notice, we may require attendance of your designated personnel at training courses, seminars, conferences or other programs other than Initial Training or mandatory meetings (described in section 6.3 below) that are deemed by us to be relevant or appropriate to the operation of your Franchised Business. You specifically agree that only persons trained by us or under our supervision will have overall responsibility for the operation of the Unit and Franchised Business, and that you will send your General Fitness Manager to us for additional training if we request this. We may, at our discretion, charge you an additional training fee of up to one thousand five hundred dollars (\$1,500) per day for FIRE Fitness Franchise training courses, seminars, conferences or other programs that we require you or your representatives to attend.

6.2.4. We may but are not required to make available to you, optional staff training courses, coaching and business mentoring programs, seminars, conferences, or other programs, in a suitable location selected by us. We may, at our discretion charge you a separate fee of up to \$750 per day for this optional training.

6.2.5. In addition to updates to the Brand Standards Manual, we may provide you with additional materials relating to the Franchised Business. We may also from time to time make available to you for purchase other materials relevant to the System and the Franchised Business.

6.2.6. All costs and expenses (including travel, unit and meal) of your attendees at any post-opening training, conferences or meetings will be your sole responsibility. All persons attending post-opening training, conferences or meetings on your behalf must have a demonstrable relationship to the management and operation of your Franchised Business.

6.2.7. A “Transfer”, as described in the FDD, is the change of ownership, whether adding or removing. In the event of a Transfer of your Franchised Business (which must be done in full compliance of this Agreement), the transferee must be trained by us as a condition of our consent to such Transfer. The transferred Franchised Business may not be opened or re-opened by the transferee until we accept the transferee in writing as being qualified to operate the Franchised Business and we have otherwise consented to the Transfer in accordance with this Agreement.

6.2.8. If you hire, promote or retain any persons, trainers, or fitness coaches who will conduct fitness sessions on behalf of a FIRE Fitness Franchise, each and every one of these individuals must attend and complete, to our satisfaction, a Certification of FIRE Education (“C.O.F.E.”). C.O.F.E. courses will be offered on an as-needed basis for all persons, trainers, or fitness coaches who conduct fitness sessions on behalf of a FIRE Fitness Franchise. You will pay us a fee of nine hundred ninety-five dollars (\$995) for C.O.F.E. training at our headquarters, which may be increased in our sole and absolute discretion at any time. You will be solely responsible for all travel and living expenses for you and your trainees. We

reserve the right to revoke, terminate or suspend any individuals C.O.F.E., in our sole discretion effective upon receipt of our written notice to you.

6.3. **Mandatory Meetings.** Not more often than once each year, we may conduct a system-wide meeting or series of regional meetings to discuss FIRE Fitness Franchise business activities or other matters relating to the Franchised Business. Attendance of the Principal Equity Owners at these meetings will be mandatory, and attendance of your General Fitness Manager may also be required. We may limit the number of your attendees at these meetings. You must pay the cost of travel, unit and meal expenses for your attendees at these mandatory meetings. The mandatory meetings referenced in this section 6.3 are in addition to any voluntary convention or sales conference that may be coordinated by us.

6.4. **Proprietary Materials.** At Initial Training and other training programs and conferences, we may provide you with Proprietary Information, as well as training materials, training curricula and related materials for your use in the training of your staff. All of these items are and will remain our sole and exclusive property. You must not yourself nor allow your employees or others, to copy, reproduce, disseminate or otherwise reveal to third parties any Proprietary Information and related materials without our express prior written consent.

## 7. OPENING OF UNIT AND FRANCHISED BUSINESS

7.1. **Your Unit.** The Franchised Business may only be operated from your Unit. If your Unit has not been identified when you sign this Agreement, but the general location of the Territory is identified, the exact location of your Unit will be inserted into a restated Exhibit 1 attached to this Agreement as soon as its location has been determined. In order to promote the orderly and timely service of FIRE Fitness Franchise customers, you may not deliver FIRE Fitness Franchise Services and Products outside your Territory without our prior written consent.

### 7.2. **Building Out Your Unit.**

7.2.1. Premises acceptable to us where your Unit will be operated must be located and secured by you and reviewed and consented to by us within ninety (90) days after the Effective Date. Within fifteen (15) days thereafter we will review and either consent to or disapprove the location (and if we disapprove, you must promptly propose an alternative location). If you have not located a site for your Unit that is acceptable to us within ninety (90) days after the Effective Date, we may cancel your Franchise Agreement on the basis of your failing to find an acceptable site and without any liability to us. You must build out your Unit (and commence operation of the Franchised Business there) within three hundred sixty-five (365) days after the Effective Date, using architects, project managers, contractors, subcontractors, architectural plans and key equipment suppliers designated by us (or one of our affiliated companies) or otherwise reasonably acceptable to us. You must commence operation of the Franchised Business at your Unit as soon as practicable after your receipt of a certificate of occupancy (or equivalent document) from the responsible local government authority. If after you have located and secured suitable premises for your Unit, you have not commenced operation of the Franchised Business within three hundred sixty-five (365) days after the Effective Date, we may terminate this Agreement effective on written notice, and if we do so, you will not be entitled to receive any refund of your Initial Franchise Fee. If this Agreement is for a second or subsequent Unit owned by you under the terms of an ADA you executed, you must commence operation of the Franchised Business at the Unit within the time period specified in the Development Schedule included in the ADA. We may give you an extension of time to open the Unit beyond the mandatory dates specified above in this section 7.2.1 if we deem in our sole discretion that you have made a diligent effort to open but were unable to do so due to reasons beyond your reasonable control.

7.2.2. We will assist you in the site selection process and we reserve the sole right of final review and consent to any location of the Unit. We use available demographic information to help you evaluate the site and the area in which it is located, and analyze area income figures, traffic patterns, visibility, population density, competition, zoning, parking, accessibility and other related, relevant

circumstances. Our final review and consent to the location of your Unit is not a guarantee that a FIRE Fitness Franchise business can be successfully operated there or anywhere else.

7.2.3. We require that you utilize and engage our approved architect who will assist you with the layouts and specifications for the interior build-out, mechanical and electrical systems, equipment, décor, signs and layout of your Unit. We will review the site plan and final plans and specifications for conformity to our System Standards. We will not unreasonably withhold or delay our approval, which is intended only to test compliance with System Standards, and not to detect errors or omissions in the work of your architects, engineers, contractors or the like. Our review does not cover technical, architectural or engineering factors or compliance with federal, state or local laws, regulations or code requirements. We will not be liable to your lenders, contractors, employees, customers, others or you on account of our review or approval of your plans, drawings or specifications, or our inspection of the Unit before, during or after renovation or construction. You shall secure for our agents and us the right to inspect the construction site and related materials stored off site at any reasonable time. You shall correct, upon our request and at your expense, any deviation from the approved site plans and specifications. You shall furnish to us a copy of the certificate of occupancy.

7.2.4. We must have access to your Unit while work is in progress. We may make video records of construction in process, and may require such reasonable alterations to or modifications in the construction of the Unit as we deem necessary. Your failure to promptly commence the design, construction, inventorying, equipping and opening of the Unit with due diligence will be grounds for the termination of this Agreement. And if you do not complete the build out of the Unit in a reasonable time, we can complete the build out, all expenses of which will then be paid or reimbursed by you. Before opening of the Unit and prior to final inspections by any governmental agency, we will complete a final "walk through" inspection of the Unit and issue a written consent to open. Any deficiencies noted by us as a result of this inspection must be corrected by you within thirty (30) days or this Agreement may be terminated without any liability to us.

7.2.5. Unless otherwise agreed to in writing by you and us, although we will assist you with site selection, you have the sole responsibility for locating, securing and obtaining suitable premises for your Unit. You and your landlord may be required by us to execute a rider to your lease, or other agreement or written understanding that (i) grants us an option to assume your position as lessee under the lease for the Unit premises if you are in material default of either the lease for the Unit premises (including an obligation of the landlord to notify us if you are in such default) or this Agreement, (ii) grants us the right to assign the lease to a bona fide franchisee of the System after assuming the lease, and (iii) requires the landlord to fully cooperate with us in completing de-identification of the Unit in the event this Agreement is terminated or expires without being renewed and we do not exercise our option to assume the lease for the Unit premises.

7.2.6. We have the right to regularly inspect your Unit and any other site where you conduct the Franchised Business.

### **7.3. Equipment and Initial Inventory.**

7.3.1. Within the timeframes that we specify before the Opening Date, you must order from (and if necessary pre-pay to) designated or approved suppliers the recommended number of pieces of proprietary equipment, other proprietary items and accessories necessary for you to provide FIRE Fitness Franchise Services and Products to your customers as specified in the "Unit Development Materials" section of the Brand Standards Manual, with delivery scheduled for not later than two business days before the Opening Date. Thereafter, you must buy replacement or additional designated fitness equipment and accessories, and other authorized items only from vendors designated by us or suppliers approved by us.

7.3.2. You must also purchase non-proprietary fixtures, furnishings, equipment, POS System, computer hardware, software, modems and peripheral equipment as specified in the Brand



Standards Manual, in adequate quantities and sufficiently in advance to allow you to fully operate your Unit on the Opening Date.

7.3.3. You must buy interior and exterior signs, other materials containing the Marks, and apparel containing the Marks only from suppliers approved by us.

7.3.4. You must also purchase uniforms, supplies, paper goods, services, packaging, forms and other products and supplies to constitute your complete initial inventory of such items as specified in the Unit Development Materials section of the Brand Standards Manual, with delivery scheduled for not later than three business days before the Opening Date.

7.4. **Marketing and Advertising Boundaries.** You may not directly promote, advertise or otherwise market your Unit outside the boundaries of the Territory or other advertising boundary that we designate, except with the express permission of the franchisee in whose territory the advertising is conducted. The marketing and advertising boundaries are determined by us and may be changed by us or overlap with the territories of other FIRE Fitness Franchise franchised Units as market conditions or type of media warrant, all in our sole discretion. Such marketing and advertising boundaries may exceed the Territory provided herein, in our sole discretion.

## **8. OPERATION OF FRANCHISED BUSINESS**

### **8.1. Operational Requirements.**

8.1.1. At all times you must be, or employ, a General Fitness Manager who has complete our Initial Training course and has C.O.F.E. certification that will devote his or her entire time during normal business hours, as defined in the Brand Standards Manual, to the management, operation and development of the Franchised Business. The General Fitness Manager must ensure that you fulfill your obligations to your clients in a timely and professional manner and he or she may not engage in any other business requiring his or her active participation during normal business hours. You must also employ at least 2 C.O.F.E. Certified coaches at all time. Failure to do so may result in the assessment of a fine of \$100 per day until such time as you hire or properly train the employees required pursuant to this paragraph. We reserve the right to increase this fee at any time in our sole discretion.

8.1.2. You must notify us if there is a change made to your staff. In particular, you must notify us if your General Fitness Manager or any staff that has been C.O.F.E. trained is terminated. You must also notify us if new staff is hired. Failure to notify us of staff changes will result in a fine of \$100 per day assessed from the time of the staff change until the date you notified us as herein required.

8.1.3. You must only operate the Franchised Business at your Unit, in strict accordance with the procedures set forth in the Brand Standards Manual or otherwise provide to you by us in writing. You may only provide FIRE Fitness Franchise Services and Products to customers who in your reasonable judgment are capable of receiving or using them. You may not engage in the sale or delivery of FIRE Fitness Franchise Services and Products outside of your Unit except as we may authorize in the Brand Standards Manual or otherwise in writing. You must use the standard signs and formats that we prescribe in operating the Unit and conducting the Franchised Business.

8.1.4. To protect and maintain the integrity, reputation and goodwill of the System and the Marks, we require that you comply with the methodology we prescribe in providing FIRE Fitness Franchise Services and Products to customers. To enhance uniformity in the delivery of goods and services to retail customers by our franchises and the strength of our Marks in inter-brand competition, and subject to applicable antitrust laws, we may recommend prices for FIRE Fitness Franchise Services and Products and other products and services we authorize for sale at your Unit. If we do so, you may not advertise or promote (whether by telephone, printed materials or any other media, including, without limitation, social media) retail prices that are inconsistent with these recommended prices. Also, to the extent permitted by federal and state law applicable to the Unit, we may designate maximum and minimum retail prices to be

charged for FIRE Fitness Franchise Services and Products. You are not allowed to make your own clothing, accessories, merchandise or anything else otherwise with the FIRE Fitness Franchise marks without prior approval from us.

8.1.5. You are required to purchase from us no less than \$1,500 of FIRE Merchandise and no less than \$1,500 of approved vendor branded supplements for sale at your Franchised Business on a quarterly basis each calendar year.

8.1.6. Your Franchised Business must be open on a full-time basis in accordance with the hours of operation as designated in the Brand Standards Manual. The obligation to remain open will not apply in the event of natural or man-made disasters or public emergencies.

8.1.7. You must promptly satisfy as and when due any bona fide indebtedness that you incur in operating your Franchised Business.

8.1.8. You must notify us in writing within ten (10) days after you receive actual notice of the commencement of any investigation, action, suit, or other proceeding, or the issuance of any order, writ, injunction, award, or other decree of any court, agency, or other governmental authority that pertains to the Franchised Business or that may adversely affect your operations in the Territory or your ability to meet your obligations hereunder.

8.1.9. Upon the occurrence of any event that occurs at the Unit or in the Territory that has caused or may cause harm or injury to customers or employees, or that may damage the System, Marks, or image or reputation of the Franchised Business or us or our affiliates, you must immediately inform our designated contact person as instructed in the Brand Standards Manual by telephone, e-mail, text or other electronic messaging medium authorized by us for this purpose. You must cooperate fully with us with respect to our response to an incident described in this section 8.1.8, which may include our requirement that you deny service to and/or revoke the membership of any individual involved in such incident.

8.1.10. If there is any bona fide dispute as to any liability for taxes assessed or other indebtedness, you may contest the validity of the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law. However, you may not permit a tax sale or seizure by levy or similar writ or warrant, or attachment by a creditor to occur against the premises of the Franchised Business or any of its improvements.

8.1.11. You may not engage in any co-branding in the Unit or in connection with the Franchised Business except with our prior written consent. We are not required to approve any co-branding chain or arrangement except in our discretion, and only if we recognize that co-branding chain as an approved co-brand for operation within the System. "Co-branding" includes the operation of an independent business, product line or operating system owned or licensed by another entity (not us) that is featured or incorporated within your Unit or the Franchised Business you operate in your Territory or is adjacent to your Unit and operated in a manner which is likely to cause the public to perceive it to be related to the Unit and Franchised Business licensed and franchised hereunder.

8.1.12. You are required to purchase and otherwise use the Point of Sale System ("POS" that we require to process your retail customers. You are responsible for all ongoing maintenance and repairs and upgrades. Neither we nor any of our affiliated entities provide the POS to you and we will have no obligation to provide or to assist you in obtaining any future POS system. You must purchase, use and maintain a personal computer system for use in connection with the Unit (the "Computer System").

8.1.13. You must purchase items bearing our trademarks (including signs) only from designated vendors or approved suppliers. Also, you must use in the development and operation of your Unit those fixtures, equipment, supplies and signs we have approved as meeting our specifications and standards for appearance, function, design, quality and performance. You must place or display at the premises of your Unit (interior and exterior) only such signs, emblems, lettering, logos, and display

materials we approve in writing. All equipment leases will be between you and the lessor. Under no circumstances can you sign a lease as if you were us, or on behalf of us.

8.1.14. A FIRE Certification, C.O.F.E. (Certification of FIRE Education), is required for ANY and ALL persons, trainers, or fitness coaches who conduct fitness sessions on behalf of a FIRE Fitness Franchise. Below are the pre-requisites to obtaining a Certificate of FIRE Education (COFE): Franchisee must have all Fitness Coaches or anyone that conducts fitness sessions on behalf of FIRE complete a course of action directed by CEO Hans Hartleben and receive his/her official C.O.F.E. Certificate of FIRE Education. At NO time, may a person or persons conduct, instruct, or perform any fitness sessions on behalf of FIRE Fitness Franchise without written authorization or C.O.F.E. Doing so will result in a penalty fee up to \$5,000 per occurrence. If a COFE Certified Fitness Coach leaves, is fired, or is no longer working at their initial FIRE Fitness Franchise location, his/her COFE Certification is VOID unless given approval to work at another FIRE Fitness Franchise location is given directly from us.

8.1.15. You must offer and conduct a minimum of twenty-five (25) or more FIRE Fitness Franchise 30-minute fitness training sessions per week throughout the franchised period.

8.1.16. You must offer, grant and enforce the FIRE thirty (30) day guarantee. This guarantee must be offered, granted and enforced to the specific terms of the FIRE disclaimer without any alterations or modifications of any kind during the franchised period.

8.1.17. You must order, install, use and otherwise keep a monthly subscription with our approved vendor for group fitness tracking during your franchised period.

8.1.18. You must order, install, use and otherwise keep drinks/products from our approved vendor and store the drinks/products in their specified branded refrigerator at your FIRE Fitness Franchise at all times during your franchised period.

8.1.19. You must only provide products of any kind or services of any kind that are approved by us directly. No brands may be associated with your FIRE Fitness Franchise without our prior approval.

8.1.20. You must not provide products or services to any person (a) who is more than thirty (30) days past due on membership fees or (b) who we have notified you is prohibited, either temporarily or permanently, from participating or joining a FIRE Fitness location as a member.

8.1.21. You are required to provide us with proof of coverage on demand. All insurance policies must: (1) (except for worker's compensation insurance) name us (and our members, officers, directors, and employees) as additional insureds; (2) contain such types and minimum amounts of coverage, exclusions and maximum deductibles as we prescribe from time to time; (3) contain a waiver by the insurance carrier of all subrogation rights against us; (4) provide that we receive 10 days prior written notice of the termination, expiration, cancellation or modification of the policy; and (5) include such other provisions as we may require from time to time. Upon 30 days' notice to you, we may increase the minimum protection requirement as of the renewal date of any policy and require different or additional types of insurance at any time, including excess liability (umbrella) insurance, to reflect inflation, identification of special risks, changes in law or standards or liability, higher damage awards or other relevant changes in circumstances. You may have to purchase additional coverage, either in dollar limits or types, if required by your state's laws. Factors that may affect your cost of insurance include the value and age of your equipment, number of employees, your safety record and record of workers' compensation claims, record of liability claims and driving record. You may purchase this insurance from a vendor of your choice.

8.1.22. You must order, install, use and otherwise keep a monthly subscription with Spotify Music and use our designated and approved music playlists during your franchised period (on a daily basis, before, during, and after all FIRE Fitness Franchise sessions).

8.1.23. Any and all person(s) working on behalf of your FIRE Fitness Franchise must wear clothing with FIRE Fitness Franchise marks/logos that are given to you. Must be worn at all times during business hours. Uniforms and staff clothing must follow our guidelines and must be approved.

8.1.24. As a FIRE Fitness Franchise Franchisee, you must organize and carry out the Marvelous Motivation System. Awards pertaining to this system must be purchased directly through us and not a third-party company. You must follow the correct procedures given to you to track all of your clients' visits, take their picture in front of the FIRE Backdrop, and post these photos on Facebook or as told to your otherwise, in a timely manner.

8.1.25. As a FIRE Fitness Franchise Franchisee, you may not allow children under the age of 15 years to participate in FIRE sessions, nor may you allow unsupervised children under the age of 15 years on premise during operational business hours. Doing so will result in penalty fees per occurrence.

8.1.26. As a FIRE Fitness Franchise Franchisee, if you violate any of the stated Operational Requirements, you are subject to penalty fees per occurrence.

## 8.2. **Brand Standards Manual.**

8.2.1. You must operate the Franchised Business in accordance with the Brand Standards Manual, a copy of which will be provided to you. You may have access to a digital copy of the Brand Standards Manual on our website. You may also be provided with a hard copy of all or portions of the Brand Standards Manual at Initial Training or afterwards. We have the right to modify the Brand Standards Manual at any time by the addition, deletion or other modification of the provisions thereof. All such additions, deletions or modifications are effective on the next business day after the digital copy maintained on our website is changed.

8.2.2. All additions, deletions or modifications to the Brand Standards Manual are equally applicable to all similarly situated FIRE Fitness Franchise franchisees. As modified by us from time to time, the Brand Standards Manual will be deemed to be an integral part of this Agreement and references to the Brand Standards Manual made in this Agreement, or in any amendments or exhibits hereto, are deemed to mean the Brand Standards Manual. However, the Brand Standards Manual, as modified or amended by us from time to time, will not alter your fundamental status and rights under this Agreement. If there is any discrepancy or dispute about the version of the Brand Standards Manual that you may have printed and maintain, the master copy of the Brand Standards Manual that we maintain at our headquarters and available on our website will be the controlling version and will supersede all prior versions.

8.2.3. If you lose printed portions of, or allow unauthorized access to or duplication of, the Brand Standards Manual or any other confidential manuals or proprietary materials loaned to you by us, you may be required to pay us a fine of five thousand dollars (\$5,000) (this amount may be adjusted by changes in the CPI since the Effective Date) within thirty (30) days after our demand for payment, and you will be deemed to be in violation of this Agreement and all other agreements you have with us and our affiliated entities.

8.2.4. Upon the expiration or termination of this Agreement for any reason whatsoever, you must immediately return to us any printed portions of the Brand Standards Manual then in your possession. Except as specifically permitted by us, at no time may you, or your employees or agents, (i) make, or cause to be made, any copies or reproductions of all or any portion of the Brand Standards Manual, (ii) give online access to the Brand Standards Manual to unauthorized persons, or (iii) disclose any part of the Brand Standards Manual to any other person except your authorized employees and agents when required in the operation of the Franchised Business. You must also permanently erase anything relating to our trade secrets or other proprietary information from any computers and other media storage devices you retain after expiration, cancellation or termination of this Agreement.

8.3. **Standards of Operation.** You agree that we, you and everyone else involved in the System benefits from the maintenance of the highest standards of uniformity, quality, similar appearance and prominent display of the Marks at your Unit and elsewhere in your Territory. Therefore, you agree to maintain the uniform standards of quality, appearance and display of the Marks in strict accordance with this Agreement, the architectural plans and the Brand Standards Manual as it may be revised from time to time, and as we may otherwise direct in writing. In order that we may establish and maintain an effective network of franchisees, you specifically agree that you must not display the Marks except in the manner we authorize.

8.4. **Point of Sale System and Computer System.**

8.4.1. Within thirty (30) days after we give you written notice to do so, you must purchase, use and maintain the computerized membership scanner and point of sale credit card collection system (including all related hardware and software) as specified in the Brand Standards Manual or otherwise by us in writing for use in connection with the Unit (the "POS System"). If applicable, the POS System must be connected at all times to a dedicated broadband connection, digital subscriber line ("DSL") or other high-speed communications medium specified by us, and be capable of accessing the Internet for the purpose of implementing software, transmitting and receiving data, in the manner designated by us in the Brand Standards Manual or otherwise by us in writing for maintaining the POS System. You must obtain and maintain an annual maintenance agreement with the manufacturer or distributor of the POS System. The POS System must be electronically linked to us. We may poll the POS System on a daily or other basis at such times and in such manner as determined by us, with or without notice, and to retrieve such transaction information including sales, sales mix, usage and other operations data as we deem appropriate. You must ensure that only adequately trained employees, in our discretion, are allowed to conduct transactions using the POS System. Within a reasonable time upon our request, you must apply for and maintain debit cards, credit cards or other non-cash systems existing or developed in the future to enable customers to access and purchase FIRE Fitness Franchise Services and Products via such procedure, as specified by us. We may require you to update, upgrade or replace the POS System, including hardware and/or software, from time to time upon written notice, provided that you will not be required to replace the POS System any more frequently than once every three years.

8.4.2. In addition to the POS System, you must purchase, use and maintain a personal computer system (including all related hardware and software) as specified in the Brand Standards Manual or otherwise by us in writing for use in connection with the Unit (the "Computer System"). We require you to maintain an e-mail account and connect the Computer System at all times to a dedicated broadband connection, DSL or other high-speed communications medium specified by us, and be capable of accessing the Internet for the purpose of implementing software, transmitting and receiving data, in the manner designated by us in the Brand Standards Manual or otherwise by us in writing. You must obtain all software and hardware, including digital still and video cameras, as we may specify to enable you to provide ample security against viruses, send and receive e-mail, contact and track customers, perform accounting functions, perform marketing and access and transmit digital photos and streaming video or other multimedia signals and information to and from the Unit, and you must, from time to time, upon our request transmit digital photos and real time video and audio signals of the Unit to us, and in the form and manner prescribed by us. You must purchase any upgrades, enhancements or replacements to the Computer System and/or hardware and software as we may from time to time require by thirty (30) days written notice; provided however that you will not be required to update or replace the Computer System any more frequently than once every three years. Upon request, you must permit us to access the Computer System, details of all classes you are providing at your Unit and other files and data stored therein via any means specified, including electronic polling communications.

8.4.3. We may designate that certain computer software must be used in the operation of the POS System and/or Computer System ("Designated Software"). You must license or sublicense such Designated Software from our designee and enter into a software license agreement on the software

licensor's then-current form and pay any related license or maintenance fees. From time to time, you must purchase any upgrades, enhancements or replacements to the Designated Software. You must incorporate any required modifications or additions within 30 days after receiving written notice from us, unless a longer time period is stated in the notice.

8.4.4. You may not install, and must prohibit others from installing, unauthorized software on the POS System and the Computer System. You must take all commercially reasonable measures to insure no malicious code, malware or other unauthorized code or software is installed on, or transmitted by, the POS System or the Computer System. You must from time to time communicate to us all passwords, access keys and other security devices or systems necessary to permit us to access the POS System and Computer System and obtain the data we are permitted to obtain under this Agreement, including accounting, sales, marketing, client and other information to assist in and support the operation of the Franchised Business. The POS System must also be configured and enabled to send daily and weekly sales reports to the email address provided by us.

8.4.5. All information on the POS System and Computer System, including but not limited to customer data and contact information, is our property and you consent to our using this information in any way we see fit, including to market other products and services not constituting FIRE Fitness Franchise Services and Products directly to other persons.

8.4.6. We may disclose information relating to your operation of the Franchised Business, including, but not limited to, Gross Revenues, customer counts, and other related data, to future prospective franchisees.

#### **8.5. Maintenance, Upgrades and Refurbishments to the Unit.**

8.5.1. We require that you maintain, and from time to time refurbish, the Unit to conform to the then-current building design, Trade Dress, and color schemes then applicable for a Unit. Such maintenance and refurbishment may require expenditures by you on, among other things, structural changes, installing new equipment, remodeling, redecoration and modifications to existing improvements and such modifications as may be necessary to comply with System-wide standards then in effect for Units or to accommodate new FIRE Fitness Franchise Services and Products. In this regard, the following requirements are applicable:

8.5.1.1. You must maintain all equipment used at the Unit on an as needed basis. And you must immediately and completely resolve to our satisfaction any maintenance deficiencies we identify.

8.5.1.2. You must make any and all upgrades to equipment and any technology used in your Unit that we may require.

8.5.1.3. We may periodically require you to update the Trade Dress used at your Unit. Such updates will be contained in the Brand Standards Manual or otherwise provided to you in writing. Such updates may require you to install new color schemes, logos, signage or other visual elements. We anticipate that such Trade Dress updates will be required no more frequently than once every three years.

8.5.2. We will only require the types of modifications and expenditures described herein where there is good cause. In this context, "good cause" means that we must make a good faith determination that your Unit is substantially inconsistent with prevailing System-wide standards (including the Trade Dress, safety issues regarding customers and employees, the overall condition of the Unit, or the type, quality or condition of the equipment needed to adequately prepare, promote and sell FIRE Fitness Franchise Services and Products) and that, as a result of its appearance or condition, your Unit is either (i) not adequately positioned to promote and sell FIRE Fitness Franchise Services and Products as then required or (ii) damaging the integrity of the FIRE Fitness Franchise image, brand and/or Marks.

## **8.6. Relocation of Your Unit.**

8.6.1. If you desire to relocate your Unit, you may do so provided that not less than ninety (90) days prior to the desired date of relocation (unless prior notice is impractical because of a required relocation in which event notice must be given as soon as possible), you make a written request for consent to relocate, describing the reasons for the relocation, providing complete written details respecting any proposed new location and remit to us a relocation fee in the amount of nine thousand nine hundred ninety-five and no/100 dollars (\$9,995.00).

8.6.2. Within twenty (20) business days after receiving your request, we will either approve or disapprove in writing such closure or relocation in our reasonable discretion. In the event of disapproval of a proposed relocation, you may request an alternative proposed new location pursuant to the provisions of this section 8.6.

8.6.3. You and the landlord may be required to execute a rider to your lease for the new location for the Unit (or other agreement or written understanding) that (i) grants us an option to assume your position as lessee under the lease for the relocated Unit premises if you are in material default of either the lease for the relocated Unit premises (including an obligation of the landlord to notify us if you are in such default) or this Agreement, (ii) grants us the right to assign the lease to a bona fide franchisee of the System after assuming the lease, and (iii) requires the landlord to fully cooperate with us in completing de-identification of the relocated Unit if this Agreement is terminated or expires without being renewed and we do not exercise our option to assume the lease for the relocated Unit premises.

## **8.7. Record Keeping and Reporting Requirements.**

8.7.1. You agree to implement and thereafter use specific accounting software as may be designated by us to track, account for and report on the financial performance of the Franchised Business. On a monthly basis (not later than ten (10) business days after the end of each month), you must submit to us an unaudited profit and loss statement, as well as other financial or statistical reports, records, statements or information that we reasonably deem to be required or desirable as stated in the Brand Standards Manual or otherwise in writing.

8.7.2. Within ninety (90) days after the end of each of your fiscal years (or any permitted extension for filing same), you must submit to us a copy of the Schedule C or equivalent portion of your federal tax return relating to the Unit and your operation of the Franchised Business. On the Effective Date (and any time thereafter that this date changes), you must notify us of your fiscal year end date.

8.7.3. All financial or statistical information you provide to us must be accurate and correct in all material respects.

8.7.4. We have the right to use any financial or statistical information that you provide us, as we deem appropriate. We will not identify you, your Unit or your Territory as the source of the information, and will not disclose any of this information except (i) with your written consent, (ii) as required by law or compulsory order or (iii) in connection with audits or collections under this Agreement.

8.7.5. We or our designated agents have the right, at all reasonable times, to examine, copy and audit the books, records and applicable Schedules C (or equivalent portion) of your tax returns that relate to the Unit and your operation of the Franchised Business. We agree to maintain the contents of the Schedules C (or equivalent portion) of your tax returns in strict confidence and will not disclose them to any third party without your express written consent.

8.7.6. You must maintain and preserve all books, records and accounts of or relating to the Franchised Business for at least five years after the close of the fiscal year to which the books records and accounts relate.

**8.8. Signs and Display Materials.**

8.8.1. All signs, display materials and other materials containing the Marks must be in full compliance with the specifications provided in, and in conformity with, the Brand Standards Manual. We will designate or approve the suppliers of signs and display materials containing the Marks in accordance with Brand Standards Manual guidelines.

8.8.2. Subject to applicable governmental ordinances, regulations and statutes, you agree to post and maintain, at the Unit, entirely at your expense, any minimum signage recommended by us. Any signage containing the Marks will be designed by a vendor designated by us and manufactured by a vendor designated or approved by us.

**8.9. Telephone Numbers.** At your sole expense, you must list the telephone number for your Unit in accordance with procedures prescribed by the Brand Standards Manual. At the time of termination or expiration of this Agreement, for any reason, you must transfer the telephone numbers for your Unit to us or cancel them and de-list them from any applicable telephone directory or other telephone number listing service.

**8.10. Insurance.**

8.10.1. You must have in effect on the Opening Date and maintain during the term of this Agreement comprehensive general liability insurance, automobile insurance, and other insurance that is legally required for you to operate your business (i.e., workers' compensation insurance) or that is reasonably prudent for your type of business. Policy coverage limitations and other terms relating to insurance will be set forth in the Brand Standards Manual. Any policies of insurance that you maintain must contain a separate endorsement naming us and the Owner of the Marks (and our other affiliated companies identified by us in writing), and their respective shareholders, members, managers, directors, officers, employees, and agents as additional insureds to the full extent of coverage provided under the insurance policies. Your insurance coverage will be primary as respects us and other affiliated companies we identify in writing, and our respective shareholders, members, managers, directors, officers, employees, and agents. Any insurance or self-insurance maintained by us and other affiliated companies we identify in writing, and our respective shareholders, members, managers, directors, officers, employees, and agents will be excess of your insurance and will not contribute with it. You must provide us a copy of the policy and endorsement upon issuance and upon each and every renewal. You hereby grant us a waiver of any right of subrogation which any insurer of yours may acquire against us by virtue of payment of any loss under such insurance. This provision applies regardless of whether or not we received a waiver of subrogation endorsement from the insurer. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:IX or better and authorized to do business in the state where your Unit is located, unless otherwise approved in writing by us.

8.10.2. You must promptly notify us of any and all claims against you or us under said policies of insurance and deliver to us certificates evidencing that such insurance are in full force and effect within thirty (30) days after the Opening Date and each succeeding anniversary of the Opening Date. Such insurance certificate must contain a statement that the certificate cannot be canceled without thirty (30) days (ten (10) days for non-payment) prior written notice to you and to us. You must notify us in writing immediately regarding any cancellation, non-renewal or reduction in coverage or limits.

8.10.3. Your failure (for any reason) to procure and maintain the insurance coverage required under this Agreement will be deemed a material breach of this Agreement.

**8.11. Review and Inspection.**

8.11.1. We have the right to send representatives at reasonable intervals at any time during normal business hours, to your Unit or other offices to review and inspect your operations, business methods, service, management and administration relating to the Franchised Business or its equivalent, to



determine the quality thereof and the faithfulness of your compliance with the provisions of this Agreement and the Brand Standards Manual.

8.11.2. You must permit our representatives to access your Unit and any other facility from which you sell FIRE Fitness Franchise Services and Products at any time during normal business hours to conduct reviews and inspections. You must cooperate with such reviews and inspections by rendering such assistance as our representatives may reasonably request and upon notice from us or our representatives, immediately begin such steps as may be necessary to correct any deficiencies noted during any such inspection. Within ten (10) business days after any such inspection, our representatives may re-inspect your Unit (or other facility, if applicable) to ensure noted deficiencies have been corrected. If the deficiencies have not been corrected by the time of the initial re-inspection, our representatives may make additional re-inspections every five business days thereafter until noted deficiencies have been corrected and you must reimburse us the travel and lodging expenses of our representatives who conduct the additional re-inspection.

8.12. **Compliance with Laws.** You must (i) operate the Franchised Business in compliance with all applicable laws, rules and regulations of all governmental authorities, (ii) comply with all applicable wage, hour and other laws and regulations of the federal, state or local governments, (iii) prepare and file all necessary tax returns and (iv) pay promptly all taxes imposed upon you or upon your business or property. You represent and warrant that you will obtain and at all times maintain all necessary permits, certificates or licenses necessary to conduct the Franchised Business in the locality within which the Unit is situated. You must immediately notify us of any litigation, arbitration, disciplinary action, criminal proceeding, or any other legal proceeding or action brought against or involving you, or any entity affiliated with you, or any agent, employee, owner, director or partner of yours, which notification must include all relevant details in respect thereof, according to the procedures set forth in the Brand Standards Manual.

#### 8.13. **Web Site and Internet Marketing.**

8.13.1. During the term of this Agreement, you will use the FIRE Fitness Franchise website and any other Internet or social media only as specifically authorized by us in section 6.2.1 of this Agreement, the Brand Standards Manual or otherwise in writing to market the Franchised Business conducted at your Unit. You may not (i) establish an independent website or social networking media Unit dedicated to marketing the Franchised Business, or (ii) register an Internet domain or social networking media Unit name using any of the Marks.

8.13.2. Any alternative distribution methods and programs you would like to use to engage in the Franchised Business, including e-commerce, web sites, Internet sub-dealers, telesales and telemarketing, or any other non-retail method of distribution, is subject to our prior written approval, which approval will be in our sole discretion.

#### 8.14. **Intranet.**

8.14.1. We may, at our option, establish and maintain an "Intranet" through which FIRE Fitness Franchise franchisees may communicate with each other, and through which we and you may communicate with each other and through which we may disseminate the Brand Standards Manual, updates thereto and other confidential information. We will have discretion and control over all aspects of the Intranet, including the content and functionality thereof. We will have no obligation to maintain the Intranet indefinitely, and may dismantle it at any time without liability to you.

8.14.2. You may use the Intranet, but only if you are in strict compliance with the standards and specifications, protocols and restrictions that we may establish from time to time regarding such use. Such standards and specifications, protocols and restrictions may relate to, among other things, (i) the use of abusive, slanderous or otherwise offensive language in electronic communications, (ii) communications between or among franchisees that endorse or encourage default of any FIRE Fitness Franchise agreement, or other agreement with us or our affiliates, (iii) confidential treatment of materials that we transmit via the

Intranet, (iv) password protocols and other security precautions, including limitations on the number and types of employees that may be granted access to the Intranet, (v) grounds and procedures for our suspending or revoking a franchisee's access to the Intranet, and (vi) a privacy policy governing our access to and use of electronic communications that franchisees post to the Intranet. You acknowledge that, as administrator of the Intranet, we can technically access and view any communication that any person posts on the Intranet. You further acknowledge that the Intranet facility and all communications that are posted to it will become our property, free of any claims of privacy or privilege that you or any other person may assert.

8.14.3. You must establish and continually maintain (during all times that the Intranet is operational and until the termination of this Agreement) an electronic connection (the specifications of which will be specified in the Brand Standards Manual) with the Intranet that allows us to send messages to and receive messages from you, subject to the standards and specifications.

8.15. **Franchise Advisory Council.** We may, at our option, establish a franchise advisory council (the "FAC"), which will be composed of franchisees of the System. The FAC will, among other functions requested by us, serve as a representative committee for franchisees of the System and facilitate and coordinate the sharing of information and ideas between franchisees of the System and us. If appointed or elected to do so, you (or your designee) must, at your own expense, participate as a member of the FAC. We reserve the right to set reasonable standards for appointment or election to the FAC and you acknowledge that if we establish the FAC, you may be required to pay a fee or otherwise contribute to the FAC, as the FAC leadership or we may require. You acknowledge that the role of the FAC is advisory only, and we are not obligated to implement the FAC's recommendations. Neither you nor your designee will have the right to be appointed, elected, and if appointed or elected, to continue to serve on the FAC if you are in material default of this Agreement, or are not current in your financial obligations to us, and your landlord (if any), suppliers and vendors.

## 9. PROPRIETARY MARKS

### 9.1. License of the Marks.

9.1.1. We hereby grant you the right during the term hereof to use and display the Marks in accordance with the provisions contained in this Agreement and in the Brand Standards Manual, solely in connection with your operation of the Franchised Business in the Territory. Neither you nor any Principal Equity Owner nor any employee, agent, or representative thereof may use, display or permit the use or display of trademarks, trade names, service marks, insignias or logo types other than the Marks and other trademarks and service marks approved for use by us in connection with the Franchised Business. Neither you nor any Principal Equity Owner nor any employee, agent, or representative thereof may use or display the Marks in connection with the operation of any business or other activity that is outside the scope of the Franchised Business. You may only use the Marks on the Internet or other electronic media in the manner and as specifically authorized by us in the Brand Standards Manual or otherwise in writing. You agree to be responsible for and supervise all of your employees and agents in order to insure the proper use of the Marks in compliance with this Agreement.

9.1.2. You acknowledge that the Marks have been licensed to us by the Owner of the Marks to use in the franchised System. You acknowledge and agree your use of the Marks is a temporary authorized use under this Agreement and that the Owner of the Marks retains all ownership interests in the Marks and that the Owner of the Marks, we and the Owner of the Marks retain all ownership of the goodwill generated by the Marks. You acknowledge that the use of the Marks outside the scope of the terms of this Agreement without our written consent is an infringement of the Owner of the Marks' and our exclusive rights, title and interest in and to the Marks. You agree that as between you and us, all rights to use the Marks within the franchised System are our exclusive property. You now assert no claim and will hereafter assert no claim to any goodwill, reputation or ownership thereof by virtue of your franchised use thereof or otherwise. It is expressly understood and agreed that ownership and title of the Trade Dress, Brand

Standards Manual and our other manuals, bulletins, instruction sheets, forms, methods of operation and goodwill are and, as between you and us, remains vested solely in us, and the use thereof is only co-extensive with the term of this Agreement.

9.1.3. You agree that during the term of the Franchise, and after the repurchase, expiration or termination of the Franchise, you will not, directly or indirectly, commit an act of infringement or contest or aid others in contesting the validity, distinctiveness, secondary meaning, ownership or enforceability of the Marks or take any other action in derogation of the Marks, and that no monetary amount will be assigned as attributable to any goodwill associated with your use of the System or the Marks.

9.1.4. You hereby grant us the right at any time to use the name, image and likeness of you and all Principal Equity Owners for commercial purposes in connection with the Marketing Fund of the Marks, FIRE Fitness Franchise Services and Products, any FIRE Fitness Franchise Unit, and the System, without any form of compensation or remuneration. You also agree (i) to have any affected employee of yours who is not a Principal Equity Owner sign a release in the form contained in the Brand Standards Manual authorizing us to also use his or her name, image and likeness for the purposes described in this section 9.1.4, without compensation or remuneration, and (ii) to provide us with a copy of such signed release. The terms of this section 9.1.4 survive termination or expiration of this Agreement.

9.1.5. You acknowledge that we prescribe uniform standards respecting the nature and quality of FIRE Fitness Franchise Services and Products provided by you in connection with which the Marks are used. Nothing herein gives you any right, title or interest in or to any of the Marks, except a mere privilege and license during the term hereof to display and use the same and you agree that all of your use of the Marks under this Agreement inures to our benefit and the benefit of the Owner of the Marks.

9.1.6. You and all Principal Equity Owners agree that all materials associated with us, FIRE Fitness Franchise Services and Products or other services, artwork, graphics, layouts, slogans, names, titles, text or similar materials incorporating, or being used in connection with, the Marks which may be created by you, your employees, agents and subcontractors and any other party with whom you may contract to have such materials produced pursuant to this Agreement will become the sole property of the Owner of the Marks, including copyright and trademark rights. In furtherance thereof, you hereby and irrevocably assign to us all such materials, artwork, graphics, layouts, slogans, names, titles, text or similar materials, whether presently or hereafter existing. Furthermore, you agree on behalf of yourself, your employees, your agents, your subcontractors and any other party with whom you may contract to have such materials produced, to promptly execute any and all appropriate documents in this regard.

9.1.7. If necessary, you agree to join with us and share the expenses in any application to enter you as a registered or permitted user, or the like, of the Marks with any appropriate governmental agency or entity. Upon termination of this Agreement for any reason whatsoever, we may immediately apply to cancel your status as a registered or permitted user and you hereby consent to the cancellation and agree to join in any cancellation petition. You will bear the expense of any cancellation petition.

## 9.2. **Your Business Name.**

9.2.1. In connection with your operation of the Unit, you agree that at all times and in all advertising, promotions, signs and other display materials, on your letterheads, business forms, and at the Unit and other authorized business sites, in all of your business dealings related thereto and to the general public, you will identify the Franchised Business solely under a trade name containing the Mark "FIRE Fitness Franchise" and authorized by us ("Business Name") together with the words "INDEPENDENTLY OWNED AND OPERATED" on your letterhead, contract agreements, invoices, advertising and other written materials containing the Marks as we may direct.

9.2.2. You must file and keep current a fictitious business name statement, assumed name certificate or similar document with respect to your Business Name in the county or other designated jurisdiction in which you are conducting business and at such other places as may be required by law.

Before you commence engaging in the Franchised Business under the Marks, you must supply evidence satisfactory to us that you have complied with relevant laws regarding the use of fictitious or assumed names.

9.2.3. On expiration or sooner termination of this Agreement, we may, if you do not do so, execute in your name and on your behalf, any and all documents necessary, in our judgment, to end and cause a discontinuance of the use by you of the Marks and Business Name registrations and we are hereby irrevocably appointed and designated as your attorney-in-fact to do so.

9.2.4. You further agree that you will not identify yourself as (i) us, (ii) a subsidiary, parent, division, shareholder, partner, agent or employee of ours or the Owner of the Marks or (iii) any of our other franchisees.

9.2.5. If you are an entity and not an individual proprietor, you cannot use any of the Marks in your entity's legal name.

### **9.3. Trade Secrets and Proprietary Information.**

9.3.1. Under this Agreement, we are licensing you access to our Proprietary Information and other confidential data and information. You acknowledge that the material and information now and hereafter provided or revealed to you pursuant to this Agreement (including in particular, but without limitation, the contents of the Brand Standards Manual) are our confidential trade secrets and are revealed in confidence, and you expressly agree to keep and respect the confidences so reposed, both during the term of this Agreement and thereafter. We expressly reserve all rights with respect to the Marks, Proprietary Information, methods of operation and other proprietary information, except as may be expressly granted to you hereby or in the Brand Standards Manual. We will disclose to you certain Trade Secrets as reasonably needed for the operation by you of your Franchised Business by loaning to you, for the term of this Agreement, the Brand Standards Manual and other written materials containing the Trade Secrets, through training and assistance provided to you hereunder, and by and through the performance of our other obligations under this Agreement.

9.3.2. You acknowledge that we are the sole owner of all Proprietary Information, including our Trade Secrets; that such information is being imparted to you only by reason of your special status as a franchisee of the System; and that our Proprietary Information are not generally known to our industry or the public at large and are not known to you except by reason of such disclosure. You further acknowledge that you will acquire no interest in the Proprietary Information disclosed to you, other than the right to use them in the development and operation of the Franchised Business during the term of this Agreement.

9.3.3. You agree that you will not do or permit any act or thing to be done in derogation of any of our rights in connection with the Marks, either during the term of this Agreement or thereafter, and that you will use these only for the uses and in the manner franchised and licensed hereunder and as herein provided. Furthermore, you and your employees and agents will not engage in any act or conduct that impairs the goodwill associated with the Marks.

9.3.4. You agree to indemnify us and hold us harmless from all "Losses" (as defined in section 16.2 of this Agreement), which we may sustain as a result of any unauthorized use or disclosure of Proprietary Information or Marks by you or your employees and agents. You further agree and acknowledge that the disclosure or use of Proprietary Information or Marks in a manner not authorized by this Agreement will cause immediate and irreparable damage to us that would be impossible or inadequate to measure and calculate and could not be fully remedied by monetary damages. Accordingly, we have the right to specifically enforce this Agreement and seek injunctive or other equitable relief as may be necessary or appropriate to prevent such unauthorized disclosures or use without the necessity of proving actual damages by reason of any such breach or threatened breach of this Agreement. You further agree that no bond or other form of security is required to obtain such equitable relief and you hereby consent to the issuance of

such injunction and to the ordering of specific performance. You further agree and acknowledge that such remedies are in addition to any other rights or remedies, whether at law or in equity, which may be available to us, including monetary damages.

9.3.5. 18 USC Section 1833(b) states: "An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal." Accordingly, you and we will each have the right to disclose in confidence Trade Secrets to Federal, State, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law. You and we also have the right to disclose Trade Secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure. Nothing in this Agreement is intended to conflict with 18 U.S.C. Section 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. Section 1833(b).

9.4. **Modifications of Marks and Trade Dress.** We may add to, substitute or modify any or all of the Marks or Trade Dress from time to time, by directive in the Brand Standards Manual. You must accept, use, display, or cease using, as may be applicable, the Marks and Trade Dress, including but not limited to, any such modified or additional trade names, trademarks, service marks, logo types and commercial symbols, and must within 30 days of receiving notification, commence to implement such changes and use your best efforts to complete such changes as soon as practicable.

#### 9.5. **Mark Infringement Claims and Defense of Marks.**

9.5.1. If you receive notice or otherwise become aware of any claim, suit or demand, threatened or pending, against you by any party other than us, the Owner of the Marks or any of our affiliates on account of any alleged infringement, unfair competition or similar matter arising from your use of the Marks in accordance with the terms of this Agreement, or any misuse of the Marks by third parties on the Internet or otherwise, you must promptly notify us of any such claim, suit, demand or misuse. You will have no power, right or authority to settle or compromise any such claim, suit or demand by a third party or to intervene to stop misuse, without our prior written consent. We will defend, compromise or settle at our discretion any such claim, suit or demand and take steps to stop misuse at our cost and expense, using attorneys selected by us or the Owner of the Marks, and you agree to cooperate fully in such matters.

9.5.2. We will indemnify you and hold you harmless from and against any and all judgments resulting from any claim, suit or demand arising from your authorized and proper use of the Marks in accordance with the terms of this Agreement. We have the sole discretion to determine whether a similar trademark or service mark that is being used by a third party is confusingly similar to the Marks being used by you or constitutes a misuse of the Marks, and whether and what subsequent action, if any, should be undertaken with respect to such similar trademark or service mark or misuse.

## 10. **MARKETING FUND**

### 10.1. **Use of Marketing Fund Fees.**

10.1.1. If and when we begin collecting Marketing Fund Fees pursuant to section 4.3.1 hereof, we will expend, for the purposes of national, regional or local marketing, advertising, cooperative advertising, market research, public relations and promotional campaigns designed to promote and enhance the value of the Marks and general public recognition and acceptance thereof, an amount equal to the aggregate Marketing Fund Fees stated in section 4.3 hereof and collected from all of its franchisees less a fifteen percent (15%) administrative fee. No interest on unexpended Marketing Fund Fees will be imputed for your benefit or payable to you. If requested by you in writing not later than March 31 of any calendar year, we will provide you not later than May 31 of that year with a statement of receipts and expenditures

of the aggregate Marketing Fund Fees relating to the preceding calendar year, certified to be correct by one of our officers.

10.1.2. In our sole discretion and as we deem appropriate, we would be obligated to spend the Marketing Fund Fees collected from you and all other FIRE Fitness Franchise franchisees (less our fifteen percent (15%) administrative fee) on regional, local or national media or other marketing techniques or programs designated to promote the retail sale of FIRE Fitness Franchise Services and Products, the Marks and other aspects of the FIRE Fitness Franchise brand, creative and production costs, and for other purposes deemed appropriate by us to enhance and promote the general recognition of FIRE Fitness Franchise franchises.

10.1.3. We would also be authorized to spend Marketing Fund Fees collected from you and all other FIRE Fitness Franchise franchisees for initiatives we approve, which may include branding and marketing studies, initiatives and research; test marketing new products or concepts; franchisee compliance with System standards and practices through a "mystery shopper" program; the development of marketing strategies, tools, initiatives, and materials; public relations; market research; annual conferences (excluding the expenses of our principals and employees to travel to such conferences); and occasional selective regional and local advertising.

10.2. **Advertising Content and Costs.** With respect to local, regional or system-wide advertising, we determine the cost, form of media, content, format, production, timing (including regional or local concentration and seasonal exposure), location and all other matters relating to advertising, public relations and promotional campaigns.

## **11. NON-COMPETITION COVENANTS**

### **11.1. Exclusive In-Term Dealing.**

11.1.1. You acknowledge that you will receive valuable specialized training and access to Proprietary Information, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of the System and our Trade Secrets. In consideration for the use and license of such valuable information, you agree that you will not during the term of this Agreement operate, manage, own, assist or hold an interest in (direct or indirect as an employee, officer, director, shareholder, manager, member, partner or otherwise), or engage in, any competing business selling goods or offering services equivalent to FIRE Fitness Franchise Services and Products or the Franchised Business, without our express prior written consent, which consent may be withheld in our sole and absolute discretion.

11.1.2. It is the intention of both you and us that you maximize the Franchised Business within the Territory, and any action of yours that diverts business to another entity or diminishes the Franchised Business being conducted in the Territory will be a material breach of this Agreement. Accordingly, neither you nor any Principal Equity Owner may, either directly or indirectly, for yourself or themselves, or through, on behalf of, or in conjunction with, any person, persons, partnership, corporation or other entity, divert or attempt to divert any business or customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or (ii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System.

### **11.2. Post Termination Non-Competition Covenants.**

11.2.1. For a period of one year after the date of termination of this Agreement or its expiration without renewal pursuant to section 5.2 of this Agreement ("Expiration Date"), you agree that neither you nor any Principal Equity Owner may (either directly or indirectly, for yourself or themselves, or through, on behalf of, or in conjunction with, any person, persons, partnership, corporation or other entity) operate, manage, own, assist or hold an interest in (direct or indirect as an employee, officer, director, shareowner, partner or otherwise), or engage in, any competing business selling goods or offering services

equivalent to FIRE Fitness Franchise Services and Products or the Franchised Business, within a radius of twenty-five (25) miles of your Territory or any other authorized retail location selling FIRE Fitness Franchise Services and Products, without our express prior written consent, which consent may be withheld in our sole and absolute discretion. In all events, at all times following termination or expiration of this Agreement, you must refrain from any use, direct or indirect, of any of our proprietary information.

11.2.2. For a period of two (2) years after the Expiration Date, you agree that neither you nor any Principal Equity Owner may (either directly or indirectly, for yourself or themselves, or through, on behalf of, or in conjunction with, any person, persons, partnership, corporation or other entity) (i) raid, solicit, or attempt to solicit or induce any person who is currently, or was at any time during the one year period preceding the Expiration Date, an independent contractor to, consultant to or other service provider of ours ("Service Provider"), to terminate his or her relationship with us, (ii) divert any business or customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System. The foregoing will not restrict a party from hiring any Service Provider or customer that contacts you on his or her own initiative, or apply to general solicitations to hire through the use of general advertising, or any solicitations made by any of a party's agents that were not aware of the contract relationship between us and Service Provider and/or the customer.

### 11.3. **General Provisions regarding Non-Competition Covenants.**

11.3.1. You acknowledge that the restrictions contained in this Article XI are reasonable and necessary in order to protect our legitimate interests, and in the event of violation of any of these restrictions, we are entitled to recover damages including, without limitation, Royalties, Marketing Fund Fees and other fees that would have been payable if such business were included in the Franchised Business, and an equitable accounting of all earnings, profits and other benefits arising from such violation, which rights and remedies will be cumulative and in addition to any other rights or remedies to which we are entitled at law or in equity.

11.3.2. You agree to indemnify us and hold us harmless from all Losses (as defined in section 16.2 of this Agreement) which we may sustain as a result of any breach of this Article XI by you, any Principal Equity Owner, or your General Fitness Manager. You further agree that a breach of the non-competition covenants set forth above will cause immediate and irreparable damage to us that would be impossible or inadequate to measure and calculate and could not be fully remedied by monetary damages. Accordingly, we have the right to specifically enforce this Agreement and seek injunctive or other equitable relief as may be necessary or appropriate to prevent such breach or continued breach without the necessity of proving actual damages by reason of any such breach or threatened breach of this Agreement. You and each Principal Equity Owner further agree that no bond or other security will be required in obtaining such equitable relief and hereby consent to the issuance of such injunction and to the ordering of specific performance. You and each Principal Equity Owner further acknowledge that such remedies are in addition to any other rights or remedies, whether at law or in equity, which may be available to us, including, but not limited to, monetary damages.

11.3.3. This Article XI applies to your General Fitness Manager and other Principal Equity Owners, and each of your other managers, directors, officers, general partners and affiliates.

11.3.4. Each provision of this Article XI is independent of each other provision of this Agreement. If any provision of this Article XI is held unreasonable or unenforceable by any court, agency or other tribunal of competent jurisdiction, you agree to be bound by the maximum duty permitted by law with respect to that provision, which will be deemed restated accordingly, and also agree to be bound by all other provisions of this Article XI.

## 12. ASSIGNMENT

12.1. **Assignment by Us.** We have the right to Transfer this Agreement, and all of our rights and privileges hereunder to any other person, firm or corporation ("Our Assignee"); provided that, in respect to any Transfer ("Assignment by Us") resulting in the subsequent performance by our Assignee of the functions of franchisor hereunder: (i) at the time of Assignment by Us, Our Assignee must be financially responsible and economically capable of performing the obligations of franchisor hereunder; and (ii) Our Assignee must expressly assume and agree to perform such obligations. If there is an Assignment by Us, we will be relieved of all obligations or liabilities after the effective date of the assignment.

### 12.2. **Assignment by You.**

12.2.1. This Agreement is being entered into in reliance upon and in consideration of the singular personal skills and qualifications of you and the Principal Equity Owners and the trust and confidence we repose in you and them. Therefore, neither your interest in this Agreement and the Franchise granted hereunder, nor all or substantially all of the assets of the Franchised Business, nor a controlling or non-controlling interest in the Franchised Business, may be assigned, transferred, shared or divided, voluntarily or involuntarily, in whole or in part, by operation of law or otherwise, in any manner (collectively, "Assignment by You"), without our prior written consent and, except for any transfer of a non-controlling interest, subject to our right of first refusal provided for in section 12.3 hereof. Our consent to a specific Assignment by You is not cumulative and will not apply to any subsequent assignments, in respect of each of which you must comply with this section 12.2

12.2.2. Prior to any Assignment by You, you must notify us of your intent to sell, transfer or assign the Franchise, all or substantially all of the assets of the Franchised Business, or a controlling or non-controlling interest in the Franchised Business. The notice must be in writing, delivered to us in accordance with section 16.1 hereof and include all of the following:

- 12.2.2.1. The name and address of the proposed assignee ("Your Assignee");
- 12.2.2.2. A copy of all agreements related to the sale, assignment, or transfer of the Franchise, the assets of the Franchised Business, or the interest in the Franchised Business; and
- 12.2.2.3. Your Assignee's application for approval to become the successor franchisee. The application must include all forms, financial disclosures and related information generally utilized by us when interviewing prospective new franchisees, if those forms are readily made available to you. If the forms are not readily available, you must request that we deliver the forms to you by business courier in accordance with section 16.1 hereof within fifteen (15) calendar days. As soon as practicable after the receipt of Your Assignee's application, we will notify you and Your Assignee, in writing, of any additional information or documentation necessary to complete the transfer application. If our then-existing standards for the approval of new or renewing franchisees are not readily available to you when you notify us of your intent to sell, transfer, or assign the Franchise, all or substantially all of the assets of the Franchised Business, or the controlling or non- controlling interest in the Franchised Business, we will communicate the standards to you within 15 calendar days.

12.2.3. Within sixty (60) days after the receipt of all of the necessary information and documentation required pursuant to section 12.2.2 above, or as specified by written agreement between we and you, we will notify you of the approval or disapproval of the proposed Assignment by You. The notice will be in writing and delivered to you by business courier in accordance with section 16.1 hereof. Should we elect not to exercise our right of first refusal, or should such right of first refusal be inapplicable, as



herein provided, the proposed Assignment by You will be deemed approved, unless disapproved by us in writing and for reasons permitted by the law governing this Agreement. If the proposed sale, assignment or transfer is disapproved, we shall include in the notice of disapproval a statement setting forth the reasons for the disapproval. We may impose, among other things, the following conditions precedent to our consent to any such Assignment by You (these conditions are consistently applied to similarly situated franchisees operating under the Franchise brand):

- 12.2.3.1. Your Assignee must complete our application for a franchise, and in connection therewith, you and Your Assignee must fully disclose in writing all of the terms and conditions of the Assignment by You;
- 12.2.3.2. Your Assignee and its principal equity owners demonstrate that they have the skills, qualifications and economic resources necessary, in our sole judgment, to conduct the business contemplated by this Agreement;
- 12.2.3.3. Your Assignee and each of its principal equity owners expressly assume in writing for our benefit all of your obligations under this Agreement;
- 12.2.3.4. Your Assignee executes the then current form of Franchise Agreement being used by us for the remainder of the term of this Agreement or, in our sole discretion, for the initial term of the then current form of Franchise Agreement (unless we have a reasonable basis not to allow this, you may elect to have Your Assignee assume this Agreement for the remainder of its term);
- 12.2.3.5. You must have complied fully as of the date of any such Assignment by You with all of your material obligations to us, whether under this Agreement or any other agreement, arrangement or understanding with us;
- 12.2.3.6. Your Assignee agrees that our Initial Training program described in section 6.1 hereof and any other training or orientation programs then required by us will be satisfactorily completed by Your Assignee's General Fitness Manager and other necessary personnel within thirty (30) days after the execution by Your Assignee of a Successor Franchise Agreement, provided, however, that Your Assignee must agree to pay for all of their expenses incurred in connection therewith, including any fee we charge for training (at the rate in effect at the time of transfer), travel, unit and meal expenses; and
- 12.2.3.7. Not later than ten (10) days before the transfer, you must pay us a non-refundable "Transfer Fee" of either (a) ten thousand and no/100 dollars (\$10,000) per person for internal transfers among persons with ownership interests in the Franchisee that are transferring 20% or less amongst themselves, or (b) twenty-thousand dollars (\$20,000) if (i) selling all interest in this Franchise Agreement or your entity, or (ii) adding a new owner to your entity regardless of percentage interest being purchased or transferring greater than 20% interests among current owners of your entity. The Transfer Fee is subject to adjustment in our discretion based on corresponding changes in the CPI since the Effective Date.

12.2.4. You do not have a right to pledge, encumber, hypothecate or otherwise give any third party a security interest in this Agreement in any manner whatsoever (except that with our consent, which will not be unreasonably withheld, you may pledge a security interest in this Agreement in connection with a Small Business Administration loan), nor sub franchise or otherwise transfer, or attempt to sub franchise or otherwise transfer the Franchised Business, or to transfer or sub franchise a portion but not all of your rights hereunder without our express prior written consent, which may be withheld for any reason in our sole discretion.

12.2.5. Any attempt by you to assign or any purported Assignment by You in violation of this section 12.2 is void and will (i) constitute a material breach of this Agreement, (ii) cause this Agreement (and in our sole discretion any or all other agreements between you and us, or between you and our affiliates) to be subject to immediate termination without further notice, and (iii) confer no rights or interest whatsoever under this Agreement upon any other party.

12.2.6. Upon our consent to any Assignment by You, you must bring all accounts with us current and, together with us, execute a mutual release.

### 12.3. **Right of First Refusal.**

12.3.1. Except for a transfer (i) to your heirs, personal representatives or conservators in the case of death or legal incapacity as provided in section 12.6 hereof or (ii) between or among individuals (including their immediate family members) who have guaranteed obligations under a Small Business Administration loan, your right to transfer your entire interest in the Franchise granted by this Agreement under section 12.2 hereof is subject to our right of first refusal, which will be exercised in accordance with the terms of this section 12.3.

12.3.2. You must deliver to us a written notice setting forth (i) all of the terms and conditions of any bona fide offer relating to a proposed Assignment by You, and (ii) all available information concerning your Assignee including a detailed summary of how the proposed assignee meets our qualifications for a new FIRE Fitness Franchise franchisee, and any other related information requested by us. If the specified terms and conditions include consideration of a non-monetary nature, such consideration must be expressed in reasonably equivalent monetary terms, and if it involves matters that cannot be stated in monetary terms, such consideration will not be considered in connection with our right of first refusal.

12.3.3. Within fifteen (15) days after our receipt of such notice (or if we request additional information, within ten (10) days after receipt of such additional information), we may either (i) consent or withhold our consent to such Assignment by You, in accordance with section 12.2 hereof, or (ii) at our option, accept the Assignment by You ourselves or on behalf of our nominee upon the terms and conditions specified in the notice.

12.3.4. If we elect not to exercise our right of first refusal and consent to the Assignment by You, you will for a period of sixty (60) days, and subject to the provisions of section 12.2 hereof, be free to assign this Agreement to such proposed Assignee upon the terms and conditions specified in said notice. If, however, these terms are modified in any material manner (as determined by us), or if said sixty (60) day period expires, we will again have such right of first refusal with respect thereto and you will again be required to comply with section 12.3.2 above. Detailed terms of assignment must be delivered to us no later than seventy-two (72) hours following the close of escrow or other consummation of the transaction.

12.4. **Transfers to Certain Family Members.** You or a principal owner, if a natural person, may with our consent, which will not be unreasonably withheld, transfer the Franchised Business or an equity interest in your franchised entity to such person's spouse or person having equivalent rights under applicable federal or state law, parent, sibling, niece, nephew, descendant or spouse's descendant provided that adequate provision is made for the management of the Franchised Business and the transferor guarantees, in form and substance satisfactory to us, the performance of the transferee's obligations under this Agreement. No transfer under this section 12.4 will be subject to our right of first refusal set forth in section 12.3 hereof. However, you must comply with section 12.2.2 and (to the extent applicable) section 12.2.3 above, as well as provide full disclosure of the terms of said transfer and deliver to us no later than three business days prior to the close of the transaction. In addition, copies of fully executed paperwork must be delivered to us no less than three business days following the close of the transaction.

12.5. **Transfers to Affiliated Entities.** You or a Principal Equity Owner may without our consent, upon thirty (30) days prior written notice to us, Transfer the Franchised Business or an equity

interest in your franchised entity to an entity that is (i) organized for the purpose of operating the Franchised Business and (ii) owned in the same proportionate amount of ownership as prior to such Transfer, provided that adequate provision is made for the management of the Franchised Business. No Transfer under this section 12.5 will be subject to our right of first refusal set forth in section 12.3 hereof or the Transfer Fee set forth in section 12.2.2 hereof. However, you must comply with section 12.2.2 above, as well as provide full disclosure of the terms of said transfer and deliver to us no later than three business days prior to the close of the transaction. In addition, copies of fully executed paperwork must be delivered to us no less than three business days following the close of the transaction. Also, you acknowledge and agree that any Transfer to an affiliate will not relieve you from your obligations under this Agreement.

**12.6. Transfers upon the Death or Incapacity of an Individual Franchisee or Majority Equity Owner.**

12.6.1. Notwithstanding the foregoing, in the event of your death or legal incapacity, if you are an individual, or the death or legal incapacity of a Principal Equity Owner holding a majority equity interest ("Majority Equity Owner") if you are a corporation, limited liability company or partnership, the transfer of your or the deceased Majority Equity Owner's interest in this Agreement to his or her heirs, personal representatives or conservators, as applicable, will not be deemed an Assignment by You provided that a responsible management employee or agent of yours that has been satisfactorily trained by us will be responsible for the Franchised Business.

12.6.2. In the event of your death (if you are an individual) or the death of a Majority Equity Owner, such person's interest in this Agreement or its equity interest in the franchise entity must Transfer as soon as practicable (but not more than ninety (90) days) after the date of death in accordance with such person's will or, if such person dies without a will, in accordance with laws of intestacy governing the distribution of such person's estate, provided that adequate provision is made for the management of the Franchised Business. If we determine (i) there is no imminent sale to a qualified successor or (ii) there is no heir or other Principal Equity Owner capable of operating the Franchise, we may (but are not obligated to) immediately commence operating the Unit on your behalf for a period of up to ninety (90) days, renewable as necessary for up to one year and we will periodically discuss the status with your representatives or your heirs. For such management assistance, you or the successor in interest must pay us a reasonable per diem management fee/charge for serving as the interim manager.

12.6.3. No Transfer under this section 12.6 will be subject to (i) our right of first refusal set forth in section 12.3 hereof or (ii) the Transfer Fee set forth in section 12.2.3.7 above, although such refusal right and Transfer Fee will be applicable to any subsequent Transfer by your (or a Majority Equity Owner's) heirs, personal representatives or conservators. However, you must comply with section 12.2.3 above, as well as provide full disclosure of the terms of said transfer and deliver to us no later than three business days prior to the close of the transaction. In addition, copies of fully executed paperwork must be delivered to us no less than three business days following the close of the transaction.

**12.7. Consent to Transfers.** Except as otherwise provided in this Agreement and subject to our right of first refusal provided in section 12.3 hereof, you or an Principal Equity Owner may consummate any Transfer of a direct or indirect interest in this Agreement, the Franchised Business or the economic benefits derived therefrom, or any equity interest in your franchised entity, not permitted by the preceding sections 12.4, 12.5 and 12.6, only after written notice to us and only with our written consent, which will not be unreasonably withheld. We will exercise our good faith business judgment in determining whether to give or withhold our consent to a Transfer under this section 12.7. Such exercise of good faith business judgment may include our consideration of certain skills and qualifications of the prospective transferee which are of business concern to us, including without limitation, the following: experience in businesses similar to the Franchised Business, financial and operational skills and qualifications, economic resources, reputation and character of such prospective transferee; the ability of such prospective transferee to fully and faithfully conduct the Franchised Business as contemplated by this Agreement; and the effect that the

Transfer and the prospective transferee will have or may reasonably be expected to have on the reputation or business operations of the Franchised Business, the System or us or any of our affiliates.

### **13. DEFAULT AND TERMINATION**

#### **13.1. General.**

13.1.1. This Agreement may be terminated unilaterally by you or us only for cause, which for purposes of this Agreement means a material violation of this Agreement and includes any failure by you or us to substantially comply with any obligation, duty or promise under this Agreement, including, without limitation, those acts or omissions specified in sections 13.2 and 13.3 hereof.

13.1.2. If we are in material breach of this Agreement, you may terminate this Agreement by giving us prior written notice setting forth the asserted breach of this Agreement and giving us thirty (30) days in which to cure the default. A material breach of this Agreement by us means any unauthorized action or omission seriously impairing or adversely affecting you or the relationship between you and us created by this Agreement. If we become insolvent or declare bankruptcy, you will continue to have the right to operate under this Agreement until and unless a court orders otherwise. If because of the nature of the breach, it would be unreasonable for us to be able to cure the default within 30 days, we will be given additional time (up to thirty (30) additional days) as is reasonably necessary to cure said breach, upon condition that we must, upon receipt of such notice from you, immediately commence to cure such breach and continue to use best efforts to do so.

13.1.3. A material violation of this Agreement means any action or omission by Franchisee seriously impairing or adversely affecting the System, Franchisor or the relationship created by this Agreement.

13.1.4. If you are in material breach of this Agreement, we may exercise our right to terminate this Agreement in accordance with this Article XIII. Notwithstanding anything contained herein to the contrary, in those circumstances under which we have the right to terminate this Agreement, we also have (i) the option, to be exercised in our sole discretion, to choose alternative remedies to our right to terminate the entire Agreement and (ii) the right to exercise any and all remedies available to us at law or in equity, including without limitation specific performance and damages (including punitive damages). All rights and remedies provided herein are in addition to and not in substitution of all other rights and remedies available to a party at law or in equity.

#### **13.2. Immediate Termination.**

13.2.1. We have the right to terminate this Agreement immediately upon notice to you without an opportunity to cure:

13.2.1.1. You or the business to which the Franchise relates has been the subject of an order for relief in bankruptcy, is judicially determined to be insolvent, all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor, or you admit your inability to pay your debts as they come due;

13.2.1.2. You Abandon the Franchise by failing to operate the Unit for five consecutive days during which you are required to operate the business under the terms of this Agreement, or any shorter period after which it is not unreasonable under the facts and circumstances for us to conclude that you do not intend to continue to operate the Franchise, unless such failure to operate is due to fire, flood, earthquake or other similar causes beyond your control;

13.2.1.3. You make any material misrepresentations relating to the acquisition of the Franchise or you engage in conduct that reflects materially and unfavorably upon the operation and reputation of the Franchised Business or the System;

- 13.2.1.4. You fail, for a period of ten (10) days after notification of noncompliance, to comply with any federal, state or local law or regulation, including, but not limited to, all health, safety, building, and labor laws or regulations applicable to the operation of the Franchise;
- 13.2.1.5. You fail to maintain an active C.O.F.E. for at least 1 owner of the Unit for a period exceeding thirty (30)-days without our prior written approval;
- 13.2.1.6. After curing any failure in accordance with section 13.3 below, you engage in the same noncompliance whether or not such noncompliance is corrected after notice;
- 13.2.1.7. You repeatedly fail to comply with one or more material requirements of this Agreement, whether or not corrected after notice;
- 13.2.1.8. The Franchised Business or the business premises of the Franchise are seized, taken over, or foreclosed by a government official in the exercise of his or her duties, or seized, taken over, or foreclosed by a creditor, lien holder or lessor, provided that a final judgment against the franchisee remains unsatisfied for 30 days (unless an appeal bond has been filed); or a levy of execution has been made upon the license granted by this Agreement or upon any property used in the Franchised Business, and it is not discharged within five days of such levy;
- 13.2.1.9. You are convicted of a felony or any other criminal misconduct which is relevant to the operation of the Franchise; or
- 13.2.1.10. We make a reasonable determination that your continued operation of the Franchise will result in an imminent danger to public health or safety.

13.2.2. If your rights under this Agreement are terminated by us because of an event described in section 13.2.1 above, section 14.1 below is not applicable, and we may immediately commence an action under section 14.2 or 14.3 below, as applicable, to collect damages or otherwise enforce our rights.

### **13.3. Termination after Notice.**

13.3.1. Except as provided in section 13.2 hereof, we may terminate this Agreement only for good cause (as defined in section 13.1.1 above) after giving you prior written notice setting forth the asserted breach of this Agreement and giving you thirty (30) days in which to cure the default. Upon receipt of a notice of default, you must immediately commence diligently to cure said breach, and if you cure said breach within thirty (30) days, our right to terminate this Agreement will cease. If because of the nature of the breach, it would be unreasonable for you to be able to cure the default within thirty (30) days, you will be given additional time (up to fifteen (15) additional days) as is reasonably necessary in our determination to cure said breach, upon condition that you must, upon receipt of such notice from us, immediately commence to cure such breach and continue to use your best efforts to do so.

13.3.2. If your rights under this Agreement are terminated by us for material breach, we may, at our option, (i) declare you in default of all franchise agreements or other agreements you have with us, and (ii) terminate your rights under those franchise agreements or other agreements as well.

13.3.3. If your rights under this Agreement are terminated by us for your failure to make any payment due under this Agreement, section 14.1 below is not applicable, and we may immediately commence an action under section 14.2 below to collect damages or otherwise enforce our rights.

13.3.4. The description of any default in any notice served by us hereunder upon you in no way precludes us from specifying additional or supplemental defaults in any action, arbitration, mediation, hearing or suit relating to this Agreement or the termination thereof.

13.4. **Description of Default.** The description of any default in any notice served by us hereunder upon you in no way precludes us from specifying additional or supplemental defaults in any action, arbitration, mediation, hearing or suit relating to this Agreement or the termination thereof.

13.5. **Statutory Limitations.** Notwithstanding anything to the contrary in this Article XIII, in the event any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this Agreement or the parties hereto limits our rights of termination hereunder or requires longer notice periods than those set forth herein, and in the event the parties are prohibited by law from agreeing to the shorter periods set forth herein, then this Agreement will be deemed amended to conform to the requirements of such laws and regulations, but in such event the provisions of the Agreement thus affected will be amended only to the extent necessary to bring it within the requirements of the law or regulation.

13.6. **Extended Cure Period.** Notwithstanding anything contained herein to the contrary, including, without limitation, section 13.3.3 hereof, in those circumstances under which we have the right to terminate this Agreement, we also have the right, to be exercised in our sole discretion, to grant to you in writing only, in lieu of termination of this Agreement, an extended period of time to cure the breach which gave rise to our right to terminate, but in no event may such extended cure period exceed six months from the last day of the cure period otherwise applicable to such breach. You acknowledge that our election to grant an extended cure period to you will not operate as a waiver of any of our rights hereunder.

13.7. **Our Right to Cure Your Defaults.** In addition to all other remedies herein granted, if you default in the performance of any of your obligations or breach any term or condition of this Agreement or any related agreement involving third parties, we may, at our election, immediately or at any time thereafter, without waiving any claim for breach hereunder and without notice to you, cure the default for your account and on your behalf, and all costs or expenses including attorney's fees incurred by us on account thereof are due and payable by you to us on demand.

13.8. **Waiver and Delay.** No waiver by us of any breach or series of breaches or defaults in performance by you and no failure, refusal or neglect of ours either to exercise any right, power or option given to us hereunder or to insist upon strict compliance with or performance of your obligations under this Agreement or the Brand Standards Manual, constitutes a waiver of the provisions of this Agreement or the Brand Standards Manual with respect to any subsequent breach thereof or a waiver by us of our right at any time thereafter to require exact and strict compliance with the provisions thereof.

13.9. **Recovery of Lost Royalty.** If this Agreement is terminated because of your material breach, based on the estimated time it takes for a replacement franchise Unit to achieve a similar revenue stream, we are entitled to recover damages equal to the amount of the Royalty actually paid by you or what you were obligated to pay, whichever is greater, during (i) the three years prior to the date this Agreement was terminated or (ii) if the Opening Date is less than three years before the termination date, the time since the Opening Date.

13.10. **Collection Costs.** We are entitled to reimbursement from you upon our demand of all costs we have incurred (including reasonable attorney's fees and investigator's fees) to enforce our rights under this Agreement, including actions to collect any amounts due and delinquent hereunder.

13.11. **Continuance of Business Relations.** Any continuance of business relations between you and us after termination of this Agreement will not be construed as a renewal, extension or continuation of this Agreement.

## 14. DISPUTE RESOLUTION

### 14.1. Initial Steps to Resolve a Dispute; Mediation.

14.1.1. We and you have entered into a long-term franchise relationship which gives rise to an obligation, subject to and consistent with the terms of this Agreement, to endeavor to make the

relationship succeed, in light of the overall best interests of the System, as contemplated by this Agreement. To that end, you and we acknowledge that you and we need to attempt to resolve disagreements or disputes before such disagreements or disputes negatively impact the relationship. Good faith communications between you and us are an important aspect of that obligation. The parties hereby pledge and agree that they will first attempt to resolve any dispute, claim or controversy arising out of or relating to this Agreement or any alleged breach hereof, including any claim that this Agreement or any part hereof is invalid, illegal or otherwise voidable or void (collectively, "Dispute") by first having our executive officers and your Principal Equity Owners meet in person within five business days after a party notifies the other party that a Dispute has arisen at our principal executive office (without our respective legal counsel) to conduct a good faith discussion and negotiation of the issues with a view to resolving the dispute. We may proceed to terminate this Agreement in either of the following two situations without a settlement meeting or mediation proceeding: (i) if there is any breach of this Agreement by you that may result in an immediate termination of this Agreement pursuant to section 13.2 above, or (ii) if you fail to pay any sums due us under this Agreement which may result in termination of this Agreement pursuant to section 13.3 above. Also, if a party refuses to participate in the settlement meeting or mediation within the respective time frames set forth in this section 14.1, the other party may immediately commence an arbitration proceeding pursuant to section 14.2 below.

14.1.2. If we are unable to settle the Dispute at the settlement conference described in section 14.1 above, ten (10) business days after the date this conference took place (or should have taken place), you and we may submit the dispute to non-binding mediation conducted by a mediator, and at a location, mutually agreeable to both parties; provided however the mediator must be a State Bar of Wisconsin Board of Legal Specialization Certified Specialist in Franchise and Distribution Law. If the Dispute is not referred to mediation within ten (10) business days after the settlement conference took place (or should have taken place), the Dispute may be immediately submitted to binding resolution through arbitration proceedings pursuant to section 14.2 below. Any mediation proceeding should be completed within forty-five (45) days following the date either party first gives notice of mediation. The fees and expenses of the mediator will be shared equally by the parties. The mediator will be disqualified as a witness, expert or counsel for any party with respect to the Dispute and any related matter. Mediation is a compromise negotiation and will constitute privileged communications under the law governing this Agreement. The entire mediation process will be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties will not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible will not be excluded from discovery or admission as a result of its use in the mediation.

#### **14.2. Arbitration.**

14.2.1. Except as specifically provided in sections 13.2.2 and 13.3.3 above, any Dispute between us (and/or our affiliated entities) and you (and/or your Principal Equity Owners or affiliated entities) not settled through the procedures described in section 14.1 above will be resolved through binding arbitration by and before JAMS, Inc. in accordance with its Streamlined Arbitration Rules and Procedures (if the amount in controversy is less than two hundred fifty thousand dollars (\$250,000)) or its Comprehensive Arbitration Rules and Procedures (if the amount in controversy is two hundred fifty thousand dollars (\$250,000) or more), or if the parties in dispute mutually agree, through binding arbitration by any other mutually agreeable arbitration organization. It is explicitly agreed by each of the parties hereto that no arbitration of any Dispute may be commenced except in accordance with this section 14.2

14.2.2. All hearings and other proceedings will take place in Waupaca County, Wisconsin, or other county where our headquarters is then located, or if we so elect, at the JAMS business location nearest in the county where your (or an applicable Principal Equity Owner's) principal place of business is then located.

14.2.3. Either party may present briefs and affidavits of witnesses who are unable to attend hearings. A limited amount of discovery is permitted within the discretion of the arbitrator (including affidavits, interrogatories and depositions). The arbitrator will have the right to award or include in the award any relief that the arbitrator deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance and injunctive relief, provided that the arbitrator will not have the right to declare any Mark generic or otherwise invalid or to award punitive damages. If either party fails to appear or participate in the arbitration proceeding, the other party will be entitled to a default judgment award. The arbitration award will be final and binding on the parties, and judgment on the award may be entered in any federal or state court having jurisdiction.

14.2.4. TO THE MAXIMUM EXTENT PERMITTED BY LAW, ALL CLAIMS BROUGHT UNDER THIS AGREEMENT WILL BE BROUGHT IN AN INDIVIDUAL CAPACITY. THIS AGREEMENT MAY NOT BE CONSTRUED TO ALLOW OR PERMIT THE CONSOLIDATION OR JOINDER OF OTHER CLAIMS OR CONTROVERSIES INVOLVING ANY OTHER FRANCHISEES, OR PERMIT SUCH CLAIMS OR CONTROVERSIES TO PROCEED AS A CLASS ACTION, CLASS ARBITRATION, COLLECTIVE ACTION, OR ANY SIMILAR REPRESENTATIVE ACTION. NO ARBITRATOR WILL HAVE THE AUTHORITY UNDER THIS AGREEMENT TO ORDER ANY SUCH CLASS OR REPRESENTATIVE ACTION. BY SIGNING BELOW, YOU ACKNOWLEDGE YOU ARE AGREEING TO WAIVE ANY SUBSTANTIVE OR PROCEDURAL RIGHTS THAT YOU MAY HAVE TO BRING AN ACTION ON A CLASS, COLLECTIVE, REPRESENTATIVE OR OTHER SIMILAR BASIS. ACCORDINGLY, YOU EXPRESSLY AGREE TO WAIVE ANY RIGHT YOU MAY HAVE TO BRING AN ACTION ON A CLASS, COLLECTIVE, REPRESENTATIVE OR OTHER SIMILAR BASIS.

14.2.5. TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE PARTIES WAIVE ANY AND ALL RIGHTS THEY MAY HAVE TO SEEK PUNITIVE DAMAGES FROM ONE ANOTHER. ACCORDINGLY, THE ARBITRATOR WILL HAVE NO POWER TO ASSESS PUNITIVE DAMAGES AGAINST EITHER PARTY.

14.2.6. This arbitration provision is deemed to be self-executing and will remain in full force and effect after expiration or termination of this Agreement. If either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party by default or otherwise notwithstanding said failure to appear.

14.2.7. The provisions of this section 14.2 are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Furthermore, this section 14.2 will be construed as independent of any other covenant or provision of this Agreement; provided, however, that if a court of competent jurisdiction determines that any of such provisions are unlawful in any way, the court is respectfully requested to modify or interpret such provisions to the minimum extent necessary to comply with the law.

14.3. **Injunctive Relief.** Any party has the right in a situation where there is an imminent threat of harm to the legal rights of a party and damages would not be adequate relief to seek a temporary restraining order and temporary or preliminary injunctive relief from a court of competent jurisdiction in Wisconsin, without the necessity of first complying with sections 14.1 and 14.2 above or posting any bond, and if bond is nevertheless required by a court of competent jurisdiction, the parties agree that the sum of one thousand dollars (\$1,000) will be a sufficient bond (this amount may be adjusted by changes in the Consumer Price Index since the Effective Date). If an arbitration proceeding has already commenced pursuant to section 14.2 above when a party seeks injunctive relief, then the party seeking such injunctive relief agrees to contemporaneously submit the merits of its dispute to the arbitrator. The existence of a proceeding commenced under section 14.1 or 14.2 above will in no event abate or otherwise affect the ability of party to seek injunctive relief on account of this section 14.3. You acknowledge that you are one of a number of licensed franchisees using the Marks and that failure on your part to comply fully with any



of the terms of this Agreement respecting the obligations regarding examinations, audits and the Marks could cause irreparable damage to us or other affiliated persons or entities and we or our affiliates could seek injunctive relief to protect the Marks. This covenant is independent, severable and enforceable notwithstanding any other rights or remedies that any party may have.

**14.4. Legal Fees and Expenses.** The prevailing party in any arbitration or litigation to resolve a dispute between any of the parties hereto will be entitled to recover from the losing party reasonable legal fees (and incurred costs of the prevailing party's counsel) and all other "Expenses" (as defined in section 16.2.5 below) incurred by the prevailing party in bringing or defending such arbitration, action or proceeding and/or enforcing any resulting award or judgment (including without limitation arbitration or court filing fees, expert and other witness fees, discovery expenses and compensation payable to the arbitrator), whether incurred prior to or in preparation for or in contemplation of the filing of the action or thereafter. The prevailing party will be determined by the arbitrator or court. This section 14.4 is intended to be expressly severable from the other provisions of this Agreement, is intended to survive any judgment and is not to be deemed merged into the judgment.

**14.5. Survival.** The terms of this Article XIV survive termination, expiration or cancellation of this Agreement.

## **15. OBLIGATIONS AND RIGHTS UPON TERMINATION OR EXPIRATION**

### **15.1. Your Obligations.**

**15.1.1.** In the event of termination, cancellation or expiration of this Agreement whether by reason of your breach, default, non-renewal, lapse of time or other cause, in addition to any other obligations provided for in this Agreement, you must forthwith discontinue the use or display of the Marks in any manner whatsoever, and you may not thereafter operate or do business under the Marks or any other FIRE Fitness Franchise brand or any other name or in any manner that might tend to give the general public the impression that you are in any way associated or affiliates with us, or any of the businesses conducted by us or the owner of the Marks, including without limitation repainting the business premises in a distinctively different color and removing or rearranging distinctive elements of the FIRE Fitness Franchise trade dress. You must contact Yelp, other online review sites and other online directories and websites, and request the removal of all use of the trademarks in connection with the former FIRE Fitness Franchise Unit (and the physical address of the former FIRE Fitness Franchise Unit) and all use of former reviews from the period you were a FIRE Fitness Franchise franchisee. And, you also must comply with section 15.2 respecting the return to us of certain materials and must not thereafter use, in any manner, or for any purpose, directly or indirectly, any of our trade secrets, procedures, techniques, or materials acquired by you by virtue of the relationship established by this Agreement, including, without limitation, (i) any training or other materials, manuals, bulletins, instruction sheets, or supplements thereto, or (ii) any equipment, videotapes, videodiscs, forms, advertising matter, devices, insignias, slogans or designs used from time to time in connection with the Franchised Business.

**15.1.2.** If there is a termination, cancellation or expiration as described in section 15.1.1 above, you must comply with section 11.2 of this Agreement respecting post-termination competition and also promptly:

- 15.1.2.1.** Remove at your expense all signs erected or used by you and bearing the Marks, or any word or mark indicating that you are associated or affiliated with us;
- 15.1.2.2.** Erase or obliterate from letterheads, stationery, printed matter, advertising or other forms used by you the Marks and all words indicating that you are associated or affiliated with us;

- 15.1.2.3. Permanently discontinue all advertising of yours that states or implies that you are associated or affiliated with us or the System;
- 15.1.2.4. If you engage in any business thereafter, you must use trade names, service marks or trademarks that are significantly different from those under which you had done business and must use sign formats that are significantly different in color and type face; and take all necessary steps to ensure that your present and former employees, agents, officers, shareholders and partners observe the foregoing obligations; and
- 15.1.2.5. Assign all interest and right to use all telephone numbers and all listings applicable to the Unit in use at the time of such termination to us and take all action necessary to change all such telephone numbers immediately and change all such listings as soon as possible.

15.1.3. If you fail or omit to make or cause to be made any removal or change described in section 15.1.2.1 through 15.1.2.5 above, then we will have the right within fifteen (15) days after written notice to enter your Unit or other premises from which the Franchised Business is being conducted without being deemed guilty of trespass or any other tort, and make or cause to be made such removal and changes at your expense, which expenses you agree to pay to us promptly upon demand; and you hereby irrevocably appoint us as your lawful attorney upon termination of this Agreement with authority to file any document in the name of and on our behalf for the purpose of terminating any and all of your rights in any trade name you have used that contains any of the Marks.

## 15.2. **Our Rights as Franchisor.**

15.2.1. The termination, cancellation, expiration or assignment of this Agreement will be without prejudice to any rights of us against you and such termination, cancellation, expiration or assignment will not relieve you of any of your obligations to us existing at the time of termination, cancellation, expiration or assignment or terminate those obligations of ours which, by their nature, survive the termination, cancellation, expiration or assignment of this Agreement.

15.2.2. We may direct that all applicable suppliers immediately cease providing you with equipment, marketing materials, e-mail access, website access, accessories and other items comprising or to be used to provide FIRE Fitness Franchise Services and Products.

15.2.3. You are obligated to return, at no expense to us, any and all copies of the Brand Standards Manual and all other FIRE Fitness Franchise proprietary materials and any other items that were supplied by us for your use without additional charge in connection with the operation of the Franchised Business. You must also permanently erase anything relating to us or the Franchised Business from any computers and other media storage devices you retain after expiration, cancellation or termination of this Agreement.

15.2.4. Within 30 days after termination, expiration or non-renewal of this Agreement, we will have the option, but not the obligation, to purchase all or any portion of your reusable inventory, apparel containing the Marks, proprietary equipment, parts, fixtures and furnishings owned and used by you in your franchised operation. We will be permitted to deduct and withdraw from the purchase price to be paid to you all sums then due and owing to us. The purchase price for your inventory of apparel containing the Marks will be at your cost for said items. The purchase price for the proprietary equipment, parts, fixtures and furnishings will be the fair market value thereof as we mutually determine. In determining the fair market value of such items, you and we agree to exclude any factor or increment for goodwill or going concern value. The purchase price to be paid to you will be paid in cash at the closing of any purchase that will occur no less than thirty (30) days from the date we exercise our option, unless you and we are unable to agree on the fair market value of the assets to be purchased. If you and we are unable to reach agreement within a reasonable time as to the fair market value of the items we have agreed to purchase, we will

designate an independent appraiser, and the appraiser's determination will be binding. You and we must each pay fifty percent (50%) of the fee charged by the independent appraiser.

## 16. GENERAL TERMS AND PROVISIONS

### 16.1. Notices.

16.1.1. All notices that the parties hereto are required or may desire to give under or in connection with this Agreement will be in writing and (unless personally delivered by an agent of the sending party) must be sent by reliable overnight courier, for delivery on the next business day and addressed as follows:

If to us:  
FIRE FITNESS AFFILIATION, LLC  
Attn: Hans Hartleben  
3050 Village Park Drive  
Plover, WI 54467

If to you:

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

16.1.2. Unless actually delivered in person by an agent of the sending party, notices between you and us will be deemed given the next business day after deposit with a reliable overnight courier, properly addressed and marked for delivery on the next business day.

16.1.3. Any change in the addresses listed in section 16.1.1 above must be sent to the other party as soon as practicable after the change occurs by reliable overnight courier.

16.1.4. Any notices sent to you which include a statement of intent to terminate or not renew the Franchise must provide (i) the reasons why and (ii) the effective date of such termination or nonrenewal or expiration.

### 16.2. Indemnity.

16.2.1. You and your Principal Equity Owners, jointly and severally, hereby agree to protect, defend and indemnify us, and all of our past, present and future owners, affiliates, officers, directors, employees, attorneys and designees, and each of them, and hold them harmless from and against any and all Losses arising out of or in connection with any "Proceeding" (as defined in section 16.2.6 below) concerning your development, maintenance or operation of the Unit and the Franchised Business, except if caused by our intentional misfeasance, gross negligence or material default of our obligations under this Agreement.

16.2.2. We hereby agree to protect, defend and indemnify you, your Principal Equity Owners, other owners, affiliates, officers, directors, employees and attorneys and each of them, from any Losses any of them may incur as a result of any third party Proceeding arising out of our intentional misfeasance, gross negligence or material breach of our obligations under this Agreement, except if caused by the intentional misfeasance, gross negligence or material breach by you (or any Principal Equity Owners, or other of your owners, affiliates, officers, directors, employees or attorneys) of obligations under this Agreement.

16.2.3. In order for the indemnification to be effective, each indemnified party ("Indemnified Party") will give the indemnifying party ("Indemnifying Party") reasonable notice of each claim or loss for which the Indemnified Party demands indemnity and defense, except that failure to provide

such notice will not release the Indemnifying Party from any obligations hereunder except to the extent that the Indemnifying Party is materially prejudiced by such failure. The Indemnifying Party will assume, at its sole cost and expense, the defense of such Proceeding through legal counsel reasonably acceptable to the Indemnified Party, except that the Indemnified Party may at its option and expense select and be represented by separate counsel. The Indemnifying Party will have control over the Proceeding, including the right to settle; provided, however, the Indemnifying Party will not, absent the written consent of the Indemnified Party, consent to the entry of any judgment or enter into any settlement that: (i) provides for any admission of liability on the part of the Indemnified Party or relief other than the payment of monetary damages for which the Indemnifying Party will be solely liable; or (ii) adversely affects the rights of the Indemnified Party under this Agreement, or (iii) does not release the Indemnified Party from all Proceedings and "Losses" (as defined in section 16.2.4 below) in respect thereof. In no event will the Indemnified Party be liable for any Losses that are compromised or settled in violation of this section 16.2. The Indemnifying Party's duty to defend is independent of its duty to indemnify. Each indemnified party must submit all of its claims to its insurers in a timely manner. Any payments made by an indemnified party will be net of benefits received by any indemnified party on account of insurance in respect of such claims.

16.2.4. The term "Losses" means, refers to, and includes all "Expenses" (as defined in section 16.2.5 below), liabilities, obligations, losses, fines, penalties, costs, or damages including all reasonable out of pocket fees and disbursements of legal counsel in the investigation or defense of any of the same or in asserting any party's respective rights hereunder but excluding punitive damages (unless resulting from third party claims).

16.2.5. The term "Expenses" means, refers to, and includes, all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding casts, telephone charges, postage, delivery service fees and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, participating, or being or preparing to be a witness in a Proceeding, or responding to, or objecting to, a request to provide discovery in any Proceeding. Expenses will also include Expenses incurred in connection with any appeal resulting from any Proceeding and any federal, state, local or foreign taxes imposed on the Indemnitee as a result of the actual or deemed receipt of any payments under this Agreements, including without limitation the premium, security for, and other costs relating to any cost bond, supersede as bond, or other appeal bond or its equivalent.

16.2.6. The term "Proceeding" means, refers to, and includes any threatened pending or completed suit, claim, demand, action, suit, arbitration, alternative dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether civil, criminal, administrative or investigative.

16.3. **Your Relationship to Us as Franchisee.** It is expressly agreed that the parties intend by this Agreement to establish between you and us the relationship of franchisee and franchisor. It is further agreed that you have no authority to create or assume in our name or on our behalf, any obligation, express or implied, or to act or purport to act as agent or representative on our behalf for any purpose whatsoever. Neither you nor we are the employer, employee, agent, partner, fiduciary or co-venturer of or with the other, each being independent. You agree that you will not hold yourself out as our agent, employee, partner or co-venturer or the Owner of the Marks. All employees or agents hired or engaged by or working for you will be only the employees or agents of yours and will not for any purpose be deemed employees or agents of ours or the Owner of the Marks, nor subject to our control; and in particular, we will have no authority to exercise control over the hiring or termination of these employees, independent contractors, or others who work for you, their compensation, working hours or conditions, or their day-to-day activities, except to the extent necessary to protect the Marks. You agree to diligently consider customer reviews and respond to customer indications of dissatisfaction with services rendered by you in a diligent and professional manner and agree to cooperate with representatives of ours or the Owner of the Marks in any investigation undertaken by us of complaints respecting your activities. You and we agree to file our own tax, regulatory

and payroll reports with respect to our respective employees or agents and operations, saving and indemnifying the other party hereto of and from any liability of any nature whatsoever by virtue thereof.

16.4. **No Third-Party Beneficiaries.** This Agreement is not intended to benefit any other person or entity except the named parties hereto and no other person or entity (other than financing sources to whom we may have granted or consented to a collateral assignment of this Agreement) will be entitled to any rights hereunder by virtue of so-called "third party beneficiary rights" or otherwise.

16.5. **Survival of Covenants.** The covenants contained in this Agreement that by their terms require performance by the parties after the expiration or termination of this Agreement will be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

16.6. **Successors and Assigns.** This Agreement is binding upon (i) us and inures to the benefit of our successors and assigns and (ii) you and inures to the benefit of your successors and assigns, subject to the restrictions on Assignment by You contained herein.

16.7. **Joint and Several Liabilities.** If the entity that is the franchisee under this Agreement consists of more than one person or entity, or a combination thereof, the obligations and liabilities of each such person or entity to us are joint and several.

16.8. **Titles for Convenience Only.** Section titles used in this Agreement are for convenience only and do not affect the meaning or construction of any of the terms, provisions, covenants or conditions of this Agreement.

16.9. **Gender.** All terms used in any one number or gender will extend to mean and include any other number and gender as the facts, context or sense of this Agreement or any section may require.

16.10. **Severability; Partial Invalidity.** Nothing contained in this Agreement will be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between (i) any provisions of this Agreement or the Brand Standards Manual and (ii) any present or future statute, law, ordinance, regulation or judicial decision, contrary to which the parties have no legal right under this Agreement, the latter will prevail, but in such event the provision of this Agreement or the Brand Standards Manual thus affected will be curtailed and limited only to the extent necessary to bring it within the requirements of the law. In the event that any part, article, section, sentence or clause of this Agreement or the Brand Standards Manual is held to be indefinite, invalid or otherwise unenforceable, that specific language will be deemed deleted but the remaining parts thereof will continue in full force and effect.

16.11. **Counterparts.** This Agreement may be executed in multiple copies, each of which will be deemed to be an original, and both of which together will be deemed to be one and the same instrument.

16.12. **Compliance with U.S. Anti-Terrorism and Other U.S. Federal Laws.**

16.12.1. You and each of the Principal Equity Owners certify that none of you, the Principal Equity Owners, employees, or anyone associated with you is listed in the Annex to Executive Order 13224 (available at <http://treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html>). You covenant not to hire or have any dealings with a person listed in the Annex. You certify that you have no knowledge or information that, if generally known, would result in you, the Principal Equity Owners, employees or anyone associated with you being listed in the Annex to Executive Order 13224. You and each of the Principal Equity Owners will comply with and assist us to the fullest extent possible in our efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, you and each of the Principal Equity Owners certify, represent and warrant that none of your respective property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that you and the Principal Equity Owners are not otherwise in violation of any of the Anti-Terrorism Laws. You are solely responsible for

ascertaining what actions must be taken by you to comply with all such Anti-Terrorism Laws. You specifically acknowledge and agree that your indemnification responsibilities as provided in this Agreement pertain to your obligations under this section 16.12. Any misrepresentation by you under this section 16.12 or any violation of the Anti-Terrorism Laws by you, any of the Principal Equity Owners, or employees will constitute grounds for immediate termination of this Agreement and any other agreement you entered into with us or one of our Affiliates. "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists, and any other requirements of any United States governmental authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

16.12.2. Neither you nor any Principal Equity Owner conducts any activity, or has failed to conduct any activity, if such action or inaction constitutes a money laundering crime, including any money laundering crime prohibited under any applicable Anti-Terror Legislation.

16.12.3. Neither you nor any Principal Equity Owner nor any employee of either is named as a "Specially Designated National" or "Blocked Person" as designated by the U.S. Department of the Treasury's Office of Foreign Assets Control and published at [www.treas.gov/offices/enforcement/ofac/sdn/](http://www.treas.gov/offices/enforcement/ofac/sdn/). You acknowledge that you are not directly or indirectly owned or controlled by the government of any country that is subject to a United States embargo, nor do you or any Principal Equity Owner act directly or indirectly on behalf of the government of any country that is subject to a United States embargo. You and the Principal Equity Owners agree that you will notify us in writing immediately of the occurrence of any event that renders the foregoing representations and warranties of this section 16.12 incorrect.

16.13. **Governing Law.** The Federal Arbitration Act (9 U.S.C. §1 et seq.) governs the arbitration of disputes under this Agreement. Otherwise, the laws of the state where the Unit is located govern this Agreement and all related matters, documents and agreements, without regard to conflicts of laws. If any provision of this Agreement is impermissible under a governing law, the provision will be deemed amended to conform to that law while maintaining to the maximum extent possible the original intent of the provision, or if the provision as amended cannot substantially maintain the original intent, then the provision will be deemed deleted.

16.14. **Entire Agreement.**

16.14.1. The parties to this Agreement each acknowledge and warrant to each other that they wish to have all terms of this business relationship defined solely in and by this written Agreement and the Brand Standards Manual. Recognizing the costs on all parties which attend uncertainty, the signatories to this Agreement each confirm that neither wishes to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements or non-contract writings (which have been or may in the future be exchanged between them) serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein. Accordingly, the signatories each agree and promise each other that this Agreement, the Brand Standards Manual, and the representations made by us in the FIRE Fitness Franchise Disclosure Document ("FDD") provided to you, supersede and cancel any prior and/or contemporaneous discussions or writings (whether described as representations, inducements, promises, agreements, understandings or any other term), by any of the parties or by anyone acting on his, her or their behalf, with respect to the rights and obligations of the parties to this Agreement or the relationship between them. Each signatory to this Agreement agrees and promises the other that they have placed, and will place, no reliance on any such discussions or writings.

16.14.2. In accordance with the foregoing section 16.14.1, the parties to this Agreement agree that this Agreement, and the Brand Standards Manual, constitutes the entire agreement between the parties and contain all of the terms, conditions, rights and obligations of the parties with respect to the franchised business contemplated by this Agreement and any other aspect of the relationship between the parties; provided however, that nothing in this Agreement or in any related agreement or writing is intended to disclaim the representations made in the FDD that was provided to you.

16.14.3. This Agreement cannot be modified or changed except by written instrument signed by all of the parties hereto.

## **17. EFFECTIVENESS OF AGREEMENTS**

This Agreement will become effective only upon the execution thereof by you and by us, and only after you were furnished with an FDD. HOWEVER, THIS AGREEMENT IS NOT BINDING ON US UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY OUR PRESIDENT OR ANOTHER OF OUR EXECUTIVE OFFICERS.

## **18. ACKNOWLEDGEMENTS AND REPRESENTATIONS**

### **18.1. Acknowledgements and Representations.**

18.1.1. You and each of your Principal Equity Owners represent and warrant that the following statements in this section 18.1 are true and accurate.

18.1.2. You do not seek to obtain the Franchise for speculative or investment purposes and have no present intention to sell or transfer or attempt to sell or transfer the Franchised Business or the Franchise within twelve (12) months after the Opening Date.

18.1.3. You understand and acknowledge the value to the System of uniform and ethical standards of quality, appearance and service described in and required by the Brand Standards Manual and the necessity of operating the Franchised Business under the standards set forth in the Brand Standards Manual. You represent that you have the capabilities, professionally, financially and otherwise, to comply with our standards.

18.1.4. If you are an entity, you are duly organized and qualified to do business in the state and any other applicable jurisdiction within which the Unit is located.

18.1.5. Your execution of this Agreement will not constitute or violate any other agreement or commitment to which you are a party.

18.1.6. Any individual executing this Agreement on your behalf is duly authorized to do so and the Agreement constitutes a valid and binding obligation of yours and all of your Principal Equity Owners.

18.1.7. You and each Principal Equity Owner acknowledge that in operating the System, we must take into account the needs of the System as a whole, and the need to protect the Marks, even if our actions are contrary to your individual interests as a franchisee.

### **18.2. Additional Information Respecting You and Your Principal Equity Owners.**

18.2.1. Attached as Exhibit 2 is a schedule containing complete information respecting your Principal Equity Owners.

18.2.2. The address (written notice of any change in this information after the Effective Date must be delivered to us pursuant to section 16.1 hereof) where your financial and other records are maintained is the same address as provided in section 16.1 hereof.

*[Signatures on Following Page]*

IN WITNESS WHEREOF, and each signatory being jointly and severally liable, the parties hereto executed as of the Effective Date:

FIRE Fitness Affiliation, LLC  
a Wisconsin limited liability company

FRANCHISEE:  
\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Name: Hans Hartleben  
Title: Chief Executive Officer

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

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

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

PRINCIPAL EQUITY OWNERS:

*(Note: each Principal Equity Owner is signing below as a party to this Agreement, and is individually obligated to perform or guarantee the performance by an entity franchisee of all duties and obligations of the franchisee under this Agreement):*

x \_\_\_\_\_

\_\_\_\_\_  
[PRINTED NAME] DATE: \_\_\_\_\_

x \_\_\_\_\_

\_\_\_\_\_  
[PRINTED NAME] DATE: \_\_\_\_\_

x \_\_\_\_\_

\_\_\_\_\_  
[PRINTED NAME] DATE: \_\_\_\_\_

x \_\_\_\_\_

\_\_\_\_\_  
[PRINTED NAME] DATE: \_\_\_\_\_

x \_\_\_\_\_

\_\_\_\_\_  
[PRINTED NAME] DATE: \_\_\_\_\_



**EXHIBIT 1 - TERRITORY AND LOCATION OF UNIT**

The Territory is the following geographical area surrounding the Unit as depicted in a map attached to this Exhibit 1.

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The Unit is located at:

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(If the address of the Unit is unknown when this Agreement is signed, as soon as the address is determined it will be inserted later into the space above or added by addendum attached to this Exhibit 1.)

The Unit must be open and operating not later than \_\_\_\_\_.

**EXHIBIT 2 - NAMES AND ADDRESSES OF PRINCIPAL EQUITY OWNERS**

List below the names, residential addresses and respective percentage equity ownership interests in the franchisee entity of each Principal Equity Owner:

1. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ %

2. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ %

3. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ %

4. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ %

5. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ %

**EXHIBIT C**

**AREA DEVELOPMENT AGREEMENT**

## AREA DEVELOPER AGREEMENT

**THIS AREA DEVELOPMENT AGREEMENT (“Agreement”)** is made and entered into effective on the date set forth in Attachment “A” of this Agreement between Fire Fitness Affiliation, LLC, a Wisconsin Limited Liability Company having its principal place of business at 3050 Village Park Drive, Plover, WI 54467 (“we”, “us” or “our”), and the area developer identified in, and having the principal address set forth in, Attachment “A” of this Agreement (hereinafter “you,” “your” or “Area Developer”). If more than one person or entity is listed as Area Developer, each such person or entity shall be jointly and severally liable for all rights, duties, restrictions and obligations under this Agreement.

### WITNESSETH:

**WHEREAS**, we and our affiliate have designed and developed a method of developing and operating fitness centers providing group personal training and fitness services. The businesses (“FIRE Fitness Camp<sup>®</sup> Business”) have distinctive business formats, methods, procedures, designs, layouts, standards and specifications, all of which we may improve, further develop and otherwise modify from time to time. Our system (the “System”) includes, but is not limited to, uniform formats, designs, systems, methods, specifications, standards and procedures, all of which may be changed, updated, improved and further developed by us from time to time;

**WHEREAS**, we and our affiliates have developed and use, promote and license certain trademarks, service marks and other commercial symbols in operating FIRE Fitness Camp<sup>®</sup> Businesses, including the mark “FIRE Fitness Camp<sup>®</sup>,” which have gained and will continue to gain public acceptance and goodwill, and we may create, use and license other trademarks, service marks and commercial symbols for use in operating FIRE Fitness Camp<sup>®</sup> Businesses (collectively, the “Marks”);

**WHEREAS**, we and our affiliates continue to develop, use and control the use of such Marks in order to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System’s high standards of quality, appearance and service;

**WHEREAS**, you wish to obtain certain development rights to open and operate FIRE Fitness Camp<sup>®</sup> Businesses operating under the Marks under the System within the Development Area described in this Agreement; and

**WHEREAS**, in addition to this Agreement, we and you have entered into a franchise agreement on the same date (“Initial Franchise Agreement”) for the right to establish and operate the first FIRE Fitness Camp<sup>®</sup> Business to be developed by you under this Agreement (“Initial Business”).

**NOW, THEREFORE**, the parties, in consideration of the undertakings and commitments of each party to the other party stated herein, hereby agree as follows:

### SECTION 1: GRANT

1.1 We hereby grant to you, pursuant to the terms and conditions of this Agreement, certain development rights (“**Development Rights**”) to establish and operate the number of FIRE Fitness Camp<sup>®</sup> Businesses identified in Attachment “A”, and to use the System solely in connection therewith at specific locations to be designated in separate franchise agreements executed as provided in Section 3.1 hereof, and pursuant to the schedule established in Attachment “C” of this Agreement (“**Development Schedule**”). Each FIRE Fitness Camp<sup>®</sup> Business developed hereunder shall be located in the area described in Attachment “B” of this Agreement (“**Development Area**”).

1.2 The Initial Franchise Agreement shall be executed and delivered, concurrently with the execution and delivery of this Agreement. Each subsequent FIRE Fitness Camp<sup>®</sup> Business for which a Development Right is granted hereunder shall be established and operated pursuant to the form of franchise agreement then being used, which is to be entered into between you and us in accordance with Section 3 hereof. You acknowledge that the then-current form of franchise agreement may differ from the Initial Franchise Agreement, except that each shall have the same royalty rate as the Initial Franchise Agreement.

1.3 Except as otherwise provided in this Agreement, we shall not establish, nor franchise anyone other than you to establish, a FIRE Fitness Camp<sup>®</sup> Business in the Development Area during the term of this Agreement, provided you are not in default hereunder.

1.4 This Agreement is not a franchise agreement and does not grant to you any right to use the Marks or System unless a franchise agreement is in effect.

1.5 You shall have no right under this Agreement to franchise others under the Marks or System.

## **SECTION 2: DEVELOPMENT FEE**

In consideration of the Development Rights granted herein, you shall pay to us a development fee (“**Development Fee**”) in the amount set forth in Attachment “A” of this Agreement, depending on the total number of FIRE Fitness Camp<sup>®</sup> Businesses you have agreed to develop. The Development Fee is payable in a lump sum upon execution of this Agreement and is not refundable under any circumstances, regardless of whether you open any of the FIRE Fitness Camp<sup>®</sup> Businesses under this Agreement. No initial franchise fee will be due upon the execution of each franchise agreement to be developed under this Agreement (but all other fees will apply).

## **SECTION 3: SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS**

3.1 You shall assume all responsibility and expense for locating potential sites for FIRE Fitness Camp<sup>®</sup> Businesses. You shall obtain our written acceptance of any proposed site for the FIRE Fitness Camp<sup>®</sup> Business in accordance with our procedures, which acceptance will not be unreasonably withheld. Unless we provide our specific acceptance of your proposed site, the site is deemed unaccepted. Unless we provide our specific acceptance of a proposed site, the site is deemed not accepted.

3.2 Recognizing that time is of the essence, you agree to exercise each of the Development Rights granted hereunder in the manner specified herein, and to satisfy the Development Schedule in a timely manner. Upon your first failure to adhere to the Development Schedule, you will lose the territorial rights granted for the Development Area. Any second or additional failures to adhere to the Development Schedule will constitute a material event of default under this Agreement, for which we may exercise its rights under Section 9.1 of this Agreement. Under no circumstances, however, may you open a FIRE Fitness Camp<sup>®</sup> Business unless and until there is a fully executed franchise agreement in place for such FIRE Fitness Camp<sup>®</sup> Business and you have complied with all requirements under the franchise agreement for opening such FIRE Fitness Camp<sup>®</sup> Business.

3.3 You shall exercise each Development Right granted herein only by executing a franchise agreement for each FIRE Fitness Camp<sup>®</sup> Business at a site accepted by us in the Development Area. The Initial Franchise Agreement for the first Development Right exercised hereunder has been executed contemporaneously with this Agreement. The franchise agreement for each additional Development Right exercised hereunder shall be the then-current franchise agreement. We will have fifteen (15) days after we

receive all needed information to accept or reject your proposed site for each FIRE Fitness Camp® Business. For each accepted FIRE Fitness Camp® Business site, you must execute the then-current franchise agreement and return it to us within ten (10) days after your receipt of said franchise agreement. In the event we do not receive the properly executed franchise agreement within said ten (10) days from delivery thereof to you, our acceptance of the site shall be void, you shall have no rights with respect to said site and you shall be in default under this Agreement.

3.4 You acknowledge that our acceptance of a particular site for a FIRE Fitness Camp® Business by us shall not be deemed to be an assurance or guaranty that the FIRE Fitness Camp® Business will operate successfully or at a profit from such site.

3.5 You shall be required to execute each franchise agreement and own a minimum of fifty-one percent (51%) equity interest in the franchisee for each FIRE Fitness Camp® Business to be opened pursuant to said franchise agreement. In no event shall you relinquish control over each entity operating each FIRE Fitness Camp® Business.

#### **SECTION 4: DEVELOPMENT RIGHTS AND OBLIGATIONS**

4.1 Subject to the provisions of this Agreement, we grant to you the Development Rights, as described in Section 1.1.

4.2 Provided you are in full compliance with all the terms and conditions of this Agreement, including without limitation your development obligations described in Section 3.2, and you are in full compliance with all of your obligations under all franchise agreements executed pursuant to this Agreement, then during the term of this Agreement neither we nor any of our affiliates will develop or operate or grant franchises for the development or operation of FIRE Fitness Camp® Businesses within the Development Area, except the franchises that are granted to you pursuant to this Agreement and except as otherwise expressly provided in this Agreement. You acknowledge that that the Development Area may already include existing FIRE Fitness Camp® Businesses, and that you may not develop a FIRE Fitness Camp® Business that infringes on the territorial rights of a then-existing FIRE Fitness Camp® Businesses.

4.3 Upon the termination or expiration of this Agreement: (a) you shall have no further right to construct, equip, own, open or operate additional FIRE Fitness Camp® Businesses which are not, at the time of such termination or expiration, the subject of a then-existing franchise agreement between you and us, which is then in full force and effect; and (b) we and our affiliates shall have the right to develop and operate, and to grant to others development rights and franchises to develop and operate, FIRE Fitness Camp® Businesses within the Development Area subject only to the territorial rights granted to you with respect to FIRE Fitness Camp® Businesses operated by you pursuant to the franchise agreements.

4.4 Except as expressly limited by Section 3.2 above, we and our affiliates retain all rights with respect to FIRE Fitness Camp® Businesses, the Marks and the sale of any goods and services, anywhere in the world, including, without limitation, the right:

4.4.1 to offer and sell and to grant others the right to offer and sell the products and services offered at FIRE Fitness Camp® Businesses, within or outside the Development Area, under trade and service marks other than the Marks and under any terms and conditions we deem appropriate;

4.4.2 to own, franchise, establish and license to others to establish or operate FIRE Fitness Camp® Businesses at any location outside the Development Area and on any terms and conditions we deem appropriate and regardless of proximity to your FIRE Fitness Camp® Businesses;

4.4.3 the right to use the Marks and the System to sell any products or services, similar to those which you will sell, through any alternate channels of distribution within or outside of the Development Area. This includes, but is not limited to, other channels of distribution such as Internet, catalog sales and the like, telemarketing or other direct marketing sales or other direct marketing sales or over the Internet (together, the “**Alternative Distribution Channels**”). You may not use Alternative Distribution Channels to make sales outside or inside your Development Area and you will not receive any compensation for our sales through Alternative Distribution Channels;

4.4.4 to engage in any transaction, including to purchase or be purchased by, to merge or combine with, to convert to the System or be converted into a new system with any business, whether franchised or corporately owned, including a business that competes directly with your FIRE Fitness Camp<sup>®</sup> Businesses, wherever located; provided that in such situations, the newly acquired businesses may not operate under the Marks in the Development Area;

4.4.5 the right to implement multi-area marketing programs, which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs; and

4.4.6 to engage in any other business activities not expressly prohibited by the Agreement, both within and outside your Development Area.

We are not required to pay you if we exercise any of the rights specified above within the Development Area. We do not pay compensation for soliciting or accepting orders inside the Development Area.

## **SECTION 5: RENEWAL**

There is no renewal period. Upon expiration of this Agreement you may enter into our then-current area development agreement, subject to our approval and availability.

## **SECTION 6: TERM**

Unless sooner terminated in accordance with the terms of this Agreement, the term of this Agreement and all Development Rights granted hereunder shall expire on the earlier of: (a) the termination date listed on Section 2 of Attachment “C”; or (b) completion of the obligations of the Development Schedule.

## **SECTION 7: YOUR OBLIGATIONS**

7.1 You acknowledge and agree that:

7.1.1 Except as otherwise provided herein, this Agreement includes only the right to select sites for the establishment of FIRE Fitness Camp<sup>®</sup> Business and to submit the same to us for our acceptance in accordance with the terms of this Agreement. This Agreement does not include the grant of a license by us to you of any rights to use the Marks, the System, or to open or operate any FIRE Fitness Camp<sup>®</sup> Businesses within the Development Area. You shall obtain the license to use such additional rights at each FIRE Fitness Camp<sup>®</sup> Business upon the execution of each franchise agreement by both you and us and only in accordance with the terms of each franchise agreement.

7.1.2 The Development Rights granted hereunder are personal to you and cannot be sold, assigned, transferred or encumbered, in whole or in part, except as stated in Section 11 hereof. The

provisions of this Section 7.1.2 shall not restrict you from transferring an open and operating FIRE Fitness Camp<sup>®</sup> Business in compliance with the assignment provisions contained in such FIRE Fitness Camp<sup>®</sup> Business' franchise agreement.

7.1.3 You have sole responsibility for the performance of all obligations arising out of the operation of your FIRE Fitness Camp<sup>®</sup> Businesses developed under this Agreement, including, but not limited to, the payment when due of any and all taxes levied or assessed by reason of such operation.

7.1.4 In all public records, in your relationship with other persons, and in any documents, you shall indicate clearly the independent ownership of your FIRE Fitness Camp<sup>®</sup> Business and that the operations of said FIRE Fitness Camp<sup>®</sup> Business are separate and distinct from the operation of your business as an area developer.

7.1.5 You shall, at all times, preserve in confidence any and all materials and information furnished or disclosed to you by us and you shall disclose such information or materials only to such of your employees or agents who must have access to it in connection with their employment. You shall not at any time, without our prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person.

7.1.6 You shall comply with all requirements of federal, state and local laws, rules and regulations.

7.1.7 You shall at no time have the right to sub-franchise any of your Development Rights hereunder.

7.1.8 In no event shall any FIRE Fitness Camp<sup>®</sup> Business be opened for business unless and until a franchise agreement for such FIRE Fitness Camp<sup>®</sup> Business has been fully executed, all applicable fees (including, but not limited to, the initial franchise fee for such FIRE Fitness Camp<sup>®</sup> Business) have been paid, and you have complied with all of the requirements under the franchise agreement for opening such FIRE Fitness Camp<sup>®</sup> Business.

## **SECTION 8: OUR SERVICES**

We shall, at our expense, provide the following services:

8.1 Review your site selection for conformity to our standards and criteria for selection and acquisition of sites upon our receipt of your written request for acceptance thereof.

8.2 Provide you with standard specifications and layouts for the interior and exterior design, improvements, equipment, furnishings, décor and signs identified with the FIRE Fitness Camp<sup>®</sup> Businesses as we make available to all area developers and franchisees from time to time.

8.3 Review of your site plan and final build-out plans and specifications for conformity to the construction standards and design specifications of the System, upon our receipt of your written request for acceptance thereof.

8.4 Provide on-site evaluations as we deem necessary, and such other resources and assistance as may hereafter be developed and offered by us to our other area developers in our sole discretion.



## SECTION 9: DEFAULT AND TERMINATION

9.1 The occurrence of any of the following events of default shall constitute good cause for us, at our option and without prejudice to any other rights or remedies provided for hereunder or by law or equity, to terminate this Agreement upon notice to you without opportunity to cure the default, except where prohibited by any applicable state or federal law, whereupon this Agreement immediately shall be terminated in accordance with the provisions of any such law:

9.1.1 If you shall, in any respect, fail to comply with the Development Schedule on two or more occasions.

9.1.2 If you shall purport to effect any assignment in violation of Section 11 of this Agreement.

9.1.3 If you make, or have made, any material misrepresentation to us in connection with obtaining this Agreement, any site approval hereunder, or any franchise agreement.

9.1.4 If you default in the performance of any obligation under any franchise agreement with us, provided such default results in the termination of the franchise agreement.

9.1.5 If you suffer a violation of any law, ordinance, rule or regulation of a governmental agency in connection with the operation of any FIRE Fitness Camp<sup>®</sup> Business developed under this Agreement, and permit the same to go uncorrected after notification thereof, unless there is a bona fide dispute as to the violation or legality of such law, ordinance, rule or regulation, and you promptly resort to courts or forums of appropriate jurisdiction to contest such violation or legality.

9.1.6 If you or an owner of yours owning a twenty-five percent (25%) or more interest in you is convicted in a court of competent jurisdiction of an indictable offense punishable by a term of imprisonment in excess of one (1) year.

9.1.7 If you, or any of your partners, if you are a partnership, or any of your officers, directors, shareholders, or members, if you are a corporation or limited liability company, shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; if you are adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian for you or your assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a *supersedeas* bond is filed); if you are dissolved; if execution is levied against you or your property; if suit to foreclose any lien or mortgage against the premises or equipment is instituted against you and not dismissed within thirty (30) days; or if your real or personal property shall be sold after levy thereupon by any sheriff, marshal, or constable.

9.1.8 If you, or any shareholder or principal, if you are corporate entity, or any of your affiliates cease to operate all of the FIRE Fitness Camp<sup>®</sup> Businesses opened pursuant to the terms of this Agreement.

9.2 Upon occurrence of any of the events stated in this Section 9.2, we may, without prejudice to any other rights or remedies contained in this Agreement or provided by law or equity, terminate this Agreement. Such termination shall be effective thirty (30) days after written notice (or such other notice as

may be required by applicable state law) is given by us to you of any of such events, if such defaults are not cured within such period:

9.2.1 If you shall use the System or Marks, or any other names, marks, systems, insignia, symbols or rights which are our property except pursuant to, and in accordance with, a valid and effective franchise agreement.

9.2.2 If you, or persons controlling, controlled by or under common control with you, shall have any interest, direct or indirect, in the ownership or operation of any Competitive Business (as defined in Section 12 below).

9.2.3 If you shall fail to remit to us any payments pursuant to Section 2 when same are due.

9.2.4 If you shall begin work upon any FIRE Fitness Camp<sup>®</sup> Business at any site unless all the conditions stated in Section 3 hereof have been met.

9.2.5 If you fail to obtain our prior written approval or consent, including but not limited to site approval or site plan approval, as expressly required by this Agreement.

9.2.6 If you open any FIRE Fitness Camp<sup>®</sup> Business for business before a franchise agreement for such FIRE Fitness Camp<sup>®</sup> Business has been fully executed and the payments due to us pursuant to Section 2 have been paid.

9.2.7 If you default in the performance of any other obligation under this Agreement.

## **SECTION 10: OBLIGATIONS FOLLOWING TERMINATION**

10.1 Upon termination of this Agreement becoming effective for any reason, or upon expiration of the term hereof, you agree as follows:

10.1.1 To cease immediately any attempts to select sites on which to establish FIRE Fitness Camp<sup>®</sup> Businesses.

10.1.2 To cease immediately to hold yourself out in any way as an area developer of ours or to do anything which would indicate a relationship between you and us.

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

## **SECTION 11: TRANSFER OF INTEREST**

11.1 We shall have the absolute right to transfer or assign all or any part of our rights or obligations hereunder to any person or legal entity which assumes its obligation under this Agreement and we shall thereby be released from any and all further liability to you.

11.2 Area Developer may not assign this Agreement or any rights to the Development Area. The provisions of this Section shall not restrict Area Developer from transferring an open and operating FIRE Fitness Camp<sup>®</sup> Business in compliance with the assignment provisions contained in such FIRE Fitness Camp<sup>®</sup> Business' franchise agreement.

## SECTION 12: COVENANTS

12.1 You specifically acknowledge that, pursuant to this Agreement, you will receive valuable training and confidential information, including, without limitation, System standards, market research, advertising and promotional campaigns, approved suppliers, operating results of FIRE Fitness Camp<sup>®</sup> Businesses, proprietary software, the terms of this Agreement, the FIRE Fitness Camp<sup>®</sup> Business franchise operations manual, and graphic designs and other intellectual property. You covenant that during the term of this Agreement, except as otherwise approved in writing by us, you and persons controlling, controlled by or under common control with you shall not, either directly or indirectly, for yourself/himself, or through, on behalf of or in conjunction with any person, persons or legal entity:

12.1.1 Divert or attempt to divert any business or client of the FIRE Fitness Camp<sup>®</sup> Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

12.1.2 Own, maintain, advise, help, invest in, make loans to, be employed by, engage in or have any interest in any business other than a FIRE Fitness Camp<sup>®</sup> Business (including any FIRE Fitness Camp<sup>®</sup> Business operated by you prior to entry into this Agreement), which business is of a character and concept similar to the FIRE Fitness Camp<sup>®</sup> Business, including a business which provides goods or services equivalent to FIRE Fitness Franchise Services and Products or any business which grants franchises or licenses to others to operate such a business (a “**Competitive Business**”).

12.2 You covenant that, except as otherwise approved in writing by us, you shall not, for a continuous and uninterrupted period commencing upon the expiration or termination of this Agreement, and continuing for two (2) years thereafter (and, in case of any violation of this covenant, for two (2) years after the violation ceases), either directly or indirectly, for yourself, or through, on behalf of or in conjunction with any person, persons, partnership or corporation, own, maintain, advise, help, invest in, make loans to, be employed by, engage in or have any interest in any Competitive Business which is located within twenty-five (25) miles of any FIRE Fitness Camp<sup>®</sup> Business in the System.

12.3 Subsections 12.1.3 and 12.2 of this Section shall not apply to ownership by you of less than a five percent (5%) beneficial interest in the outstanding equity securities of any corporation which is registered and publicly-traded under the Securities Exchange Act of 1934.

12.4 The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 12 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which we are a party, you expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 12.

12.5 You understand and acknowledge that we shall have the right, in our sole discretion, to reduce the scope of any covenant stated in Sections 12.1 and 12.2 or any portion thereof, without your consent, effective immediately upon receipt by you of written notice thereof, and you agree that you shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 16 hereof.

12.6 You expressly agree that the existence of any claim you may have against us, whether or not arising from this Agreement, shall not constitute a defense to our enforcement of the covenants in this Section 12.

12.7 You acknowledge that any failure to comply with the requirements of this Section 12 would cause us irreparable injury for which no adequate remedy at law may be available, and you hereby accordingly consent to our seeking injunctive and other equitable relief, without the need of bond, and without first requesting mediation or arbitration against you, from any state or federal court within the jurisdiction in which we have our principal place of business (currently Waupaca County, Wisconsin), or in any other state or federal district court of competent jurisdiction. We may further avail ourselves of any other legal or equitable rights and remedies which we may have under this Agreement or otherwise. You consent to the exercise of personal jurisdiction over you by these courts, and to the propriety of venue in these courts with respect to the entry of these temporary and permanent injunctions.

12.8 At our request, you shall require and obtain the execution of covenants similar to those described in this Section 12 (including covenants applicable upon the termination of a person's relationship with you) from any or all of the following persons:

12.8.1 All managers of yours who have received training from us;

12.8.2 All officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities of you and of any entity directly or indirectly controlling you, if you are a corporation or limited liability company; and

12.8.3 The general partners and any limited partners (including any corporation, and the officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities of any corporation which controls, directly or indirectly, any general or limited partner), if you are a partnership.

Each covenant required by this Section 12.8 shall be in a form satisfactory to us, including, without limitation, specific identification of us as a third party beneficiary of such covenants with the independent right to enforce them. Your failure to obtain execution of a covenant required by this Section 12.8 shall constitute a default under Section 9 hereof.

12.9 During the term of this Agreement, an officer or agent of ours shall have the right to inspect any FIRE Fitness Camp<sup>®</sup> Business in which you have an interest at reasonable times and during normal business hours to the extent reasonably necessary to determine whether the conditions of this Section 12 are being satisfied. If, by reason of such inspections or otherwise, we have reason to believe that you are not in full compliance with the terms of this Section, we shall give notice of such default to you, specifying the nature of such default. If you deny that you are in default hereunder, as specified by us, you shall have the burden of establishing that such default does not exist and shall give notice to us of your position within ten (10) days of receipt of the notice from us. Unless you so deny such default, you shall immediately take all steps to cure said default in a manner satisfactory to us.

### **SECTION 13: NOTICES**

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by certified or registered mail, return receipt requested, overnight delivery service or facsimile to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor: Fire Fitness Affiliation, LLC  
Attn: Hans Hartleben  
3050 Village Park Drive  
Plover, WI 54467

Notices to you: Notice Address set forth in Attachment "A" of this Agreement

Any notice by certified or registered mail shall be deemed to have been given at the date and time of mailing.

#### **SECTION 14: INDEPENDENT CONTRACTOR AND INDEMNIFICATION**

14.1 It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other for any purpose whatsoever. Each party to this Agreement is an independent contractor, and neither shall be responsible for the debts or liabilities incurred by the other.

14.2 You shall hold yourself out to the public to be an independent contractor operating pursuant to this Agreement. You agree to take such actions as shall be necessary to that end.

14.3 You understand and agree that nothing in this Agreement authorizes you to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name, and that we assume no liability for, nor shall be deemed liable by reason of, any act or omission of yours or any claim or judgment arising therefrom. You shall indemnify and hold us and our affiliates, and our respective shareholders, directors, officers, employees, agents, representatives, successors and assigns (the "**Indemnified Parties**") from and against, and to reimburse any one or more of the Indemnified Parties for, any and all claims, obligations and damages directly or indirectly arising out of the business you conduct under this Agreement, your violation or breach of any contract, federal, state, or local law, regulation, ruling, standard, or directive or of any industry standard; libel, slander or any other form of defamation by you, or your breach of this Agreement. For purposes of this indemnification, "claims" include all obligations, damages (actual, consequential, punitive or otherwise) and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, and other expenses of litigation, arbitration or alternative dispute resolution, including travel and living expenses, regardless of whether litigation, arbitration or alternative dispute resolution is commenced.

Each Indemnified Party may defend and control the defense of any claim against it which is subject to this indemnification at your expense, and you may not settle any claim or take any other remedial, corrective or other actions relating to any claim without our consent. Additionally, an Indemnified Party may, at any time, settle any claim against it for which it is entitled to seek indemnity, and you shall reimburse the Indemnified Party for any amount that the Indemnified Party paid under the settlement terms. This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from an insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from you.

## **SECTION 15: APPROVALS**

15.1 Whenever this Agreement requires our prior approval or consent, you shall make a timely written request to us for such approval or consent, and, except as otherwise provided herein, any approval or consent granted shall be in writing.

15.2 We make no warranties or guaranties upon which you may rely, and assume no liability or obligation to you or any third party to which we would not otherwise be subject, by providing any waiver, approval, advise, consent or services to you in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

## **SECTION 16: NON-WAIVER**

No failure of ours to exercise any power reserved to us under this Agreement or to insist upon compliance by you with any obligation or condition in this Agreement, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of our rights to demand exact compliance with the terms of this Agreement. Our waiver of any particular default shall not affect or impair our right with respect to any subsequent default of the same or of a different nature; nor shall any delay, forbearance or omission of ours to exercise any power or right arising out of any breach or default by you of any of the terms, provisions or covenants of this Agreement affect or impair our rights, nor shall such constitute a waiver by us of any rights hereunder or rights to declare any subsequent breach or default.

## **SECTION 17: SEVERABILITY AND CONSTRUCTION**

17.1 Each covenant and provision of this Agreement shall be construed as independent of any other covenant or provision of this Agreement. The provisions of this Agreement shall be deemed severable.

17.2 If all or any portion of a covenant or provision of this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a decision to which we are a party, you expressly agree to be bound by any lesser covenant or provision imposing the maximum duty permitted by law which is subsumed within the terms of such covenant or provision, as if that lesser covenant or provision were separately stated in and made a part of this Agreement.

17.3 Nothing in this Agreement shall confer upon any person or legal entity other than us or you, and such of our respective successors and assigns as may be contemplated by Section 11 hereof, any rights or remedies under or by reason of this Agreement.

17.4 All captions in this Agreement are intended solely for the convenience of the parties and none shall be deemed to affect the meaning or construction of any provision hereof.

17.5 All references herein to gender and number shall be construed to include such other gender and number as the context may require, and all acknowledgments, promises, covenants, agreements and obligations herein made or undertaken by you shall be deemed jointly and severally undertaken by all those executing this Agreement on your behalf.

17.6 This Agreement may be executed in triplicate, or such other number as is required, and each copy of the executed Agreement shall be deemed an original.

## **SECTION 18: ENTIRE AGREEMENT; APPLICABLE LAW**

This Agreement, the documents referred to herein and the Attachments attached hereto constitute the entire, full and complete agreement between us and you concerning the subject matter hereof and supersede any and all prior agreements; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us. No amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. This Agreement shall be interpreted and construed under the laws of the State of Wisconsin without regard to the application of Wisconsin conflict of law rules, and the parties hereto consent to irrevocably submit to the jurisdiction of all courts located within the County of Waupaca.

## **SECTION 19: DISPUTE RESOLUTION**

19.1 We and you acknowledge that during the term of this Agreement disputes may arise between the parties that may be resolvable through mediation. To facilitate such resolution, we and you agree that each party shall submit the dispute between them for non-binding mediation before commencing an arbitration proceeding under Section 19.3. Such mediation will be conducted in the city of or closest to our principal place of business (currently Waupaca County, Wisconsin). The mediation will be conducted by one (1) mediator who is appointed under the American Arbitration Association's Commercial Mediation Rules and who shall conduct the mediation in accordance with such rules. We and you agree that statements made by us, you or any other party in any such mediation proceeding will not be admissible in any arbitration or other legal proceeding. Each party shall bear its own costs and expenses of conducting the mediation and share equally the costs of any third parties who are required to participate in the mediation.

19.2 If any dispute between the parties cannot be resolved through mediation within forty-five (45) days following the appointment of the mediator, the parties agree to submit such dispute to arbitration subject to the terms and conditions of Section 19.3.

19.3 Except for certain claims subject to injunctive relief under Sections 12 or 19.4, all disputes, claims and controversies between the parties arising under or in connection with this Agreement or the making, performance or interpretation thereof (including claims of fraud in the inducement and other claims of fraud and the arbitrability of any matter) which have not been settled through negotiation or mediation will be submitted to final and binding arbitration in the city of or closest to our principal place of business (currently Waupaca County, Wisconsin) as the sole and exclusive remedy for any such controversy or dispute. The arbitrator(s) will have a minimum of five (5) years of experience in franchising or distribution law and will have the right to award specific performance of this Agreement. If the parties cannot agree upon a mutually agreeable arbitrator, then the arbitration shall be conducted as per the selection method set forth in the Wisconsin Statutes. The proceedings will be conducted under the commercial arbitration rules of the American Arbitration Association, to the extent such rules are not inconsistent with the provisions of this arbitration provision or the Wisconsin Statutes. The decision of the arbitrator(s) will be final and binding on all parties. This Section will survive termination or non-renewal of this Agreement under any circumstances. Judgment upon the award of the arbitrator(s) may be entered in any court having jurisdiction thereof. During the pendency of any arbitration proceeding, you and we shall fully perform our respective obligations under this Agreement. Except for claims excluded from mediation and arbitration herein, the arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, enforceability or formation of this Agreement including, but not limited to any claim that all or any part of this Agreement is void or voidable.

19.4 With respect to any claims, controversies or disputes which are not finally resolved through arbitration, or as otherwise provided above, you and your owners hereby irrevocably submit themselves to

the jurisdiction of the state and federal courts with jurisdiction in the city where our principal place of business is located (currently Waupaca County, Wisconsin). You and your owners hereby consent to and waive all objections to personal jurisdiction and venue for the purpose of carrying out this provision. You and your owners hereby agree that service of process may be made upon you and any of them in any proceeding relating to or arising out of this Agreement or the relationship created by this Agreement by any means allowed by applicable Wisconsin or federal law. You and your owners agree that mandatory venue for any proceeding relating to or arising out of this Agreement shall be in the city of or closest to our principal place of business (currently Waupaca County, Wisconsin); provided, however, with respect to any action (1) for monies owed, (2) for injunctive or other extraordinary relief or (3) involving possession or disposition of, or other relief relating to, real property, we may bring such action in any state or federal district court which has jurisdiction. With respect to all claims, controversies, disputes or actions, related to this Agreement or the relationship created thereby, this Agreement and any such related claims, controversies, disputes or actions shall be governed, enforced and interpreted under Wisconsin law.

19.5 You, your owners and we acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 19.4 above provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising out of this Agreement or the parties' relationship created by this Agreement. Each of you, your owners and we further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

19.6 You, your owners and we acknowledge that the execution of this Agreement and acceptance of the terms by the parties occurred in Waupaca County, Wisconsin.

19.7 You, your owners and we hereby waive, to the fullest extent permitted by law, any right to or claim or any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against either party, their officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, either party shall be limited to the recovery of any actual damages sustained by it. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions of waiver by agreement of punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) shall continue in full force and effect.

19.8 If we are required to enforce this Agreement in a judicial or arbitration proceeding, you shall reimburse us for our costs and expenses, including, without limitation, reasonable accountants', attorneys', attorney assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by you to comply with this Agreement, you shall reimburse us for any of the above-listed costs and expenses incurred by us.

## **SECTION 20: TIMELY PERFORMANCE**

You hereby acknowledge that your timely development of the FIRE Fitness Camp<sup>®</sup> Businesses in the Development Area in accordance with the Development Schedule is of material importance to us and you. You agree, as a condition of the continuance of the rights granted hereunder, to develop and open FIRE Fitness Camp<sup>®</sup> Businesses within the Development Area in accordance with the Development Schedule, to operate such FIRE Fitness Camp<sup>®</sup> Businesses pursuant to the terms of the franchise agreements



applicable thereto, and to maintain all such FIRE Fitness Camp® Businesses in operation continuously. We agree to diligently act upon any request of or approval from you and any material delay in your ability to meet the Development Schedule which is directly caused by our failure to act diligently upon a request for approval shall not constitute a default hereunder. In the event that you are unable to comply with the Development Schedule due to act of God, strike, lock-out or other industrial disturbance, war (declared or undeclared), terrorist event, riot, epidemic, fire or other catastrophe, act of any government and any other similar cause which is beyond your control and cannot be overcome by use of normal commercial measures (“Force Majeure”), then upon notice to us, the Development Schedule and this Agreement shall be extended for a corresponding period, not to exceed 90 days. An event of Force Majeure does not relieve a party from liability for an obligation which arose before the occurrence of the event, nor does that event affect any obligation to pay money owed under this Agreement or any franchise agreement or to indemnify us, whether such obligation arose before or after the Force Majeure event. An event of Force Majeure shall not affect your obligations to comply with any restrictive covenants in this Agreement during or after the Force Majeure event.

**IN WITNESS WHEREOF**, the parties hereto have duly executed this Agreement, effective on the effective date specified in Attachment “A” of this Agreement.

FIRE Fitness Affiliation, LLC  
a Wisconsin limited liability company

AREA DEVELOPER:  
\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Name: Hans Hartleben  
Title: Chief Executive Officer

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

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

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

**ATTACHMENT "A"**  
**DATA SHEET**

1. Effective Date. The effective date of the Area Development Agreement set forth in the introductory Paragraph of the Area Development Agreement is: \_\_\_\_\_.
2. Area Developer. The Area Developer set forth in the introductory Paragraph of the Area Development Agreement is: \_\_\_\_\_
3. Area Developer's Principal Address: The Area Developer's principal address set forth in the introductory Paragraph of the Area Development Agreement is :

Attn: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

4. Notice Address. The notice address for Area Developer, as set forth in Section 13 of the Area Development Agreement is:

Attn: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

5. Number of Units. The number of units to be developed under the Area Development Agreement is: \_\_\_\_\_.
6. Development Fee. The Development Fee, as set forth in Section 2 of the Area Development Agreement: \$ \_\_\_\_\_

**AREA DEVELOPER**

**FIRE FITNESS AFFILIATION, LLC**

\_\_\_\_\_

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

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

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

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

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

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

**ATTACHMENT "B"**  
**DEVELOPMENT AREA**

The Development Area set forth in Section 1.1 of this Agreement shall be the geographic area described below and/or as depicted on the following map:

**AREA DEVELOPER**

**FIRE FITNESS AFFILIATION, LLC**

\_\_\_\_\_

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

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

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

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

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

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

**ATTACHMENT "C"**  
**DEVELOPMENT SCHEDULE**

1. The total number of FIRE Fitness Camp® Businesses to be developed under this Agreement (including the Initial Business): \_\_\_\_\_.
2. The termination date of this Agreement shall be the earlier of the date the Development Schedule is complete or \_\_\_\_\_.
3. Development Schedule:

<b>FIRE Fitness Camp® Franchise</b>	<b>Development Period Ending Date</b>	<b>Franchise Agreement Execution Deadline</b>
1		Date of execution of Area Development Agreement
2		
3		
4		
5		

**AREA DEVELOPER**

**FIRE FITNESS AFFILIATION, LLC**

\_\_\_\_\_

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

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

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

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

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

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

**ATTACHMENT "D"**  
**STATEMENT OF OWNERSHIP**

Area Developer: \_\_\_\_\_

Form of Ownership  
(Check One)

\_\_\_ Individual \_\_\_ Partnership \_\_\_ Corporation \_\_\_ Limited Liability Company

If a Partnership, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.

If a Corporation, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

If a Limited Liability Company, give the state and date of formation, the name of the manager(s), and list the names and addresses of every member and the percentage of membership interest held by each member.

State and Date of Formation: \_\_\_\_\_

**Management (managers, officers, board of directors, etc.):**

Name	Title

**Members, Stockholders, Partners\*:**

Name	Address	Percentage Owned

**\*If any members, stockholders or partners are entities, please list the owners of such entities up through the individuals.**

Use additional sheets if necessary. Any and all changes to the above information must be reported to Fire Fitness Affiliation, LLC in writing.

**AREA DEVELOPER**

\_\_\_\_\_

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

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

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

**EXHIBIT D**

**FINANCIAL STATEMENTS**

**AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31,  
2021, DECEMBER 31, 2022 AND DECEMBER 31, 2023**

# **FIRE FITNESS AFFILIATION LLC**

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## **Financial Statements**

**For the Years Ended  
December 31, 2023, 2022 and 2021**

KerberRose KerberRose



**FIRE FITNESS AFFILIATION LLC****Table of Contents****December 31, 2023, 2022 and 2021**

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	<u>Page</u>
<b>INDEPENDENT AUDITORS' REPORT</b>	1 - 2
<b>FINANCIAL STATEMENTS</b>	
Balance Sheets	3
Statements of Income and Members' Equity	4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 11



## Independent Auditors' Report

To the Members  
FIRE Fitness Affiliation LLC  
Plover, Wisconsin

### Opinion

We have audited the accompanying financial statements of FIRE Fitness Affiliation LLC, (a Wisconsin limited liability company), which comprise the balance sheets as of December 31, 2023, 2022 and 2021, and the related statements of income and members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FIRE Fitness Affiliation LLC as of December 31, 2023, 2022 and 2021, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of FIRE Fitness Affiliation LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 FIRE Fitness Affiliation LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about FIRE Fitness Affiliation 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.

*KerberRose*  
**KerberRose SC**  
**Certified Public Accountants**  
Shawano, Wisconsin  
April 1, 2024

## **FINANCIAL STATEMENTS**

**FIRE FITNESS AFFILIATION LLC**  
Balance Sheets  
As of December 31, 2023, 2022 and 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>CURRENT ASSETS</b>			
Cash	\$ 40,056	\$ 53,449	\$ 54,353
Accounts Receivable	25,339	25,800	20,641
Inventory	67,518	24,714	7,099
<b>Total Current Assets</b>	<u>132,913</u>	<u>103,963</u>	<u>82,093</u>
<b>PROPERTY AND EQUIPMENT</b>			
Leasehold Improvements	15,951	24,951	9,000
Equipment	19,422	19,422	15,191
Right of Use Assets	38,135	128,497	-
Office Equipment	15,421	43,942	33,813
Total Property and Equipment	<u>88,929</u>	<u>216,812</u>	<u>58,004</u>
Less Accumulated Depreciation	34,711	61,691	14,848
<b>Net Property and Equipment</b>	<u>54,218</u>	<u>155,121</u>	<u>43,156</u>
<b>OTHER ASSETS</b>			
Security Deposits	8,500	4,000	4,000
Due from Related Party	140,485	165,074	150,794
<b>Total Other Assets</b>	<u>148,985</u>	<u>169,074</u>	<u>154,794</u>
<b>TOTAL ASSETS</b>	<u>\$ 336,116</u>	<u>\$ 428,158</u>	<u>\$ 280,043</u>
<b>CURRENT LIABILITIES</b>			
Current Portion of Operating Lease Liability	\$ 10,326	\$ 46,007	\$ -
Current Portion of Long-Term Debt	6,800	10,000	12,667
Accounts Payable	4,031	1,071	11,195
Credit Card Payable	7,552	8,505	10,244
Sales Tax Payable	771	986	481
Accrued Interest	7,062	13,938	9,234
Deferred Revenue	-	-	2,985
Accrued Payroll and Payroll Taxes	19,155	44,567	17,192
<b>Total Current Liabilities</b>	<u>55,697</u>	<u>125,074</u>	<u>63,998</u>
<b>LONG-TERM LIABILITIES</b>			
Notes Payable	143,200	150,000	150,000
Operating Lease Liability	6,098	39,795	-
<b>Total Long-Term Liabilities</b>	<u>149,298</u>	<u>189,795</u>	<u>150,000</u>
<b>TOTAL LIABILITIES</b>	<u>204,995</u>	<u>314,869</u>	<u>213,998</u>
<b>MEMBERS' EQUITY</b>	<u>131,121</u>	<u>113,289</u>	<u>66,045</u>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<u>\$ 336,116</u>	<u>\$ 428,158</u>	<u>\$ 280,043</u>

See Accompanying Notes

**FIRE FITNESS AFFILIATION LLC**  
 Statements of Income and Members' Equity  
 For the Years Ended December 31, 2023, 2022 and 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>REVENUES</b>	\$ 1,179,412	\$ 1,149,463	730,861
<b>COST OF GOODS</b>	<u>468,351</u>	<u>426,271</u>	<u>270,689</u>
<b>GROSS PROFIT</b>	<u>711,061</u>	<u>723,192</u>	<u>460,172</u>
<b>OPERATING EXPENSES</b>			
Salaries	216,785	233,288	162,686
Payroll Taxes	19,655	19,379	18,568
Contracted Services	150	1,097	16,252
Advertising	27,342	41,870	18,702
Auto Expense	16,384	13,467	7,813
Bank and Credit Card Fees	16,819	16,192	11,451
Depreciation	11,881	9,871	5,330
Dues and Subscriptions	49,933	38,371	16,037
Events	24,265	817	739
Insurance	4,284	5,402	3,254
Licenses	181	593	391
Training and Education	2,007	-	-
Meals, Entertainment and Travel	4,504	15,454	6,251
Miscellaneous	2,395	12,005	9,870
Office	17,465	18,295	15,390
Professional Fees	36,655	44,229	33,515
Rent	39,289	39,500	22,725
Repairs and Maintenance	247	957	3,897
Shipping and Delivery	9,793	9,785	5,093
Supplies	-	-	295
Telephone	2,611	3,109	3,070
Utilities	4,314	4,255	3,758
Website Maintenance and Fees	3,294	5,104	1,025
<b>TOTAL OPERATING EXPENSES</b>	<u>510,253</u>	<u>533,040</u>	<u>366,112</u>
<b>INCOME FROM OPERATIONS</b>	<u>200,808</u>	<u>190,152</u>	<u>94,060</u>
<b>OTHER INCOME</b>			
Paycheck Protection Loan Forgiven	-	-	21,800
Loss on Disposal of Equipment and Leasehold Improvements	(16,151)	-	-
Miscellaneous	9,705	3,268	5,000
Interest Expense	(8,910)	(9,001)	(5,703)
<b>TOTAL OTHER INCOME</b>	<u>(15,356)</u>	<u>(5,733)</u>	<u>21,097</u>
<b>NET INCOME</b>	185,452	184,419	115,157
<b>MEMBERS' EQUITY - BEGINNING</b>	113,289	66,045	75,722
<b>CONTRIBUTIONS BY MEMBERS</b>	10,000	2,825	24,816
<b>DRAWS BY MEMBERS</b>	<u>(177,620)</u>	<u>(140,000)</u>	<u>(149,650)</u>
<b>MEMBERS' EQUITY - ENDING</b>	<u>\$ 131,121</u>	<u>\$ 113,289</u>	<u>\$ 66,045</u>

See Accompanying Notes

**FIRE FITNESS AFFILIATION LLC**  
 Statements of Cash Flows  
 For the Years Ended December 31, 2023, 2022 and 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net Income	\$ 185,452	\$ 184,419	\$ 115,157
Adjustments to Reconcile Net Income to Net Cash Flows			
From Operating Activities:			
Depreciation	11,881	9,871	5,330
Amortization of Right to Use Assets	49,500	36,972	-
Contributions from Members for Expenses	10,000	2,825	4,816
Loss on Disposal of Equipment and Leasehold Improvements	16,151	-	-
Changes in Current Assets and Current Liabilities			
Accounts Receivable	461	(5,159)	(13,878)
Inventory	(42,804)	(17,615)	(1,464)
Security Deposit	(4,500)	-	(4,000)
Accounts Payable	2,960	(10,124)	11,195
Credit Card Payable	(953)	(1,739)	10,244
Sales Tax Payable	(215)	505	(7,609)
Accrued Interest	(6,876)	4,704	5,703
Deferred Revenue	-	(2,985)	2,985
Lease Liability	(46,007)	(42,695)	-
Accrued Payroll and Payroll Taxes	(25,412)	27,375	16,549
<b>Net Cash Flows From Operating Activities</b>	<u>149,638</u>	<u>186,354</u>	<u>145,028</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Repayment From (Loan to) Related Party	24,589	(14,280)	5,804
Purchases of Property and Equipment	-	(30,311)	(22,987)
<b>Net Cash Flows From Investing Activities</b>	<u>24,589</u>	<u>(44,591)</u>	<u>(17,183)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payments on Note Payable - Member	(10,000)	(2,667)	(2,667)
Draws by Members	(177,620)	(140,000)	(114,317)
<b>Net Cash Flows From Financing Activities</b>	<u>(187,620)</u>	<u>(142,667)</u>	<u>(116,984)</u>
<b>NET CHANGE IN CASH</b>	(13,393)	(904)	10,861
<b>CASH - BEGINNING</b>	<u>53,449</u>	<u>54,353</u>	<u>43,492</u>
<b>CASH - ENDING</b>	<u>\$ 40,056</u>	<u>\$ 53,449</u>	<u>\$ 54,353</u>
<b>NONCASH TRANSACTIONS</b>			
Contribution by Member for Payment on Note Payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,000</u>
Redemption of Member Interest Through Issuance of Note Payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,333</u>
Abandonment of Right of Use Asset	<u>\$ 23,371</u>	<u>\$ -</u>	<u>\$ -</u>
Abandonment of Right of Use Liability	<u>\$ 23,371</u>	<u>\$ -</u>	<u>\$ -</u>
Capital Assets Obtained Through Operating Leases	<u>\$ -</u>	<u>\$ 128,497</u>	<u>\$ -</u>

See Accompanying Notes

# FIRE FITNESS AFFILIATION LLC

Notes to Financial Statements  
December 31, 2023, 2022 and 2021

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## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of FIRE Fitness Affiliation LLC (Company) is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

### NATURE OF OPERATIONS

FIRE Fitness Affiliation LLC is a franchisor of fitness programs and methods for use in providing personal training and fitness services to retail customers. The franchisees will operate as "FIRE Fitness Camp" under agreements with the Company.

### BASIS OF ACCOUNTING

The Company uses the accrual method of accounting.

### CASH

For purposes of the statements of cash flows, cash is defined as demand deposits including checking and savings accounts.

### ACCOUNTS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the company that are subject to the guidance in FASB ASC 326 were trade accounts receivable.

The standard was adopted effective January 1, 2023. The impact of the adoption was not considered material to the financial statements.

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management considers the amounts fully collectible, therefore no estimated expected credit loss is provided for.

### INVENTORY

Inventory is stated at the lower of cost using the first in first out (FIFO) cost method of valuation or net realizable value.

### PROPERTY, EQUIPMENT AND DEPRECIATION

Property and equipment is recorded at cost and is depreciated using the straight-line method over the estimated useful live of the assets. The estimated useful lives used in computing depreciation are:

Office Equipment and Equipment	5 – 10 Years
Leasehold Improvements	3 Years

Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are reduced, and any gain or loss is included in operations.



# FIRE FITNESS AFFILIATION LLC

Notes to Financial Statements  
December 31, 2023, 2022 and 2021

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### INCOME TAXES

The Company has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Accordingly, the financial statements do not include a provision for income taxes because the earnings and losses are included in the members' personal income tax returns.

The Company follows the provision of uncertain tax positions as addressed in Financial Accounting Standards Board accounting standards. The Company has no uncertain tax positions at December 31, 2023. The Company continually evaluates its tax position, changes in tax law and new authoritative rulings for potential implications to its tax status.

The Company files income tax returns in the U.S. federal jurisdiction and the Wisconsin state jurisdiction.

### FRANCHISING

In general, the Company's franchise agreements provide for the payment of a franchise fee for each opened franchised retail location. Franchisees pay contributing fees of \$995 per month or 7% of sales depending on the date the franchise agreement was signed. Subject to approval, a franchisee may generally renew its agreement upon expiration.

Initial franchise fees, which may be up to \$25,000, are generally recognized when substantially all services or conditions relating to the franchise sale have been performed or satisfied by the Company. Services provided by the Company include assistance in site selection, personnel training, and implementation of a point of sale system. The Company has elected the practical expedient allowed by accounting principles generally accepted in the United States of America to treat pre-opening services as distinct from the franchise license and as a single performance obligation. Franchisees may also add more locations to their franchise agreement.

Franchise fee revenue consists of the following:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Initial Franchise Fees, Including Additional Locations	\$ 89,995	\$ 50,000	\$ 71,485
Continuing Fees	303,964	257,403	211,389
	<u>\$ 393,959</u>	<u>\$ 307,403</u>	<u>\$ 282,874</u>

Revenue from continuing fees is recognized under the terms of the contract with the customer at the amount of consideration the Company receives in exchange for transferring the good or service to the customer. Based on the services provided by the Company, the Company satisfies its performance obligations at a point in time.

Revenue from franchisee orders of supplements, equipment, supplies, and additional training is recognized based on the amount of consideration the Company receives in exchange for transferring the good or services to the customer. The Company satisfies its performance obligations at a point in time.

At December 31, 2023, 2022 and 2021, accounts receivable resulting from contracts with customers was as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Opening Balance	\$ 25,800	\$ 20,641	\$ 6,763
Ending Balance	\$ 25,339	\$ 25,800	\$ 20,641

## **FIRE FITNESS AFFILIATION LLC**

Notes to Financial Statements  
December 31, 2023, 2022 and 2021

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **ADVERTISING**

Advertising costs, which are principally included in operating expenses, are expensed as incurred. Advertising expenses was \$27,342, \$41,870 and \$18,702 for the years ended December 31, 2023, 2022 and 2021, respectively.

#### **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 certain reported amounts and disclosures. Accordingly, actual results may differ from these estimates, and such differences may be material.

#### **LEASES**

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Company adopted the standard effective January 1, 2022 and recognized and measured leases existing at January 1, 2022 (the beginning of the period of adoption) with certain practical expedients available. Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance in FASB ASC 840.

The Company elected the available practical expedients to account for an existing operating lease as an operating lease under the new guidance without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of operating lease would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at least commencement.

In addition the Company elected to utilize its incremental borrowing rate for the building lease based on information available at the commencement of the lease as an implicit rate could not be determined. The Company was able to determine the implicit rate for the vehicle leases which was utilized.

As a result of the adoption of the new lease accounting guidance, the Company recognized on January 1, 2022, a lease liability which represents the present value of the remaining operating lease payments, discounted using the applicable rate, and a right-of-use asset, which represents the operating lease liability. See Note 2.

**FIRE FITNESS AFFILIATION LLC**

Notes to Financial Statements  
December 31, 2023, 2022 and 2021

**NOTE 2 - LEASES**

The Company leased its operating facility from an unrelated party. The terms of this lease called for minimum rent payments of \$3,750 monthly, with lease maturity on August 31, 2024. The lease was terminated early at no cost as of December 31, 2023.

The Company leases two vehicles from unrelated parties. One of leases calls for minimum rent payments of \$750 monthly, with a maturity on September 30, 2024. The second lease which commenced October 17, 2022, calls for minimum lease payments of \$670 monthly, with lease maturity on December 17, 2025.

As disclosed in Note 1, the Company adopted FASB ASC 842, *Leases*, on January 1, 2022, using the effective date method, resulting in a ROU asset and related lease liability of \$108,416, with no adjustment to prior-year balance sheet information. An additional ROU asset and liability of \$20,081 was recognized for the lease which commenced during the year. The agreements for the vehicles do contain material residual value guarantees.

Additional information about the Company's leases for the years ended December 31, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Operating Leases	\$ 38,135	\$ 128,497
Current Portion of Operating Leases	\$ 10,326	\$ 46,007
Noncurrent Portion of Operating Leases	\$ 6,098	\$ 39,795
<u>Operating Lease Costs:</u>		
Rent	\$ 35,550	\$ 39,500
Automobile Expense	13,462	7,508
Total Lease Costs	\$ 49,012	\$ 47,008
Weighted Average Remaining Operating Lease Term (Years)	1.62	1.93
Weighted Average Operating Leases Discount Rate	6.54%	4.53%
<u>Other Information:</u>		
Operating Cash Flows from Operating Leases	\$ 46,007	\$ 42,695
Right-of-Use Assets Obtained in Exchange for Operating Lease Obligation	\$ -	\$ 128,496

Future minimum lease payments under non-cancellable operating leases as of December 31, 2023 were as follows:

	<u>2023</u>
Year Ending December 31:	
2024	\$ 14,040
2025	8,040
2026	670
Total Lease Payments	22,750
Less: Present Value Discount	6,326
Present Value of Lease Liabilities	\$ 16,424

The Company entered into a thirty-six month operating lease agreement for a building which commences on March 1, 2024 at a rate of \$4,500 per month.

## FIRE FITNESS AFFILIATION LLC

Notes to Financial Statements  
December 31, 2023, 2022 and 2021

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### NOTE 2 - LEASES (Continued)

Leases disclosures for prior to the adoption of ASC 842 were as follows. The Company had a lease agreement dated August 1, 2018 with an unrelated party for real estate. The rent was \$1,275 per month through August 2021. The Company moved locations and entered a three-year lease agreement for \$3,750 per month commencing September 1, 2021. Rent expense for the year ended December 31, 2021 was \$22,725.

The Company entered into a three-year lease agreement with Ford Financial in September 2021 which requires monthly payments of \$750. The expense for the year ended December 31, 2021 was \$2,997.

### NOTE 3 - RELATED PARTY

The Company has advanced funds of \$140,485, \$165,074 and \$150,794 to a member at December 31, 2023, 2022 and 2021, respectively. The advance is unsecured, bears no interest and does not have specific repayment terms.

### NOTE 4 - LINE OF CREDIT

The Company entered into an agreement with a financial institution for a line of credit that matures January 24, 2025. The Company can borrow up to \$130,000 on a demand basis. Borrowings under this agreement provide for interest at the financial institution's prime rate plus 2.5%. The line of credit is secured by general business security agreement.

### NOTE 5 - NOTES PAYABLE

The Company entered into an agreement with one of its members to repurchase their interest in the Company. The original agreement was for \$100,000 and required a \$20,000 down-payment. The agreement was modified to \$35,333. The balance of \$15,333 is being paid with a monthly payment of \$1,333 and a final payment of \$10,000. The note is non-interest bearing and is unsecured.

The Company borrowed \$150,000 from the Small Business Administration during 2021. The payments were initially deferred and interest accumulated at 3.75%. Payments in the amount of \$1,000 commenced in December of 2022. Payments will be applied to accrued interest prior to application to principal. The note is unsecured.

Future principal payments will be as follows:

2024	\$	6,800
2025		6,663
2026		6,921
2027		7,189
2028		7,455
Thereafter		114,972
	\$	<u>150,000</u>

## **FIRE FITNESS AFFILIATION LLC**

Notes to Financial Statements  
December 31, 2023, 2022 and 2021

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### **NOTE 5 - PAYCHECK PROTECTION PROGRAM**

During 2021, the Company qualified for and received another loan pursuant to the Paycheck Protection Program (PPP), a program implemented by the U.S Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender for an aggregate principal amount of \$21,800. The principal amount of the PPP loan was subject to forgiveness under the Paycheck Protection Program upon the Company's request to the extent that the PPP loan proceeds were used to pay expenses permitted by the PPP, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Company. The Company applied for and received forgiveness of the PPP loan with respect to these covered expenses. The Company recognized the revenue during the year ended December 31, 2021.

### **NOTE 6 - SUBSEQUENT EVENTS**

The Company has evaluated subsequent events through April 1, 2024, the date which the financial statements were available to be issued.

The Company entered into a thirty-six month operating lease agreement for a building which commences on March 1, 2024 at a rate of \$4,500 per month.

## EXHIBIT E

### LIST OF CURRENT AND FORMER FRANCHISEES

<b>Location</b>	<b>Owner</b>	<b>Location Address</b>	<b>Phone</b>
Packerland (De Pere, WI)	Krista Makos Greg Makos Katie Yeager Katie Hansen	3377 Packerland Dr, De Pere, WI 54115	920) 241-6061
Fond Du Lac, WI	Kristal Behnke Missy Peters	512 North Rolling Meadows Dr. Fond Du Lac, WI 54937	920-203-6666
Fox City (Appleton), WI	Nikki Flanagan Paul Flanagan	1758 North Casaloma Dr. Appleton, WI 54913	920-280-3322
Heart of the Valley (Appleton), WI	Monica Eagloski Keegan Blish	W3192 County Rd KK Suite E, Appleton, WI 54915	920-903-1484
Hobart, WI	Laura Bender Barbara Nourigat Holly Nourigat	560 Centennial Centre Blvd Ste.130 Green Bay, WI 54155	920-865-3654
Howard, WI	Mike Podnar	1718 Velp Ave. Green Bay, WI 54303	920-544-0373
Kaukauna, WI	Justin Stingle Ronnie Grow	111 Plank Rd Suite 160 Kaukauna, WI 54130	920-462-7101
Manitowoc, WI	Patti Payant	818 Franklin St Manitowoc, WI 54220	920-257-8184
Marshfield, WI	Kristin Rekis	111 East 2nd St. Marshfield, WI 54449	715-207-6007
Menomonie, WI	Andrea Jewitt	1320 Broadway St. N Suite 10 Menomonie, WI 54751	715-309-2668
Neenah, WI	Laura Bender Amanda Strutz	976 American Dr. #7, Neenah, WI 54956	920-486-1203
New Franken, WI	Krista Makos Greg Makos Katie Yeager Katie Hansen	3861 Norrie Drive Suite 3, New Franken, WI 54229	920-544-0223
Oshkosh, WI	Eli Macias	1561 W Southpark Ave. Oshkosh, WI 54902	920-385-1486
Oshkosh North, WI	Katie Moe Thomas Fitzmaurice Dawn Moore Eli Macias	2670 Jackson St. Oshkosh, WI 54901	920-385-7335

Oostburg, WI	Susan Lentz	200 South Business Park Dr. Unit 1 Oostburg, WI 53070	920-564-5225
Platteville, WI	Shelley Dietz	1800 Vision Dr. Suite 4 Platteville, WI 53818	608-400-8336
Seymour, WI	Tony Kastning Ashley Lyman	820 Robbins St. Seymour, WI 54165	920-259-3016
Shawano, WI	Lori Mathwich Shawn Mathwich	212 Green Bay St. Suite C, Shawano, WI 54166	715-781-5550
Sheboygan, WI	Virginia Benton Trevor Tanck Jennifer Tanck	3821 Kohler Memorial Dr. Sheboygan, WI 53081	920-395-2436
Sturgeon Bay, WI	Adam Dorner Kristi Dorner	1449 Green Bay Road Suite 7 Sturgeon Bay WI 54235	920-419-6318
Titletown (Green Bay), WI	Katie Yeager Katie Hansen	1671 Hoffman Rd. Green Bay, WI 54311	920-770-5728
Waupaca, WI	Avery Nowak	815 W Fulton St. Ste 2 Waupaca, WI 54981	715-227-5722
Weston, WI	Jen Pospychalla	5705 Memorial Ct. Weston, WI 54476	715-393-4030

**FRANCHISE AGREEMENT SIGNED BUT NOT OPEN AS OF DECEMBER 31, 2023**

**NONE**

**Former Franchisees:**

The name and last known address of every franchisee who had a FIRE Fitness Camp® Franchise transferred, terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the fiscal year ended December 31, 2022, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document are listed below. If you buy this Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

**TRANSFERS DURING THE FISCAL YEAR ENDED DECEMBER 31, 2023**

<b>ST</b>	<b>Name</b>	<b>Address</b>	<b>Phone</b>
WI	Jesse Dickert Emily Dickert	815 W Fulton St, Waupaca, WI 54981	(715) 227-5722
WI	Paul Flanagan Nikki Flanagan	1718 Velp Ave, Green Bay, WI 54303	(920) 544-0373
WI	Lisa Wiese	212 E Green Bay St, Suite C, Shawano, WI 54166	(715) 201-0201

**CEASED OPERATIONS DURING THE FISCAL YEAR ENDED DECEMBER 31, 2023**

<b>ST</b>	<b>Name</b>	<b>Address</b>	<b>Phone</b>
WI	Ronnie Grow Justin Stingle Isaac Santana	111 Plank Rd, Kaukauna, WI 54130	(920) 462-7101
WI	Brittany Thomas	4520 Verona Rd, Madison, WI 53711	(608) 665-3003
WI	Alyssa Sullivan Chelsea Bartel	318 Wolf River Plaza, New London, WI 54961	(920) 250-6250

**FRANCHISEES THAT HAVE NOT COMMUNICATED WITH US WITHIN TEN WEEKS OF  
THE ISSUANCE DATE**

NONE

**CORPORATE AFFILIATE OWNED LOCATION**

<b>ST</b>	<b>Name</b>	<b>Address</b>	<b>Phone</b>
WI	Hans Hartleben Payal Patel	2621 Post Road, Plover, WI 54467	(715) 544-1333



**EXHIBIT F**

**STATE ADDENDA  
AND AGREEMENT RIDERS**

**ADDENDUM TO  
FIRE FITNESS AFFILIATION, LLC  
FRANCHISE AGREEMENT  
FOR THE STATE OF WISCONSIN**

The Franchise Agreement between FIRE FITNESS AFFILIATION, LLC, a Wisconsin limited liability company ("Franchisor") and \_\_\_\_\_ ("Franchisee") dated \_\_\_\_\_ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "State Addendum"):

**WISCONSIN LAW MODIFICATIONS**

1. Notwithstanding anything that may be contained in the body of the Franchise Agreement to the contrary, the Agreement is hereby amended to add the following provision:

For all franchises sold in the State of Wisconsin, the Company will provide Franchisee at least 90 days' prior written notice of termination, cancellation, nonrenewal or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation, nonrenewal or substantial change in competitive circumstances and will provide that Franchisee have 60 days in which to rectify any claimed deficiency. If the deficiency is rectified within 60 days, the notice will be void. These notice requirements shall not apply if the reason for termination, cancellation or nonrenewal is insolvency, the occurrence of an assignment for the benefit of creditors or bankruptcy. If the reason for termination, cancellation, nonrenewal or substantial change in competitive circumstances is nonpayment of sums due under the franchise, Franchisee will be entitled to written notice of such default, and will have not less than 10 days in which to remedy such default from the date of delivery or posting of such notice.

2. Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of this Agreement or a related document between the Company and Franchisee inconsistent with the Law.

3. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of Washington law, with respect to each such provision are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

FIRE Fitness Affiliation, LLC  
a Wisconsin limited liability company

FRANCHISEE:

\_\_\_\_\_

\_\_\_\_\_

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

Name: Hans Hartleben

Title: Chief Executive Officer

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

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

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

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

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

## **EXHIBIT G**

### **FRANCHISE OPERATIONS MANUAL TABLE OF CONTENTS**

# Table of Contents

About this manual	3
Welcome	4
Message from the Founder/CEO	4
The Start Up Guide	5-17
Location/Real Estate	6-8
Workout Floor	9
Paint Colors	9
Quick Guide	10
Hiring	11-17
Unit Development Materials	18-26
Grand Opening	27-28
General Fitness Manager	29-47
Job Description	30
Job Expectations	31
Dialogue	32-39
Business Reach Outs	40
We Miss You Log	41-42
VIP Log	43-44
Membership/Package Discounts	45
Forms	46-49
Coach	50-61
Certification Manual	51-60
Hans's Famous Coaching Phrases	61
Marvelous Motivation	62-67
Marvelous Motivation System	63
Band Awards	64-65
Band Reports	66
Make it a BIG DEAL	67

## **EXHIBIT H**

### **CONTRACTS FOR USE WITH FRANCHISE**

The following contracts contained in Exhibit H are contracts that Franchisee is required to utilize or execute after signing the Franchise Agreement in the operation of the FIRE Fitness Business. The following are the forms of contracts that FIRE Fitness Affiliation, LLC uses as of the Issuance Date of this Franchise Disclosure Document. If they are marked “Sample,” they are subject to change at any time.

**EXHIBIT H-1**

**SAMPLE GENERAL RELEASE AGREEMENT**

**WAIVER AND RELEASE OF CLAIMS**

This Waiver and Release of Claims ("Release") is made as of \_\_\_\_\_, 20\_\_ by \_\_\_\_\_, a(n) \_\_\_\_\_ ("Franchisee"), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, "Releasor") in favor of FIRE Fitness Affiliation, LLC, a Wisconsin Limited Liability Company ("Franchisor," and together with Releasor, the "Parties").

**WHEREAS**, Franchisor and Franchisee have entered into a Franchise Agreement ("Agreement") pursuant to which Franchisee was granted the right to own and operate a FIRE Fitness business;

**WHEREAS**, [Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee/enter into a successor franchise agreement/amend the Agreement] or [the Agreement is being terminated/or indicate other reason for the requirement of this waiver and release], and Franchisor has consented to such [transfer/successor franchise agreement/amendment/termination/other reason]; and

**WHEREAS**, as a condition to Franchisor's consent to [transfer the Agreement/enter into a successor franchise agreement/amend the Agreement/terminate the Agreement/other reason], Releasor has agreed to execute this Release upon the terms and conditions stated below.

**NOW, THEREFORE**, in consideration of Franchisor's consent, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. Representations and Warranties. Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred, or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims, or obligations being terminated and released hereunder. Each individual executing this Release on behalf of Franchisee represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. Release. Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit, and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries, or related companies, divisions, and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the "Released Parties"), from any and all claims,

liabilities, damages, expenses, actions, or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions, or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the franchise related thereto, except to the extent such liabilities are payable by the applicable indemnified party in connection with a third party claim.

3. Nondisparagement. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit, or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business, or their reputation.

4. Confidentiality. Releasor agrees to hold in strictest confidence and not disclose, publish, or use the existence of, or any details relating to, this Agreement to any third party without Franchisor's express written consent, except as required by law.

5. Miscellaneous.

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the State of Wisconsin.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders, and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third-party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall

not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.

h. Releasor agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as any Released Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

**IN WITNESS WHEREOF**, Releasor has executed this Release as of the date first written above.

**FRANCHISEE:**

\_\_\_\_\_,  
a

\_\_\_\_\_

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

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

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

**FRANCHISEE'S OWNERS:**

Date \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed or Printed Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed or Printed Name

## EXHIBIT H-2

### SAMPLE SYSTEM PROTECTION AGREEMENT

This System Protection Agreement (“Agreement”) is entered into by the undersigned (“you” or “your”) in favor of FIRE Fitness Affiliation, LLC, a Wisconsin limited liability company, and its successors and assigns (“us,” “we” or “our”), upon the terms and conditions set forth in this Agreement.

**1. Definitions.** For purposes of this Agreement, the following terms have the meanings given to them below:

“*Competitive Business*” means any business that: (i) sells or offers to sell products the same as or similar to the type of products sold by you in and/or from the Franchisee Territory (including, but not limited to, the products we authorize); or (ii) provides or offers to provide services the same as or similar to the type of services sold by you in and/or from the Franchisee Territory (including, but not limited to, the services we authorize), but excludes a FIRE FITNESS Business operating pursuant to a franchise agreement with us.

“*Copyrights*” means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell, or display in connection with the marketing and/or operation of a FIRE FITNESS Business or the solicitation or offer of a FIRE Fitness Camp<sup>®</sup> franchise, whether now in existence or created in the future.

“*Franchisee*” means FIRE Fitness Camp<sup>®</sup> franchisee for which you are a manager or officer.

“*Franchisee Territory*” means the territory granted to you pursuant to a franchise agreement with us.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how, and System.

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a FIRE FITNESS Business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

“*Manual*” means our Franchise Operations Manual for the operation of a FIRE FITNESS Business, which may be periodically modified by us.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a FIRE FITNESS Business, including “FIRE FITNESS CAMP<sup>®</sup>E,” and any other trademarks, service marks, or trade names that we designate for use by a FIRE Fitness Business. The term “Marks” also includes any distinctive trade dress used to identify a FIRE Fitness Business, whether now in existence or hereafter created.

“*Prohibited Activities*” means any or all of the following: (i) owning, operating, or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent, or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly-traded company that is a



Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (iii) inducing or attempting to induce: (a) any of our employees or managers (or those of our affiliates or franchisees) to leave their position; or (b) any customer of ours (or of one of our affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

*“Restricted Period”* means the two-year period after you cease to be a manager or officer of Franchisee’s FIRE Fitness Business; provided, however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the *“Restricted Period”* means the nine month period after you cease to be a manager or officer of Franchisee’s FIRE Fitness Business.

*“Restricted Territory”* means the geographic area within: (i) a 50-mile radius from Franchisee’s FIRE Fitness Business (and including the premises of the approved location of Franchisee); and (ii) a 50-mile radius from all other FIRE Fitness Businesses that are operating or under construction as of the beginning of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the *“Restricted Territory”* means the geographic area within a 25-mile radius from Franchisee’s FIRE Fitness Business (and including the premises of the approved location of Franchisee).

*“System”* means our system for the establishment, development, operation, and management of a FIRE Fitness Business, including Know-how, proprietary programs and products, Manual, and operating system.

**2. Background.** You are a manager or officer of Franchisee. As a result of this relationship, you may gain knowledge of our System. You understand that protecting the Intellectual Property and our System are vital to our success and that of our franchisees and that you could seriously jeopardize our entire System if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

**3. Know-How and Intellectual Property.** You agree: (i) you will not use the Know-how in any business or capacity other than the FIRE Fitness Business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer a manager or officer of Franchisee’s FIRE Fitness Business. You further agree that you will not use all or part of the Intellectual Property or all or part of the System for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee. These restrictions on Know-how, Intellectual Property and the System shall not apply to any information which is information publicly known or becomes lawfully known in the public domain other than through a breach of this Agreement or is required or compelled by law to be disclosed, provided that you will give reasonable notice to us to allow us to seek protective or other court orders.

**4. Unfair Competition During Relationship.** You agree not to unfairly compete with us at any time while you are a manager or officer of Franchisee's FIRE Fitness Business by engaging in any Prohibited Activities.

**5. Unfair Competition After Relationship.** You agree not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the Prohibited Activity.

**6. Immediate Family Members.** You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, grandparent or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family: (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities; or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

**7. Covenants Reasonable.** You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

**8. Breach.** You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other FIRE Fitness Camp<sup>®</sup> franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours in the event of the entry of such injunction will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action that you may have against us, our owners or our affiliates, or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

**9. Miscellaneous.**

a. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorneys' fees and costs in doing so.

b. This Agreement will be governed by, construed, and enforced under the laws of Wisconsin, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

c. Each section of this Agreement, including each subsection and portion thereof, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration, and geographic area.

d. You and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration, and geographic area. However, we may at any time unilaterally modify the terms of this Agreement upon written notice to you by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory, and/or reducing the scope of any other covenant imposed upon you under this Agreement to ensure that the terms and covenants in this Agreement are enforceable under applicable law.

EXECUTED on the date stated below.

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

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed or Printed Name

## EXHIBIT H-3

### SAMPLE CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement (“Agreement”) is entered into by the undersigned (“you”) in favor of FIRE Fitness Affiliation, LLC, a limited liability company, and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement.

**1. Definitions.** For purposes of this Agreement, the following terms have the meanings given to them below:

“*Copyrights*” means all works and materials for which we or our affiliate(s) have secured common law or registered copyright protection and that we allow FIRE Fitness Camp® franchisees to use, sell, or display in connection with the marketing and/or operation of a FIRE Fitness Business, whether now in existence or created in the future.

“*FIRE Fitness Business*” means a business that operates a fitness business providing group and personal training and fitness services and other related products and services using our Intellectual Property.

“*Franchisee*” means FIRE Fitness Camp® franchisee for which you are an employee, independent contractor, agent, representative, or supplier.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how, Manual, and System.

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a FIRE Fitness Business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

“*Manual*” means our Franchise Operations Manual for the operation of a FIRE Fitness Business.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a FIRE Fitness Business, including “FIRE FITNESS CAMP®” and any other trademarks, service marks, or trade names that we designate for use by a FIRE Fitness Business. The term “Marks” also includes any distinctive trade dress used to identify a FIRE Fitness Business, whether now in existence or hereafter created.

“*System*” means our system for the establishment, development, operation, and management of a FIRE Fitness Business, including Know-how, proprietary programs and products, Franchise Operations Manuals, and operating system.

**2. Background.** You are an employee, independent contractor, agent, representative, or supplier of Franchisee. Because of this relationship, you may gain knowledge of our Intellectual Property. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees, and that you could seriously jeopardize our entire Franchise System if you were to use such Intellectual Property in any way other than as described in this Agreement. In order to avoid such damage, you agree to comply with this Agreement.

**3. Know-How and Intellectual Property: Nondisclosure and Ownership.** You agree: (i) you will not use the Intellectual Property in any business or capacity other than for the benefit of the FIRE Fitness Business operated by Franchisee or in any way detrimental to us or to the Franchisee; (ii) you will maintain the confidentiality of the Intellectual Property at all times; (iii) you will not make unauthorized copies of documents containing any Intellectual Property; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Intellectual Property; and (v) you will stop using the Intellectual Property immediately if you are no longer an employee, independent contractor, agent, representative, or supplier of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performing your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

The Intellectual Property is and shall continue to be the sole property of FIRE Fitness Affiliation, LLC. You hereby assign and agree to assign to us any rights you may have or may acquire in such Intellectual Property. Upon the termination of your employment or engagement with Franchisee, or at any time upon our or Franchisee's request, you will deliver to us or to Franchisee all documents and data of any nature pertaining to the Intellectual Property, and you will not take with you any documents or data or copies containing or pertaining to any Intellectual Property.

**4. Immediate Family Members.** You acknowledge you could circumvent the purpose of this Agreement by disclosing Intellectual Property to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Intellectual Property to family members. Therefore, you agree you will be presumed to have violated the terms of this Agreement if any member of your immediate family uses or discloses the Intellectual Property. However, you may rebut this presumption by furnishing evidence conclusively showing you did not disclose the Intellectual Property to the family member.

**5. Covenants Reasonable.** You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

**6. Breach.** You agree that failure to comply with this Agreement will cause substantial and irreparable damage to us and/or other FIRE Fitness Camp<sup>®</sup> franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or

at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

**7. Miscellaneous.**

a. Although this Agreement is entered into in favor of FIRE Fitness Affiliation, LLC, you understand and acknowledge that your employer/employee, independent contractor, agent, representative, or supplier relationship is with Franchisee and not with us, and for all purposes in connection with such relationship, you will look to Franchisee and not to us.

b. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorney fees and costs in doing so.

c. This Agreement will be governed by, construed, and enforced under the laws of Wisconsin, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

d. Each section of this Agreement, including each subsection and portion, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.

EXECUTED on the date stated below.

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

\_\_\_\_\_  
Typed or Printed Name

**EXHIBIT H-4**

**AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM**

**FRANCHISEE INFORMATION:**

Franchisee Name	Business No.
Franchisee Mailing Address (street)	Franchisee Phone No.
Franchisee Mailing Address (city, state, zip)	
Contact Name, Address and Phone number (if different from above)	
Franchisee Fax No.	Franchisee Email Address

**BANK ACCOUNT INFORMATION:**

Bank Name		
Bank Mailing Address (street, city, state, zip)		
<input type="checkbox"/> Checking <input type="checkbox"/> Savings		
Bank Account No.	(check one)	Bank Routing No. (9 digits)
Bank Mailing Address (city, state, zip)		Bank Phone No.

**AUTHORIZATION:**

Franchisee hereby authorizes FIRE Fitness Affiliation, LLC ("Franchisor") to initiate debit entries to Franchisee's account with the Bank listed above, and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee's account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

*[Signature Page Follows]*

Signature: \_\_\_\_\_

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

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

Its: \_\_\_\_\_

Federal Tax ID Number: \_\_\_\_\_

NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT



## EXHIBIT H-5

### SAMPLE APPROVAL OF REQUESTED ASSIGNMENT

This Approval of Requested Assignment (“**Agreement**”) is entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between FIRE Fitness Affiliation, LLC (“**Franchisor**”), a Wisconsin Limited Liability Company, \_\_\_\_\_ (“**Former Franchisee**”), the undersigned owners of Former Franchisee (“**Owners**”) and \_\_\_\_\_, a \_\_\_\_ corporation/limited liability company (“**New Franchisee**”).

#### **RECITALS**

WHEREAS, Franchisor and Former Franchisee entered into that certain franchise agreement dated \_\_\_\_\_, 20\_\_\_\_ (“**Former Franchise Agreement**”), in which Franchisor granted Former Franchisee the right to operate a FIRE Fitness Camp<sup>®</sup> franchise located at \_\_\_\_\_ (“**Franchised Business**”); and

WHEREAS, Former Franchisee desires to assign (“**Requested Assignment**”) the Franchised Business to New Franchisee, New Franchisee desires to accept the Requested Assignment of the Franchised Business from Former Franchisee, and Franchisor desires to approve the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon the terms and conditions contained in this Agreement, including that New Franchisee sign Franchisor’s current form of franchise agreement together with all exhibits and attachments thereto (“**New Franchise Agreement**”), contemporaneously herewith.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and agreements herein contained, the parties hereto hereby covenant, promise, and agree as follows:

1. Payment of Fees. In consideration for the Requested Assignment, Former Franchisee acknowledges and agrees to pay Franchisor the Transfer Fee, as required under the Franchise Agreement (“**Franchisor’s Assignment Fee**”).

2. Assignment and Assumption. Former Franchisee hereby consents to assign all of its rights and delegate its duties with regard to the Former Franchise Agreement and all exhibits and attachments thereto from Former Franchisee to New Franchisee, subject to the terms and conditions of this Agreement, and conditioned upon New Franchisee’s signing the New Franchise Agreement pursuant to Section 5 of this Agreement.

3. Consent to Requested Assignment of Franchised Business. Franchisor hereby consents to the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon receipt of the Franchisor’s Assignment Fee from Former Franchisee and the mutual execution of this Agreement by all parties. Franchisor waives its right of first refusal set forth in the Former Franchise Agreement and waives any obligation for Former Franchisee to enter into a subordination agreement pursuant to the Former Franchise Agreement.

4. Termination of Rights to the Franchised Business. The parties acknowledge and agree that effective upon the date of this Agreement, the Former Franchise Agreement shall terminate and all of Former Franchisee's rights to operate the Franchised Business are terminated and that from the date of this Agreement only New Franchisee shall have the sole right to operate the Franchised Business under the New Franchise Agreement. Former Franchisee and the undersigned Owners agree to comply with all of the covenants in the Former Franchise Agreement that expressly or by implication survive the termination, expiration, or transfer of the Former Franchise Agreement. Unless otherwise precluded by state law, Former Franchisee shall execute Franchisor's current form of General Release Agreement.

5. New Franchise Agreement. New Franchisee shall execute the New Franchise Agreement for the Franchised Business (as amended by the form of Addendum prescribed by Franchisor, if applicable), and any other required contracts for the operation of a FIRE Fitness Camp<sup>®</sup> franchise as stated in Franchisor's Franchise Disclosure Document.

6. Former Franchisee's Contact Information. Former Franchisee agrees to keep Franchisor informed of its current address and telephone number at all times during the three-year period following the execution of this Agreement.

7. Acknowledgement by New Franchisee. New Franchisee acknowledges and agrees that the purchase of the rights to the Franchised Business ("**Transaction**") occurred solely between Former Franchisee and New Franchisee. New Franchisee also acknowledges and agrees that Franchisor played no role in the Transaction and that Franchisor's involvement was limited to the approval of Requested Assignment and any required actions regarding New Franchisee's signing of the New Franchise Agreement for the Franchised Business. New Franchisee agrees that any claims, disputes, or issues relating New Franchisee's acquisition of the Franchised Business from Franchisee are between New Franchisee and Former Franchisee, and shall not involve Franchisor.

8. Representation. Former Franchisee warrants and represents that it has not heretofore assigned, conveyed, or disposed of any interest in the Former Franchise Agreement or Franchised Business. New Franchisee hereby represents that it received Franchisor's Franchise Disclosure Document and did not sign the New Franchise Agreement or pay any money to Franchisor or its affiliate for a period of at least 14 calendar days after receipt of the Franchise Disclosure Document.

9. Notices. Any notices given under this Agreement shall be in writing, and if delivered by hand, or transmitted by U.S. certified mail, return receipt requested, postage prepaid, or via telegram or telefax, shall be deemed to have been given on the date so delivered or transmitted, if sent to the recipient at its address or telefax number appearing on the records of the sending party.

10. Further Actions. Former Franchisee and New Franchisee each agree to take such further actions as may be required to effectuate the terms and conditions of this Agreement, including any and all actions that may be required or contemplated by the Former Franchise Agreement.

11. Affiliates. When used in this Agreement, the term “**Affiliates**” has the meaning as given in Rule 144 under the Securities Act of 1933.

12. Miscellaneous. This Agreement may not be changed or modified except in a writing signed by all of the parties hereto. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

13. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Wisconsin.

**IN WITNESS WHEREOF**, the parties have executed this Agreement under seal, with the intent that this be a sealed instrument, as of the day and year first above written.

**FRANCHISOR:**

FIRE Fitness Affiliation, LLC

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

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

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

**FORMER FRANCHISEE:**

\_\_\_\_\_

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

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

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

**NEW FRANCHISEE:**

\_\_\_\_\_

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

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

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

**EXHIBIT H-6**

**LEASE ADDENDUM**

This Addendum to Lease (“**Addendum**”), dated \_\_\_\_\_, 20\_\_\_\_, is entered into by \_\_\_\_\_ and \_\_\_\_\_ between \_\_\_\_\_ (“**Landlord**”), \_\_\_\_\_ (“**Tenant**”) and FIRE Fitness Affiliation, LLC (“**Franchisor**”), collectively referred to herein as the “**Parties**.”

A. Landlord and Tenant have entered into a certain Lease Agreement dated \_\_\_\_\_, 20\_\_\_\_, and pertaining to the premises located at \_\_\_\_\_ (“**Lease**”).

B. Landlord acknowledges that Tenant intends to operate a franchised business from the leased premises (“**Premises**”) pursuant to a Franchise Agreement (“**Franchise Agreement**”) with Franchisor under Franchisor’s trademarks and other names designated by Franchisor (herein referred to as “**Franchised Business**” or “**Franchise Business**”).

C. The parties now desire to supplement the terms of the Lease in accordance with the terms and conditions contained herein.

**NOW, THEREFORE**, it is hereby mutually covenanted and agreed among the Parties as follows:

1. Use of the Premises. During the term of the Franchise Agreement, the Premises shall be used only for the operation of the Franchised Business.

2. Franchise System. Landlord hereby consents to Tenant’s use of such proprietary marks, signs, interior and exterior décor items, color schemes and related components of the Franchised Business required by Franchisor. Tenant’s use of such items shall at all times be in compliance with all applicable laws, ordinances, rules and regulations of governmental authorities having jurisdiction over the Premises.

3. Assignment. Tenant shall have the right, without further consent from Landlord, to sublease or assign all of Tenant’s right, title, and interest in the Lease to an assignee of the Tenant or the Franchised Business (“**Franchise Assignee**”) at any time during the term of the Lease, including any extensions or renewals thereof. In addition, if Tenant fails to timely cure any default under either the Lease or the Franchise Agreement, Franchisor or a Franchise Assignee that Franchisor designates, will, at its option, have the right, but not the obligation, to take an assignment of Tenant’s interest under the Collateral Assignment of Lease or other form of assignment and assumption document reasonably acceptable to Landlord, provide such Franchise Assignee cures a default of the Lease no later than ten days following the end of Tenant’s cure period. No assignment shall be effective until: (i) a Franchise Assignee gives Landlord written notice of its acceptance of the assignment and assumption of the Lease; and (ii) Tenant or the Franchise Assignee has cured all material defaults of the Lease for which it has received notice

from Landlord. Nothing contained herein or in any other document shall create any obligation or liability of Franchisor, any Franchise Assignee, or guarantor thereof under the Lease unless and until the Lease is assigned to, and accepted in writing by a Franchise Assignee. In the event of any assignment or purported assignment under this Addendum, Tenant shall remain liable under the terms of the Lease and the assignee or subtenant shall retain all of the Tenant's rights granted in the Lease including without limitation: (x) any grant of a protected territory or use exclusivity; and (y) the renewal or extension of the Lease term. With respect to any assignment proposed or consummated under this Addendum, Landlord hereby waives any rights it may have to: (A) recapture the Premises; (B) terminate the Lease; or (C) modify any terms or conditions of the Lease. If Franchisor accepts an assignment and assumes the Lease under this section, Franchisor shall have the right to further sublet or reassign the Lease to another Franchise Assignee without Landlord's consent in which event Franchisor shall be released from any obligation or liability under the Lease. As used in this Addendum, "**Franchise Assignee**" means: (i) Franchisor or Franchisor's parent, subsidiary, or affiliate; or (ii) any franchisee of Franchisor or of Franchisor's parent, subsidiary, or affiliate.

4. Default and Notice.

a. If Tenant defaults on or breaches the Lease and Landlord delivers a notice of default to Tenant, Landlord shall contemporaneously send a copy of such default notice to Franchisor. Franchisor shall have the right, but not the obligation, to cure the default during Tenant's cure period plus an additional ten day period. Franchisor will notify Landlord whether it intends to cure the default prior to the end of Tenant's cure period.

b. All notices to Franchisor shall be sent by registered or certified mail, postage prepaid, to the following address:

FIRE Fitness Affiliation, LLC  
Attn: Hans Hartleben  
3050 Village Park Drive  
Plover, WI 54467

Franchisor may change its address for receiving notices by giving Landlord written notice of the new address. Landlord agrees that it will notify both Tenant and Franchisor of any change in Landlord's mailing address to which notices should be sent.

c. Tenant and Landlord agree not to terminate, or materially amend the Lease during the term of the Franchise Agreement or any renewal thereof without Franchisor's prior written consent. Any attempted termination, or material amendment shall be null and void and have no effect as to Franchisor's interests thereunder; and a clause to the effect shall be included in the Lease.

5. Termination or Expiration.

a. If Franchisor does not elect to take an assignment of the Tenant's interest, Landlord will allow Franchisor to enter the Premises, without being guilty of trespass and without

incurring any liability to Landlord, to remove all signs, awnings, and all other items identifying the Premises as a Franchised Business and to make other modifications (such as repainting) as are reasonably necessary to protect the Franchisor's trademarks and franchise system and to distinguish the Premises from a Franchised Business provided that Franchisor repairs any damage caused to the Premises by exercise of its rights hereunder.

b. If any Franchise Assignee purchases any assets of Tenant, Landlord shall permit such Franchise Assignee to remove all the assets being purchased, and Landlord waives any lien rights that Landlord may have on such assets.

6. Consideration; No Liability.

a. Landlord acknowledges that the Franchise Agreement requires Tenant to receive Franchisor's approval of the Lease prior to Tenant executing the Lease and that this Addendum is a material requirement for Franchisor to approve the Lease. Landlord acknowledges Tenant would not lease the Premises without this Addendum. Landlord also hereby consents to the Collateral Assignment of Lease from Tenant to Franchisor as evidenced by Attachment 1.

b. Landlord further acknowledges that Tenant is not an agent or employee of Franchisor, and Tenant has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any Franchise Assignee, and that Landlord has entered into this with full understanding that it creates no duties, obligations, or liabilities of or against any Franchise Assignee.

7. Amendments. No amendment or variation of this Addendum shall be valid unless made in writing and signed by the Parties hereto.

8. Reaffirmation of Lease. Except as amended or modified herein, all of the terms, conditions, and covenants of the Lease shall remain in full force and effect and are incorporated herein by reference and made a part of this Agreement as though copies herein in full.

*[Signature Page Follows]*

**IN TESTIMONY WHEREOF**, witness the signatures of the Parties hereto as of the day, month, and year first written above.

**LANDLORD:**

**TENANT:**

\_\_\_\_\_

\_\_\_\_\_

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

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

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

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

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

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

**FRANCHISOR:**

\_\_\_\_\_

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

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

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

**EXHIBIT H-6**

**ATTACHMENT 1 TO LEASE ADDENDUM**

**COLLATERAL ASSIGNMENT OF LEASE**

FOR VALUE RECEIVED, as of the \_\_\_ day of \_\_\_\_\_, 20\_\_\_ (“**Effective Date**”), the undersigned, \_\_\_\_\_ (“**Assignor**”) hereby assigns, transfers and sets over unto FIRE Fitness Affiliation, LLC (“**Assignee**”) all of Assignor’s right, title, and interest as tenant, in, to and under that certain lease, a copy of which is attached hereto as **Exhibit A (“Lease”)** with respect to the premises located at \_\_\_\_\_ . This Collateral Assignment of Lease (“**Assignment**”) is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless Assignee expressly assume the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein, and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under that certain franchise agreement for a franchise between Assignee and Assignor (“**Franchise Agreement**”), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered, in Assignee’s sole discretion, to: (i) cure Assignor’s default of the Lease; (ii) take possession of the premises demised by the Lease; (iii) expel Assignor from the premises, either temporarily or permanently; (iv) terminate Assignee’s rights, title, and interest in the Lease; and/or (v) assume the Lease. If Assignee expends sums to cure a default of the Lease, Assignor shall promptly reimburse Assignee for the cost incurred by Assignee in connection with such performance, together with interest thereon at the rate of two percent (2%) per month, or the highest rate allowed by law.

Assignor agrees it will not suffer or permit any surrender, termination, amendment, or modification of the Lease without the prior written consent of Assignee. Through the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than 30 days before the last day that said option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated herein, Assignor hereby irrevocably appoints Assignee as its true and lawful attorney-in-fact, which appointment is coupled with an interest to exercise the extension or renewal options in the name, place, and stead of Assignor for the sole purpose of effecting the extension or renewal.

*[Signature Page Follows]*



**IN WITNESS WHEREOF**, Assignor and Assignee have signed this Collateral Assignment of Lease as of the Effective Date first above written.

**ASSIGNOR:**

\_\_\_\_\_

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

Its: \_\_\_\_\_

**ASSIGNEE:**

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

Its: \_\_\_\_\_

**EXHIBIT I**

**STATE EFFECTIVE DATES**

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

<b>State</b>	<b>Effective Date</b>
Wisconsin	April 24, 2024

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**EXHIBIT J**

**RECEIPTS**

**RECEIPT**  
**(Retain This Copy)**

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 FIRE Fitness Affiliation, 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 we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan, Oregon and Washington require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If FIRE Fitness Affiliation, 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 A.

The franchisor is FIRE Fitness Affiliation, LLC, located at 3050 Village Park Drive, Plover, WI 54467. Its telephone number is (715) 544-6777.

Issuance Date: April 24, 2024

The franchise seller for this offering is: Hans Hartleben at 3050 Village Park Drive, Plover, WI 54467 and (715) 544-6777.

FIRE Fitness Affiliation, LLC authorizes the respective state agencies identified in Exhibit A to receive service of process for it in the particular state.

I received a disclosure document issued April 24, 2024, which included the following exhibits:

Exhibit A	List of State Administrators and Agents for Service of Process	Exhibit F	State Addenda and Agreement Riders
Exhibit B	Financial Statements	Exhibit G	Operations Manual Table of Contents
Exhibit C	Franchise Agreement	Exhibit H	Contracts for use with FIRE Fitness Camp® Franchise
Exhibit D	Area Development Agreement	Exhibit I	State Effective Dates
Exhibit E	List of Current and Former Franchisees	Exhibit J	Receipts

\_\_\_\_\_  
Signature

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

\_\_\_\_\_  
Date

**PLEASE RETAIN THIS COPY FOR YOUR RECORDS.**

**RECEIPT  
(Our Copy)**

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 FIRE Fitness Affiliation, 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 we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan, Oregon and Washington require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If FIRE Fitness Affiliation, 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 A.

The franchisor is FIRE Fitness Affiliation, LLC, located at 3050 Village Park Drive, Plover, WI 54467. Its telephone number is (715) 544-6777.

Issuance Date: April 24, 2024

The franchise seller for this offering is: Hans Hartleben at 3050 Village Park Drive, Plover, WI 54467 and (715) 544-6777.

FIRE Fitness Affiliation, LLC authorizes the respective state agencies identified in Exhibit A to receive service of process for it in the particular state.

I received a disclosure document issued April 24, 2024, which included the following exhibits:

Exhibit A	List of State Administrators and Agents for Service of Process	Exhibit F	State Addenda and Agreement Riders
Exhibit B	Financial Statements	Exhibit G	Operations Manual Table of Contents
Exhibit C	Franchise Agreement	Exhibit H	Contracts for use with FIRE Fitness Camp® Franchise
Exhibit D	Area Development Agreement	Exhibit I	State Effective Dates
Exhibit E	List of Current and Former Franchisees	Exhibit J	Receipts

\_\_\_\_\_  
Signature

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

\_\_\_\_\_  
Date

You may return the signed receipt by either signing, dating, and mailing it to FIRE Fitness Affiliation, LLC, at 3050 Village Park Drive, Plover, WI 54467.