# FRANCHISE DISCLOSURE DOCUMENT

## 30 Minute Hit USA, LLC

**A Florida Limited Liability Company**
**2221 North East 164th Street, Suite 252**
**North Miami Beach, Florida 33160**
**P: (778) 340-2000**
**info@30minutehit.com**
**www.30minutehit.com**

The franchise offered is for the operation of a 30 MINUTE HIT® Gym using our Marks, Copyrights and our System featuring a high-intensity circuit training fitness program known as "30 MINUTE HIT" as well as other products and services we designate or approve.

The total initial investment necessary to begin operation of a 30 MINUTE HIT® Gym unit franchise ranges from $123,150 to $325,500. This includes $76,000 to $79,000 that must be paid to the franchisor or its affiliates.

We offer qualified individuals the right to own and operating between two (2) and three (3) Gyms in a designated development area by entering into an Area Development Agreement ("ADA). The total initial investment necessary to begin operating under the ADA ranges from $163,150 (for the development of two (2) Gyms) to $400,500 (for the development of three (3) Gyms). This includes initial fees ranging from $78,150 (for the development of two (2) gyms) to $280,500 (for the development of three (3) gyms) that must be paid to us or our affiliate.

This Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payments 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 Documents in another format that is more convenient for you. To discuss the availability of disclosures in different format, contact the Franchise Administration Department at 30 Minute Hit USA, LLC, 2221 North East 164th Street, Suite 252, North Miami Beach, Florida 33160, (778) 340-2000.

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

Buying a franchise is a complex investment. 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, N.W., Washington, D.C. 20580. You can also visit the FTC home page at www.ftc.gov. For additional information, call your state agency or visit your public library for other sources of information on franchising.

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

ISSUANCE DATE: April 14, 2022

**How to Use This Franchise Disclosure Document**

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

| QUESTION | WHERE TO FIND INFORMATION |
|---|---|
| **How much can I earn?** | Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit J and K. |
| **How much will I need to invest?** | Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use. |
| **Does the franchisor have the financial ability to provide support to my business?** | Item 21 or Exhibit A includes financial statements. Review these statements carefully. |
| **Is the franchise system stable, growing or shrinking?** | Item 20 summarizes the recent history of the number of company-owned and franchised outlets. |
| **Will my business be the only 30 Minute Hit® business in my area?** | Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you. |
| **Does the franchisor have a troubled legal history?** | Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings. |
| **What's it like to be a 30 Minute Hit® franchisee?** | Item 20 or Exhibit J and K list current and former franchisees. You can contact them to ask about their experiences. |
| **What else should I know?** | These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents. |

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

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

**Business model can change**. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in you 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 of your state has a registration requirement, or to contact your state, use the agency information in Exhibit L.

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

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Florida. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Florida than in your own state.
2. **Mandatory Minimum Payments.** You must make minimum royalty and other payments, regardless of your sales levels. Your inability to make payments may result in termination of your franchise and loss of your investment.
3. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
4. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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

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

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

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

2. A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

3. A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

4. A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

5. A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

6. A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(a) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(b) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(c) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(d) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

8. A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Franchise
670 G. Mennen Williams Building
Lansing, Michigan 48933
Telephone Number: (517) 373-7117

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EXHIBITS

| | |
|---|---|
| Exhibit A | Financial Statements |
| Exhibit B | Form of Franchise Agreement and Related Materials |
| Exhibit C | Form of Conditional Assignment of Telephone Numbers and Listings |
| Exhibit D | Form of Conditional Assignment and Assumption of Lease |
| Exhibit E | Form of Agreement to Lease |
| Exhibit F | Form of Area Development Agreement |
| Exhibit G | General Release – Renewal & Assignment |
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| Exhibit I | Form of Principal Owner's Guaranty |
| Exhibit J | List of Franchisees, Sponsored Franchise Associations and Non-Sponsored Franchise Associations |
| Exhibit K | List of Franchisees Who Have Left the System |
| Exhibit L | List of State Agencies/Agents for Service of Process |
| Exhibit M | Pre-Closing Questionnaire |
| Exhibit N | State Specific Addenda and Disclosure |
| Exhibit O | Table of Contents to Operation Manual |
| Exhibit P | Receipts |

APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS DISCLOSURE DOCUMENT, AND MIGHT REQUIRE A RIDER TO THE FRANCHISE AGREEMENT. THESE ADDITIONAL DISCLOSURES, IF ANY, APPEAR IN AN ADDENDUM OR RIDER IN EXHIBIT N.

## ITEM 1
## THE FRANCHISOR, AND ANY PARENT PREDECESSORS AND AFFILIATES

The Franchisor is 30 Minute Hit USA, LLC, referred to as "**we**," "**us**," or "**our**." We also do business under the name "**30 Minute Hit**." "**You**" means a person who acquires a franchise from us. If you are a corporation, partnership or other entity, provisions of our Franchise Agreement also will apply to your owners and your owners must sign our "Principal Owners Guaranty", which means that all of the terms of the Franchise Agreement which you sign apply to your owners (Exhibit "B").

We are a Florida limited liability company formed on March 16, 2010. Our principal business address is 101 Bowser Avenue, North Vancouver, British Columbia V7P 3H1 and our principal address in the U.S. is 2221 North East 164th Street, Suite 252, North Miami Beach, Florida 33160. Our phone number is (778) 340-2000, and our website is www.30minutehit.com. Our agent in this state for service of process is, if applicable, disclosed in Exhibit "L." We conduct business under our corporate name and under the trade or service marks "**30minutehit.com**" and "**30 Minute Hit®**" (Word and Design).

Our Parent Predecessors and Affiliates.

Our Parent, Predecessor and affiliate is 30 Minute Hit, LTD, a Canadian company (British Columbia) ("**30 Minute Hit Canada**"). We are owned by 30 Minute Hit Canada. Like us, 30 Minute Hit Canada does business through the website www.30minutehit.com. 30 Minute Hit Canada is a federally incorporated Canadian company, formed on June 2, 2006, with its principal address at P.O. Box 75528 RPO Edgemont Village, North Vancouver, British Columbia V7R 4X1, extra provincially registered in British Columbia on June 30, 2006. Its phone number is 1-778-340-2000. 30 Minute Hit Canada operates as the franchisor of the 30 MINUTE HIT® franchise system in Canada. It may serve as a designated or approved supplier to our 30 MINUTE HIT® franchises for inventory, equipment and supplies. We received the majority of our initial assets from 30 Minute Hit Canada, and it has assigned to us, and in some instances licensed to us, the intellectual property we utilize in offering our franchises.

Except as described above, we have no other parent, predecessors or affiliates.

Our Business.

Our Parent commenced our formal offering of franchises for 30 MINUTE HIT® Gyms in Canada as of July 2, 2006. As of December 31, 2021, there were approximately 61 franchised 30 MINUTE HIT® Gyms in Canada.

We began informal (pre-incorporation) offering of franchises in the United States as of January 1, 2010, and formal offering of them in the US as of our inception, March 16, 2010. We do not engage in other business activities and have not offered franchises in other lines of business. We have not operated any franchised 30 MINUTE HIT® Gyms, but our co-founders, Jackson Loychuk and Deanna Loychuk created the concept that became the prototype for a 30 Minute Hit® Gym in British Columbia, Canada in September 2004 ("**Original 30 Minute Hit**"). The Original 30 Minute Hit's address is 101 Bowser Avenue, North Vancouver, British Columbia. It was sold on September 1, 2011 to a franchisee.

None of our predecessors or affiliates has offered franchises in this or any other lines of business.

Our Unit Franchise Program.

We and our predecessors and affiliates have expended considerable time and effort developing businesses which use our System, Copyrights and Marks in the operation of businesses ("**30 MINUTE HIT® Gym(s)**") which offer the high intensity circuit training program known as the "30 Minute Hit" program which includes high intensity circuit training workouts comprised of boxing, kickboxing, and core

strengthening exercises, as well as other products and services we designate or approve, which we may change and designate from time to time ("**Approved Products and Services**").

Each 30 MINUTE HIT® Gym operates from a location (its "**Site**"), is granted a territory in which to operate (the "**Designated Area**") and is allowed to provide only those Approved Products and Services we designate or approve, in the manner we designate or approve from the Site, or as we may approve, within the Designated Area. Your 30 MINUTE HIT® Gym may, or may not be required to or be provided the opportunity to operate off-Site services we designate or approve from time to time from your 30 MINUTE HIT® Gym or at locations other than your 30 MINUTE HIT® Gym (in home personal training, or fitness demonstrations or services as alternative locations such as businesses, community centers or the like) ("**Other Services**"). If we designate Other Services, they will be governed by your Franchise Agreement with us, and you must comply with our System Standards for them.

We grant to persons who meet our qualifications, and who are willing to undertake the investment and effort, the right to operate a 30 MINUTE HIT® Gym (the "**Unit Franchise Program**"). We offer franchises under the Unit Franchise Program for 30 MINUTE HIT® Gyms only under the terms of our then current form of Franchise Agreement, a copy of which is attached to this Disclosure Document as Exhibit "B" (the "**Franchise Agreement**"). If you sign a Franchise Agreement, the 30 MINUTE HIT® Gym you will operate may be referred to in this Disclosure Document as the, or your, "**Gym**" or its or your "**30 MINUTE HIT® Gym**."

We also require franchisees signing our form of Franchise Agreement to sign our form of Conditional Assignment and Assumption of Lease Agreement ("**CAAL**"), our Conditional Assignment of Telephone Numbers and Listings ("**CATNL**"), and we require the owners of the franchise to sign our Principal Owners' Guaranty ("**POG**") and our Principal Owners' Statement ("**POS**"). On our approval of any successor franchise, we also require the franchisee to sign our form of Release – Successor Franchisee ("**RS**") and may also, upon approval of a transfer of a franchise, require the transferee to sign our form of Release – Transfer ("**RT**"). If you are going to own the property on which your Gym is located, we may require you to sign our form of Lease Agreement ("**LA**"). Each are attached as exhibits to this disclosure document or your Franchise Agreement.

In addition to our single-unit offering, we grant qualified individuals the right to own and operate multiple Gyms through an Area Development Agreement (the "**ADA**"). If you sign an ADA, you are required to develop a certain number of Franchised Businesses in the area designated in the ADA as the "**Development Area**" in accordance with the development schedule attached to the ADA (the "**Development Schedule**"), which will be between two (2) and three (3) total Gyms, as we determine using our then-current criteria. We reserve the right to grant you the right to open more than three (3) Gyms in our sole discretion. A copy of the ADA is attached as Exhibit F. For the first Gym you develop under the ADA, you must sign the form of Franchise Agreement attached to this disclosure document as Exhibit B. For your second and each subsequent Gym, you must sign our then-current form of Franchise Agreement before you open each subsequent Gym. The then-current Franchise Agreement may contain materially different terms as compared to the form of Franchise Agreement attached to this FDD as Exhibit B. We also have the right to require you to sign a general release as a condition to our granting you the right to enter into your second and each subsequent Franchise Agreement. A current copy of our form of sample general release is attached to this FDD as Exhibit G.

Our System, Copyrights and Marks.

We use, promote and license in the operation of 30 MINUTE HIT® Gyms certain trademarks, service marks and other commercial symbols, including the trade and service marks "**30 Minute Hit®**" and other assorted associated logos, designs, URLs (like 30minutehit.com), slogans, trademarks, service marks and trade dress which have gained and continue to gain public acceptance and goodwill, and may create, use and license additional trademarks, service marks, e-names and commercial symbols in conjunction with the

operation of 30 MINUTE HIT® Gyms (collectively, the "**Marks**").

We also use, promote and license in the operation of 30 MINUTE HIT® Gyms certain information capable of being rendered into tangible form that we claim as our Copyrights, including our advertising, websites, training programs, spreadsheets, pro forma documents, forms, pricing lists, vendor lists, modifications to software, and any other written materials, marketing materials, advertisements, television advertisements, radio commercials, songs, jingles, slogans or performance (including the look, compilation, feel and content of them) (collectively, the "**Copyrights**").

30 MINUTE HIT® Gyms offer and sell Approved Products and Services in a distinctive and innovative environment. 30 MINUTE HIT® Gyms operate using the Marks and Copyrights and according to our distinctive workout and fitness programs, business formats, uniforms, color schemes, entertainment methods, hiring practices, operational methods, Business Management System, procedures, designs, layouts, signs, equipment, training and workout techniques, trade dress, appearance standards, System Standards, uniforms and other standards and specifications, all of which we may change from time to time (the "**System**").

To facilitate the operation of 30 MINUTE HIT® Gyms, we may, to the extent we designate, and in conjunction with our existing predecessors or affiliates, or future affiliates, act as a clearing house of leads and information concerning sales of Approved Products and Services, assist with managing information, collect and provide and manage information relating to customers and vendors, and operate and designate database management platforms, Information Technology Systems and other information systems we designate as pertinent to the 30 MINUTE HIT® Gyms. This interrelated business management system, our 30 MINUTE HIT® Gym business management system (the "**Business Management System**") is or may be an integral part of the System. The Business Management System may operate in conjunction with, and may include the computer system hardware and software we designate or approve for 30 MINUTE HIT® Gyms (the "**Information Technology System**"), which may include management and other information and point of sale systems (the "**POS System**"), and any accounting systems we designate or approve (the "**Accounting System**"). Through or in connection with the Business Management System, we may assist 30 MINUTE HIT® Gyms in providing the level of marketing, advertising, information management and training and support described in the Franchise Agreement, as well as offering additional marketing and support services at our then current prices. Currently, we do not have a designated supplier of the Information Technology System, POS System and Accounting System, but are investigating providers for them.

We are an "owner operation" focused franchise. At least one of your owners with at least 50% ownership in the franchise must be designated as your "general manager", who will be responsible for overseeing operation of the 30 MINUTE HIT® Gym. Also, because we believe that the initial and ongoing education regarding sound business management, operations, and other matters we designate, is integral to the success of our System, we and our affiliates and third parties we designate from time to time, may provide initial and ongoing training and education to 30 MINUTE HIT® Gyms and their staff. Part of this training, as described in Item 11, is mandatory and part of it is optional. Both mandatory and optional training may require you to pay our or our third parties' then current fees for such training.

Competition.

You will be competing with in-home and fixed location gyms, personal trainers, fitness locations, fitness programs and other opportunities for exercise of all types, as well as traditional boxing or kickboxing gyms. These fitness providers may be associated with national or regional chains or may be local independent businesses. Your products and services will be offered to the general public, to individual consumers, primarily for on-site consumption/use. The market for fitness opportunities of the type offered by 30 MINUTE HIT® Gyms is developed in some areas and developing in other areas, depending on the number of this type fitness facility in the area.

Regulations.

You will be required to comply with all local, state and federal, health and sanitation laws that apply to gym or fitness center operations. Some States have laws that govern the contractual terms for gym memberships or installment contracts. Other states require licensure or certification for personal trainers. Some states and municipalities also may require separate training in sanitation and safety laws before permitting the Gym to open. You should check your state and local laws. You must comply with laws regulating sexual harassment and discrimination, as well as, federal, state and local regulations concerning any nutritional, drink or food products you may offer (like shakes, meal replacement bars or nutritional supplement), labeling, preparation, handling, storage and sale. These include state laws requiring postings concerning steroids and other drug use, governing the terms of membership agreements, gym membership sales and financing terms, health and safety, child care requirements, requiring medicines and equipment in clubs or gyms, bond requirements, pool and wet area safety requirements, pre-sale bonds and escrows, and the like. You must also comply with all local, state and federal laws, including various environmental laws such as those that regulate massage, tanning, personal training and other regulated services. You must comply with federal and state truth in labeling, commercial texting and advertising laws and regulations. Additionally, every state has enacted laws, rules, regulations and ordinances which may apply to the operation of a 30 MINUTE HIT® Gym, including those which: (a) establish general standards, specifications and requirements for the construction, design and maintenance of the premises, including Americans With Disabilities Act requirements; (b) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements, restrictions on smoking, and availability of and requirements for public accommodations, including restrooms; (c) set standards pertaining to employee health and safety; and (d) set standards and requirements for fire safety and general emergency preparedness. You must comply with laws regulating sexual harassment and discrimination, as well as, federal, state and local regulations concerning retail business practices. You will also be required to comply with immigration and social security laws regarding the personnel you hire. Certain states and local governments have laws relating specifically to health clubs or gyms, including laws requiring postings concerning steroids and other drug use, requiring certain medical equipment in the club or gym, limiting the supplements that health clubs or gyms can sell, requiring bonds if a health club or gym sells memberships valid for more than a specified period of time, requiring club or gym owners to deposit into escrow certain amounts collected from members before the club or gym opens (so-called “presale” memberships), and imposing other restrictions on memberships that health clubs or gyms sell. You should investigate your local laws. Note that the ongoing development of the COVID-19 virus crisis is having and will have an impact on laws rules and regulations relating to gyms, including orders or recommendations that they close for unknown periods of time.

## ITEM 2
## BUSINESS EXPERIENCE

Co-President and Director: Jackson Loychuk

Jackson has served as our Co-President and our Director in North Vancouver, BC since our inception in March 2010. He has served since June 2006 as the Director, Secretary and an owner of 30 Minute Hit, Ltd, in Vancouver, BC and has also served from September 2004 to September 2011 as the owner, trainer and manager for the Original 30 Minute Hit in British Columbia, Canada.

Co-President and Director: Deanna Loychuk

Deanna has served as our Co-President and our Director in North Vancouver, BC since our inception in March 2010. She has served since June 2006 as the President, Director and an owner of 30 Minute Hit, Ltd, in Vancouver, BC, and has also served from September 2004 to September 2011 as the owner, trainer and manager for the Original 30 Minute Hit, in British Columbia, Canada.

## ITEM 3
## LITIGATION

No litigation is required to be disclosed in this Disclosure Document.

## ITEM 4
## BANKRUPTCY

No bankruptcy is required to be disclosed in this Disclosure Document.

## ITEM 5
## INITIAL FEES

**Unit Franchise Program.**

Your "initial franchise fees" are those monies you are required to pay to us, to our parent or to our affiliates prior the commencement of your 30 MINUTE HIT® Gym's operations. Your initial franchise fees under the Unit Franchise Program is $70,000. Your initial franchise fees include your Franchise Fee, Training Fee and Initial Equipment Fee.

Included with the initial franchise fee is the grant of the franchise, our Initial Training Program, and our Initial Equipment. Any additional training fees due and optional supplies you purchase (those not included in our Initial Equipment) are due after the commencement of your operations. The components of your initial franchise fees are described in this Item 5, below.

Franchise Fee:

When you sign the Franchise Agreement, you are required to pay a lump sum non-refundable franchise fee (the "**Franchise Fee**") in the amount of $45,000. The Franchise Fees are uniform among franchisees.

Except as described in this Item 5 above, there are no other fees to be paid to or purchases required to be made from us or our affiliates, prior to your beginning operations.

Training Fee:

When you sign the Franchise Agreement you must pay to us a lump sum nonrefundable "**Training Fee**" in the amount of $10,000. The Training Fee compensates us for initial training in Item 11. The Training Fee is uniform among franchisees.

Initial Equipment Fee; Additional Equipment, Inventory and Supplies Purchase:

In addition to the Franchise Fee is our non-refundable fee (the "**Initial Equipment Fee**") for payment for our, or our affiliate purchasing and selling to you certain equipment inventory and promotional supplies, items we require you to use in the development or operation of your 30 MINUTE HIT® Gym (the "**Initial Equipment**"). It is non-refundable and due in lump sum within 15 days of the date we approve the Site or the date you sign your lease for or purchase your Site, whichever is earlier (the "**Site Selection Date**"). The Initial Equipment Fee is $15,000, and its makeup varies. You are responsible for shipment costs, which you pay to third party shippers. These shipment costs to third parties range from $1,000 to $3,000. See Item 7. A typical Initial Equipment package includes the following items: training materials, copies of operations manuals, miscellaneous flyers and other printed materials bearing our Marks and/or Copyrights, our point of sale start up kit, and various logo shirts. The actual items and equipment, and quantities of those items and

equipment included in your Initial Equipment will be designated in an Exhibit to your Franchise Agreement, and may vary from the general description provided above.

You are also required to purchase from us or our affiliate additional equipment items, and your initial inventory of certain supplies such as merchandise, uniforms, supplies, apparel, boxing gloves, wraps, and other materials and supplies necessary for the opening of the Gym in compliance with our prescribed standards and specifications. The range of costs associated with this purchase is $6,000 to $9,000. The difference between the low and high range is attributable to the actual size of the Gym and the amount and variety of the items purchased.

Each 30 MINUTE HIT® Gym is operated under a separate Franchise Agreement. The Franchise Fee, Training Fee and Initial Equipment Fee are due in lump sum upon signing the Franchise Agreement and are fully earned and non-refundable upon payment. The fee for the additional equipment and inventory is due before opening, at the time you receive the invoice for your order.

Additional Training Fee:

If you request and we provide, or if we require you to attend additional training (in addition to our standard initial training program described in Item 11), we may charge you our then current additional training fees (See Item 6). These additional training fees, if any, will not be due prior to the time you commence operations so they will not increase your initial franchise fee. But if additional training fees are incurred by you before you commence operations, they will be due the first month after you commence operations.

**Area Development Agreement.**

If you acquire rights under an ADA, you must pay an Area Development Fee to us when you sign the ADA (the "Development Fee"). The Development Fee is calculated as follows: The ADA will identify the Development Area within which you are required to develop Gyms, as well as the total number of Gyms to be developed in the Development Area (the "DA Gyms" or "Development Area Gyms"), which will be between two (2) and three (3) total Gyms as we determine using our then-current criteria. We reserve the right to grant you the right to open more than three (3) Gyms in our sole discretion. The Development Fee you must pay under the ADA will be equal to: (a) $85,000 (for the development of two (2) Gyms, or (b) $120,000 (for the development of three (3) Gyms). The Development Fee under ADAs signed under this Disclosure Document is calculated uniformly and is non-refundable upon payment.

If you sign an ADA, in addition to the Development Fee, you must pay the Initial Fees required under each Franchise Agreement you sign under the ADA for each Gyms you are required to open.

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## ITEM 6
## OTHER FEES

### A. Unit Franchise Program.

| Name of | Amount | Due Date | Remarks[3] |
|---|---|---|---|
| Royalty | Varies: The Royalty is the greater of (a) 4% of your monthly Gross Sales or (b) the following amounts per month based on your Gross Sales "Tier": Tier 1: under $100,000 = $500/month; Tier 2: $100,001 to $200,000 = $600/month; Tier 3: $200,001 to $300,000 = $700/month; Tier 4: $300,001 to $400,000 = $800/month; and Tier 5: $400,001+ = $900/month.<br><br>Currently, until we provide notice, we are only charging Royalties at the rate indicated in (b) above. We may implement the Royalty rate in (a) above at any time upon notice. | On the Payment Date of each Accounting Period (currently monthly) | We may require you to pay the Royalties by electronic transfer. The current Payment Date is the 1st of each month. Royalty is increased to double (2x) its normal rate during any month you purchase or sell unapproved products or services. |
| System Development Fund Fees | Varies: Currently $0 per month, but can be up to 3% of your Gross Sales. | On the Payment Date of each Accounting Period (currently monthly) | We may defer or reduce upon 30 days' prior written notice to you. We may also charge you our then current production, shipping, handling and storage costs for media items produced by the System Development Fund. We will not increase the System Development Fund Fee during the 1st year of your term. |
| Website Marketing Fee ("WMF") | Our then-current fee. As of the issuance date of this Disclosure Document, the WMF is $300 per month and is subject to increase upon notice to you. | On the Payment Date of each Accounting Period (currently monthly). We do not bill you until after your Opening Date. | Includes maintaining the webpage. |

| Name of | Amount | Due Date | Remarks[3] |
|---|---|---|---|
| Power Leads Fee | Our then-current "Power Leads Fee". You must pay to our designated supplier a Power Leads management fee of $300 per month, unless we designate otherwise. Additionally, as of the issuance date of this Disclosure Document, you must determine your proposed monthly budget for Power Leads and you must pay to our designee (which may include us, an affiliate or third party supplier) the Power Leads Fee according to the schedule we designate, with the first payment due before the Opening Date. As of the issuance date of this Disclosure Document, you must expend not less than $1,000 each month. | As designated by the applicable supplier. | As of the issuance date of this Disclosure Document, we require you to pay our then-current Power Leads Fee plus the $300 per/month management fee, to our designated supplier for Power Leads Ads management and services. As of the issuance date of this Disclosure Document, you must expend not less than $1,000 each month. We reserve the right to require you to pay the Power Leads Fee to us, or affiliate or a different third party supplier at any time, effective on notice to you. |
| SMS System Fee | Our then-current SMS System Fee; As of the issuance date of this Disclosure Document, the SMS System Fee is $75 per month | On the Payment Date of each Accounting Period (currently monthly) | You must pay to us, or, if we designate otherwise, to our designated supplier (which may include an affiliate), a continuing SMS System Fee. As of the issuance date of this Disclosure Document, the SMS System Fee is due and payable to us on a monthly basis. |
| Ongoing Training Development Fee | Our then-current fee. As of the issuance date of this Disclosure Document, the Ongoing Training Development Fee is $100 per month and is subject to increase upon notice to you. | On the Payment Date of each Accounting Period (currently monthly). We do not bill you until after your Opening Date. | Compensates us for ongoing training program development. |
| Sales Staff Training Evaluation | Our then-current fee. As of the issuance date of this Disclosure Document, the Sales Staff Training Evaluation is $50 per individual evaluation and is subject to increase on notice to you. | Due monthly. We do not bill you until after your Opening Date. | We conduct an evaluation of your staff to determine if you have trained them on our System Standards. |

| Name of | Amount | Due Date | Remarks[3] |
|---|---|---|---|
| Local Advertising Cooperative Fee/ Local Advertising Area fee | Varies: Currently, 0% of Gross Sales. Can be up to 2% of weekly Gross Sales. | As established by the cooperative | Only applies if a local advertising cooperative or Local Advertising Association ("LAA") is established. If so, you must pay up to 2% of your Gym's weekly Gross Sales to the cooperative. The local advertising cooperative determines or LAA its covered area and participants, subject to our approval. We can require that an LAA is created. We do not have established criteria for the covered areas of local advertising cooperatives. If one of our affiliate 30 MINUTE HIT® Gyms participates in the Cooperative or LAA, it will have 1 vote. We have the right to approve the rules of the local advertising cooperative. |
| Local Advertising Requirement | Varies. Currently $300 per month is paid to us by you for our online marketing program services provided by our designee. Can be up to 2% of your annual Gross Sales. | As incurred. Paid to us by you on the 1st of the month via electronic funds transfer. | For internet marketing. We may permit local advertising cooperative expenditures or LAA fees to count towards this amount. |
| System Standard Violation Fee | $1,000 per first month a violation occurs, and doubles from the prior month for each subsequent month the violation occurs. | As incurred. | If you fail to comply with our System Standards, then in addition to any other right we have under this Agreement, you will also pay to us the System Standard Violation Fee: each subsequent month, consecutive or otherwise, in which System Standards are violated or not met by you, you will pay to us a System Standard Violation Fee in an amount equal to double the prior System Standard Violation Fee due. We are not required to provide notice or opportunity to cure prior to imposing the fee. |

| Name of | Amount | Due Date | Remarks[3] |
|---|---|---|---|
| Operating Assistance Fee | Up to $1,000 per day plus expenses. | Due upon demand: Generally when you request additional assistance | We do not provide you any free days of operating assistance per year. At our option, days of operating assistance may be provided if you pay to us a fee of up to $1,000 per day, plus all travel, food, living, lodging and other expenses incurred by us in providing the operating assistance to you. For example, this fee applies if you request and we provide operating assistance at your Gym around the time of your opening or afterwards. |
| Additional Training | Varies, but will not exceed $1,200 per trainer per day, plus expenses. | Within 5 days after billing. We do not bill you until after your Opening Date. | We only charge additional training if we require or you request additional training. Our then current training fees will be posted in our Manuals from time to time. You must also pay all travel, food, living, lodging and other expenses incurred by the trainer. Also applies to any training outside of or in addition to the Initial Training, or for attending any mandatory meetings we designate. |
| Transfer Fee | (x) 50% of the sum of our then current Franchise Fee, Initial Equipment Fee and Training Fee, plus (y) any franchise broker fees | As Incurred | You also must pay $1,000 for each transferee evaluated by us. |
| Renewal (successor franchise) | 25% of our then current Franchise Fee, plus any franchise broker fees. | Upon Signing the Successor Franchise Agreement. | However, you must bring your Gym in compliance with our System Standards and doing so may require you to incur Additional Training Fees and make purchases, including purchases from us or our affiliates. |
| Audit | Cost of inspection or audit plus travel. | 15 days after billing | Payable only if you fail to furnish reports, supporting records or other required information or you under report Gross Sales by 2% or greater. |
| Interest | Lesser of 18% per year or highest contract rate of interest allowed by law. | Within 15 days after billing | Payable on all overdue amounts. |
| Late Payment Penalties | 5% of the late amount. | Due on payment of late amount | Payable on all late payments including interest. |

| Name of | Amount | Due Date | Remarks[3] |
|---|---|---|---|
| Costs and Attorneys' Fees | Will vary under circumstances. | As Incurred | Payable upon your failure to comply with the Franchise Agreement. |
| Indemnification | Will vary under circumstances. | As Incurred | You have to reimburse us if we are held liable for claims arising from your Gym's operations. |
| Testing | Cost of Testing plus travel expenses: Currently at least $500 per day of testing. | Within 15 days after billing | This covers the costs of testing new products or inspecting new suppliers you propose. You must also pay any travel expenses incurred. |
| Site Relocation Fee | $1,000 | Within 15 days after billing | You are required to pay this fee if we consent to your Gym's Site relocation after opening. You are also responsible for all costs and expenses relating to the relocation. |
| Additional e-mail addresses | $100 per address. | Within 15 days of billing | We include 1 site specific and 1 corporate e-mail address. We charge $100 per address for additional e-mail addresses. |
| Software, webpages and e-mails | Varies: Our then current software licensing, support and maintenance fees. Currently, $375 for the POS Set up and $65 per month until year 4, after which it drops to $25 per month. May change due to 3rd party supplier fees. We also require you to purchase Quickbooks® ($400). Currently, $100 per year per e-mail, $200 per local URL, and $300 to $500 per additional local web page setup. | Within 15 days of billing | Currently we only require software licensing and maintenance for the POS System. But we may require other licensing, support or maintenance fees be paid to us. We may develop or authorize a computer system, POS System and accounting system that requires you to do so. See Item 11. We supply one web page and e-mail Our then current additional fees apply for additional web page development, local URLs, and e-mails. |
| Copies of E-Commerce Agreement | Up to $15 per copy. | Within 15 days of billing | If you request a printed copy of our internet Terms of Use, privacy policy or similar online agreements. |
| Required Training/ Meeting Non- Attendance Fee | 2 x the cost or fee for the required meeting or training. This fee doubles each missed required meeting or training after. | Within 15 days of billing | We charge you if you miss or fail to attend any required meetings or training events. (6) |

| Name of | Amount | Due Date | Remarks[3] |
|---|---|---|---|
| Re-sales of / Mark Ups on items, supplies and equipment. | Varies: Our or our affiliates' then current fees/markup. May be +/-5% to 100%+. | Within 15 days of billing | We or our affiliates may be approved or designated supplier to you, and we or our affiliates may earn profits from those sales. |
| Management Fee | 20% of Gross Sales per month plus any out-of-pocket expenses incurred in connection with the Gym's management. | As incurred | Applies if we exercise our right to take over operation of the franchise because you are in breach of the Franchise Agreement by not meeting our System Standards/ Customer Standards. We will not be liable to you for any debts, losses or obligations that the Gym incurs, or to any creditors for any supplies or other products or services purchased for the Gym, in connection with such management. |

Notes:

(1) Unless otherwise indicated, all fees in this table are imposed by and payable to us or our affiliates. In general, we expect to impose all fees described in this chart uniformly among all franchisees. But we reserve the right to vary these fees if, in our sole discretion, we choose to do so. All fees in this table are non-refundable, except as provided in Item 5.

(2) "Gross Sales" are defined in the Franchise Agreement as all revenue you derive from operating the Gym, including, but not limited to, all amounts you receive at or away from the Site from any activities or services whatsoever including any that are in any way associated with the Marks, Copyrights or System, and whether from cash, check, barter, credit or debit card or credit transactions; but excluding (1) all federal, state or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority; (2) customer refunds, adjustments, credits and allowances authorized by us that are actually made by the Gym; (3) sums collected and actually paid by you for any sales or other excise tax imposed by any duly constituted governmental authority on gym membership sales in a state that prohibits the payment of Royalties on such sales; and (4) the bulk sales of the business itself, if the same have been included in Gross Sales.

(3) We may require you to pay all payments of the Royalties and other amounts due to us by electronic funds transfer and in the manner we may designate. If we do so, we will designate the day of the week (the "Payment Day") for the payment. You agree to comply with the procedures we specify in our Manuals and perform such acts and sign and deliver such documents as may be necessary to accomplish payment by this method. On the Payment Day, you will report to us by telephone or electronic means or on written form, as we direct, the Gym's true and correct Gross Sales for the immediately preceding week. You must report to us membership/billing reconciliation reports prior to the end of each month along with monthly Gross Sales reports. You will give us authorization, in a form that we designate or approve, to initiate debit entries or credit correction entries to the Gym's bank operating account (the "Account") for payments of Royalties and other amounts due under the Franchise Agreement, including any applicable interest charges. We do not have a standard form of electronic delivery transfer document for you to sign to make electronic funds transfers from your bank operating account. It may vary based on your or our banking institution. You will make the funds available in the Account for withdrawal by electronic transfer no later than the Payment

Day. The amount actually transferred from the Account to pay Royalties will be based on the Gym's Gross Sales reported to us. If you have not reported the Gym's Gross Sales to us for any reporting period, we will transfer from the Account an amount calculated in accordance with our reasonable estimate of the Gym's Gross Sales during any such reporting period. If we determine at any time that you have under-reported Gross Sales or underpaid Royalties or other amounts due to us, we will be authorized to immediately initiate a transfer from the Account in the appropriate amount in accordance with the foregoing procedures, including applicable interest and late charges. Any overpayment will be credited to the Account through a credit, effective as of the first reporting date after you and we determine that such credit is due.

(4) We can require that you join a local advertising cooperative and or Local Advertising Area and contribute to it up to 2% of your Gross Sales. If the majority of its members vote to increase the fees above 2% you must agree to do so. Each franchisee has one vote (per Gym) and if there is a tie, we get to cast the deciding vote. Each cooperative or Local Advertising Area will adopt its own governing documents that we may require that we approve.

(5) We may establish a committee of franchisees selected by us to determine on a case-by-case basis if we will grant variances (waivers) of this fee, or increase it for repeated violations.

## ITEM 7
## ESTIMATED INITIAL INVESTMENT

### A. Unit Franchise Program.

| Type of Expenditure | Amount (14) | Method Of Payment | When Due | To Whom Payment is To |
|---|---|---|---|---|
| Franchise Fee (1) | $45,000 | Lump Sum | Signing Franchi | Us |
| Initial Equipment Fee (1) | $15,000 | Lump Sum | Within 15 days of the earlier of our Site approval or you signing your Lease. | Us |
| Initial Equipment Shipping (1) | $1,000 to $3,000 | Lump Sum | As incurred | Us or Third Party |
| Website Marketing Fee (1) | $700 to $1,750 | Lump Sum | As Incurred | Us |
| Training Fee | $10,000 | Lump Sum | Signing Franchi | Us |
| Training Development Fee | $200 to $500 | Lump Sum | As Incurred | Us |
| Additional Training Fees and Expenses (1) | $1,100 to $2,750 | Lump Sum | As Incurred | Us |
| 2-3 months' rent | $4,500 to $18,000 | As Agreed | By agreement with provider | Lessors, Contractors, |
| Leasehold Improvements, including landscaping (2) | $15,000 to $150,000 | Lump Sum | As Agreed | Third parties |
| Architectural/Engineering Services (3) | $0 to $2,000 | As Agreed | By agreement with provider | Suppliers |
| Signage/Local Advertising (4) | $2,000 to $8,000 | Lump Sum | As Incurred | Suppliers |
| Information Technology System/POS System/ Computer System (5) | $2,000 to $3,000 | As Incurred | | |
| Power Lead Fees (1) | $0 to $6,000 | Lump Sum | As Incurred | Us |

| Type of Expenditure | Amount (14) | Method Of Payment | When Due | To Whom Payment is To |
|---|---|---|---|---|
| Lease, Utility and Security | $3,500 to $15,000 | Lump Sum | As Incurred | Third Parties |
| Additional Equipment, Inventory and Supplies (7) | $6,000 to $9,000 | Lump Sum | Signing of Franchise | Us. |
| Grand Opening Advertising | $3,000 | As Incurred | Within 60 days of opening Gym | Third Parties |
| Non-Attendance Fees, and Additional Training Fees, noncompliance fees (9) | $0 | Lump Sum | As Incurred | Us |
| Insurance (10) | $3,000 to $5,000 | Lump Sum | As Incurred | Third Parties |
| Professional Fees (11) | $1,000 to $2,500 | As Incurred | As Incurred | Third Parties |
| Business Licenses and | $150 to $1,000 | As Incurred | As Incurred | Third Parties |
| Additional Funds - 3 months | $10,000 to $25,000 | As Incurred | As Incurred | Third Parties |
| **TOTAL ESTIMATED INITIAL INVESTMENT UNDER THE UNIT FRANCHISE PROGRAM (FOR YOUR FIRST UNIT FRANCHISE EXCLUDING PURCHASE OF REAL ESTATE** | $123,150 to 325,500 | | | |

Explanatory Notes:

1. See Items 5 and 6. The Franchise Fee is $45,000 and Initial Equipment Fee is $15,000, and Training Fee is $10,000. The Franchise Fee is uniform among franchisees. We do not finance any fees. The Franchise Fee and Training Fee are due in lump sum when you sign the Franchise Agreement for each Gym and is not refundable under any circumstances. The Website Marketing Fee, Power Leads Fee, SMS System Fee, Training Development Fee and Additional Training Fees and expenses are not due until after you open for operations. You are responsible for the cost of shipping the Initial Package, which is paid to third parties, not to us or our affiliates. See Item 5. This item does not include Royalty payments during the initial investment stage. See Item 6.

2. A 30 MINUTE HIT® Gym's Site will typically be "Free Standing", "Strip Mall". The size of a Free Standing Site 30 MINUTE HIT® Gym is estimated to be 1,400 to 2,500 square feet of air-conditioned space. We estimate monthly rental costs on to be approximately $15 to $45 per square foot, inclusive of CAM, and include the franchisee negotiating to receive $15,000 to $75,000 in tenant improvement allowance ("TI") included in the rent rate. (If you do not receive the TI, your estimated initial investment may be $15,000 to $75,000 higher than this the estimated initial investment in this Item 7.) We do not estimate any percentage rent, and rental costs may vary by area and state of the economy. Your actual rental costs could be much higher. Costs of leasehold improvements, which include exterior landscaping, floor covering, wall treatment, counters, tables, ceilings, painting, window coverings, plumbing, electrical, carpentry, related work and contractor's fees, development/paving costs, will vary significantly depending on the condition, location and size of the Site, the demand for the Site among prospective lessees and any construction or other allowances granted by the landlord after negotiations. Our estimates for Fee Standing and Strip Mall assumes that you will lease

an existing building on improved land, and that you will essentially renovate the land and building as needed. Build out expenses may be incorporated into rental rates. We do not anticipate that you will purchase your real estate. It is possible that you might choose to buy, rather than rent, real estate on which a building suitable for a 30 Minute Hit® Gym already is constructed or could be constructed. Real estate costs depend on location, size, visibility, economic conditions, accessibility, competitive market conditions and type of ownership you are buying. Both the high and low range assume you are able to negotiate approximately $15,000 to $75,000 in tenant improvement allowance or landlord's work into the lease rate. Because of the numerous variables that affect the value of a particular piece of real estate, this estimated initial investment table does not reflect the costs of or purchasing land and erecting a building, and the high end of the rental costs may vary due to your credit worthiness, collateral, costs included in rent, and CAM, if any.

3. Each Site generally requires conversion of an existing building to house the Gym. Although we provide you with prototype design plans, specifications, decor and layouts you will have to develop, with the assistance of an architect and engineer, complete architectural plans and drawings and engineering plans, at your expense.

4. This estimate is based on the System Development Fund Fees and our estimate of additional signage, street cards, white page advertising and grand opening expenditures needed. Local Advertising Cooperative Contributions may count towards this requirement (See Items 6 and 11).

5. This estimate includes your point of sale computer/cash register and a personal computer for back office operations. We currently do not have a designated source for the POS System (See Items 1 and 11).

6. The amount of the security deposits needed for various equipment leases or services will depend on what items you choose to rent and/or your credit history.

7. The difference between the low and high ranges is attributable to the actual size of the Gym and the amount and variety of the merchandise, uniforms, supplies, apparel, boxing gloves, wraps, and other materials and supplies necessary for the opening of the Gym in compliance with our prescribed standards and specifications. Your initial inventory will also vary based on your storage space, and anticipated sales during your initial opening period.

8. The Pre-Sale and Grand Opening Advertising must be spent within the first 60 days prior and 30 days after the Gym's opening date.

9. See Item 6. Applies if you don't meet our System Standards, or miss required meetings or training. This estimate assumes you are in compliance during your Initial Investment period.

10. Insurance must be obtained to meet the minimum requirements established by the System Standards. This estimate includes your first quarter or semi-annual premium payment. (See Item 8). Insurance costs vary based on policy limited, types of policies, nature of physical assets, gross revenue, number of employees, square footage, location, business, contacts and other factors.

11. You will most likely need to hire an attorney to represent you in connection with forming an entity, and advising you of your legal risks and obligations.

12. You will need to obtain business licenses and permits, and pay the applicable fees to the

governmental agencies that require you to file for them.

13. This item estimates your initial startup expenses for the period from signing the Franchise Agreement through your first 3 months of operations. This includes any other fees in Item 6 not specifically mentioned in the table in this Item. These expenses include payroll costs. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business.

14. We relied on the experience of the 30 Minute Hit® Gym operated by our affiliate, and by 30 Minute Canada's franchisees to compile these estimates (See Item 1). Because these estimates were developed in Canada, they may vary when applied to the U.S. Market. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing will depend on factors such as the availability of financing generally, your creditworthiness, collateral you may have and lending policies of financial institutions from which you may request a loan.

15. If you sign multiple Franchise Agreements, the estimated initial investments for each individual 30 MINUTE HIT® Gym will apply to each 30 MINUTE HIT® Gym operated under each Franchise Agreement. Your estimated initial investment could be lower for subsequent 30 MINUTE HIT® Gyms if we certify you to provide the Initial Training to your second and subsequent 30 MINUTE HIT® Gyms opened. (See Item 5). This estimate has not been offset by any allowance for your operating revenues during this three month period. Your working capital requirements may increase or decrease depending upon your geographic area, operating revenues and other economic factors.

b. **YOUR ESTIMATED INITIAL INVESTMENT UNDER THE AREA DEVELOPMENT AGREEMENT[1]**

| **Type of Expenditure** | **Amount** | **Method of Payment** | **When Due** | **To Whom Payment is to Be Made** |
|---|---|---|---|---|
| Development Fee[2] | $85,000 (for the development of two Gyms) to $120,000 (for the development of three Gyms). | Lump sum, non-refundable | When you sign the Area Development Agreement | Company |
| Initial Investment for the **First Gym**[3] | $78,150 – $280,500 | See Chart 7(A & B) above. The low range is equal to the low range of the total from Chart 7(A) less the Initial Franchise Fee, and the high range is equal to the high range of the total from Chart 7(B) less the Initial Franchise Fee. See Note 3. | | |
| **Total Initial Investment** | $163,150 - $400,500<br><br>*Dependent on the number of Gyms you commit to open under the development schedule* | In addition to the Development Fee, you will incur initial investment expenses for the development and opening of each Gym you are obligated to open under the development schedule. The current estimated initial investment range for the development of a Gym is disclosed in the above tables and is subject to adjustment and increase in the future. | | |

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

Note 2. The range in the above tables reflects the amount of the Development Fee for the development of two (2) to three (3) Gyms. You must pay a Development Fee equal to $85,000 for the development of two (2) Gyms and $120 for the development of three (3) Gyms. We reserve the right to enter into Development Agreements for the development of more than three (3) Gyms.

Note 3. This estimated initial investment for each Gym you are obligated to develop under the ADA is subject to change for future Gyms, based on our then current offer at the time of sale, and costs associated with the types of expenditures listed in Charts 7(A) and 7(B) above. As stated in the table above, the estimate included only applies to the first Gym you open under the ADA. You will incur initial investment expenses for each Gym you are obligated to open under the ADA, and that initial investment estimate may increase in the future.

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

**Purchase Restrictions.**

You must operate the 30 MINUTE HIT® Gym according to our System Standards. Our System Standards may regulate nearly all of the purchases or expenditures made by your 30 MINUTE HIT® Gym. Our System Standards may regulate, among other things, the types, models and brands of required suggested, authorized, unauthorized and prohibited fixtures, furnishings, equipment, signs, software, materials, and supplies to be used in establishing and operating the Gym, required or authorized product categories, equipment, supplies, operating assets and the like and designated or approved suppliers of any or all of them (which may be limited to or include us or our affiliates). Currently, none of our officers own an interest in any supplier of required products or services (other than ownership interest in us, the franchisor entity, which is the designated supplier of certain equipment, inventory and supplies, as disclosed in more detail below).

**Purchases from Us.**

You must purchase "Initial Equipment," which includes the initial equipment inventory and promotional supplies and items, facial and body wipes, uniforms, branded hats, duffel bags, and apparel, as well as wraps and boxing gloves, from us. We and/or our affiliates are currently the only Approved Suppliers of all branded retail items you sell at your 30 MINUTE HIT® Gym, and online marketing and promotional materials and supplies. You must purchase these materials and items from us on an ongoing basis, unless we designate otherwise in writing. For example, at our option, we may require you to purchase from us and/or our affiliates self- defense training equipment, pre-recorded video tapes, physical fitness instructional materials, kicking shields, hard targets, bag gloves, training gloves, protective wear, head gear, rubber guns, rubber sticks, tactical pants, wrist wraps, hand wraps, pre-recorded CDs, DVDs, downloads/streaming and the like, video games, books, clothing, casual wear, hats, t-shirts, health and nutritional supplies and the like, as well as any other products, materials, supplies which bear the Marks (or our Copyrights), and/or other items, materials, services or supplies we choose (or designate for our affiliates) to supply the 30 MINUTE HIT® Gyms. We may purchase equipment and supplies from our affiliates and resell them to you, including at a mark-up. As of the issuance date of this Disclosure Document, the mark-up on the Initial Equipment you must purchase from us is approximately 23%. As of the issuance date of this Disclosure Document, other than as disclosed above, we do not currently require you to purchase any other goods or services from us or our affiliates in connection with the ongoing operation of your Gym. We and our affiliates reserve the right to become a supplier (including the exclusive supplier) of any item, good and/or service, and to require you to purchase any or all such items, goods and/or services from us and/or our affiliate(s) at any time in the future without restriction.

**System Standards/Approved Suppliers.**

In order to maintain the quality of the goods and services sold by the 30 MINUTE HIT® Gyms and the reputation of the 30 MINUTE HIT® Gym franchise network, you must purchase certain branded and non-branded products, materials, food items, beverages, and any other services and equipment we designate in the Manuals which meet our minimum standards and specifications ("System Standards"). For instance, we may require you to purchase or lease fixtures, equipment and supplies, furnishings, self-defense training equipment, pre-recorded video tapes, physical fitness instructional materials, kicking shields, hard targets, bag gloves, training gloves, protective wear, head gear, rubber guns, rubber sticks, tactical pants, wrist wraps, hand wraps, pre-recorded CDs, DVDs and the like, video games, books, clothing, casual wear, hats, t-shirts, health and nutritional supplies and related items, the Information Technology System, security systems, office supplies, marketing, advertising, paint and building plans, office equipment, as well as any other inventory, equipment, products, supplies or services used in the establishment or operation of the Gym, that meet our System Standards. Our System Standards may impose, among other criteria, minimum requirements for quality, cost, delivery, performance, design and appearance, delivery capabilities, financing terms, and ability of the supplier to service our franchise system as a whole.

Our System Standards may require that you purchase any or all services from suppliers we designate or approve, which may include us or our Predecessors, Parent and/or affiliates, including our Affiliate, 30 Minute Hit Canada. We will notify you in our Manual or other communications of our standards and specifications and designated or approved suppliers.

We reserve the right to require you to purchase any or all services and/or items from designated or approved suppliers ("Approved Suppliers"), which may include us and/or our affiliates. In addition to the items and services you are required to purchase from us or our affiliate (as disclosed above), as of the issuance date of this Disclosure Document, you must purchase the following services from Approved Suppliers: accounting, website/social media, public relations, site selection, real estate, and other services. Examples of approved suppliers other than us or our affiliates include POS/Computer System, insurance and other self-defense or marketing supplies or services, as well as Paychex® for payroll services. The majority of inventory, supplies and services you purchase for your 30 MINUTE HIT® Gym must be purchased from suppliers we designate or approve and/or in accordance with our System Standards.

We and/or our affiliates may negotiate contracts with suppliers of any items and/or services, and we may require you to purchase items and/or services from these suppliers, including on an exclusive basis.

We do not currently derive any revenue from your purchases from approved suppliers other than us; but we and our affiliates may derive revenue and other material consideration in the future. Percentages referenced under this Item 8 are subject to change.

**Percentage of Purchases.**

Collectively, the purchase and leases described above are about 70% to 80% of your overall purchases and leases in establishing a 30 MINUTE HIT® Gym and 30% to 50% of your overall purchase and leases to operate a 30 MINUTE HIT® Gym.

**Changes of Suppliers.**

If you want to use any item that does not comply with System Standards or is to be purchased from a supplier that has not yet been approved, you must first submit sufficient information, specifications and samples for our determination whether the item complies with System Standards or the supplier meets approved supplier criteria. We have the right to charge you our then current fee (currently at least $500 per

day of testing) to cover the costs incurred in making this determination and will, within 30 days of your request, notify you of our decision. We will, from time to time, establish procedures for submitting requests for approval of items and suppliers and may impose limits on the number of approved items and suppliers. Approval of a supplier may be conditioned on requirements relating to product quality, frequency of delivery, standards of service and concentration of purchases with one or more suppliers in order to obtain better prices and service and may be temporary, pending our further evaluation of the supplier.

**Rebates.**

We and our affiliates may negotiate with suppliers and manufacturers to receive rebates on certain items and/or services you must purchase or lease. Our rebate programs may vary depending on the supplier and the nature of the product or service. Certain suppliers and manufacturers may pay us a rebate based on the amount of products ordered that may vary.

In 2021, we did not receive any rebates from U.S. 30 MINUTE HIT® Gyms. As disclosed above, we do re-sell certain items and services to you and receive a mark-up and profit on these sales.

We may require you to enter into agreements with approved or designated suppliers or distributors. While we may, from time to time, choose to use rebate monies or other remuneration from such programs for the System Development Fund, they do not reduce or offset your System Contributions, or other fees due us. We reserve the right to use such rebate monies or remuneration in any way we choose. While we may seek to establish supply relationships based on lowest, or lower price, other considerations, such as strategic marketing, strength of supplier, competitive pressures, and the like may influence our decisions to use and negotiations with those suppliers. For example, a distributor of energy drinks or waters that we may permit you to sell may pay to us a commission in an amount of the gross sales of purchases by 30 MINUTE HIT® Gyms.

Prior to the date of this Disclosure Document, we have not received any rebates on purchases by franchised 30 MINUTE HIT® Gyms in the U.S. We are in the process of implementing a rebate program with our suppliers. As of the date of this Disclosure Document we have not instituted a formal rebate program or "Preferred Vendor" agreements with Approved Suppliers to U.S. franchised 30 MINUTE HIT® Gyms. (See the discussion of Preferred Vendors in the Franchise Agreement.) During the last fiscal year, we and our affiliates derived no ($0) monies from the sale of products to franchised 30 MINUTE HIT® Gyms.

**Purchasing or Distribution Cooperatives.**

There are currently no purchasing or distribution cooperatives. We may negotiate purchase arrangements with suppliers (including price items), for the benefit of the franchise systems. We do not provide material benefits to you (for example renewing or granting additional franchises) based on your purchase of particular products or services or use of particular suppliers.

**Gym Development.**

We require each 30 MINUTE HIT® Gym to be constructed or remodeled in accordance with our specifications and standards. The Franchise Agreement also requires that you purchase or lease and use only such equipment and supplies as we may specify or approve. We also will furnish you with mandatory and suggested specifications and layouts for a 30 MINUTE HIT® Gym, including requirements for dimensions, design, image, interior layout, decor, fixtures, equipment, signs, furnishings and color scheme.

**Site.**

We must approve the Site for the location of your Gym. If you have not located a Site that is approved by us prior to your signing the Franchise Agreement, you must locate and obtain our approval of the Site to be located in the “Site Selection Area” that may be the same as or within the “Designated Area”

we will designate in your Franchise Agreement within 30 days after the date the Franchise Agreement is signed. You must locate a Site, obtain our approval of it, and open your Gym: (a) within nine (9) months of the Site Selection Date; or (b) within 12 months of signing the Franchise Agreement, whichever is first to occur (the "**Opening Date**"). We will notify you if we approve or disapprove of the Site within 30 days of our receiving all materials we require to evaluate it.

If, despite using your best efforts, you are unable to meet the opening deadline due to delays entirely outside of your control (and provided that you have fully and properly completed and submitted all required permit applications), we may grant up to three (3) thirty (30) day extensions for you to open the Gym. The Site must be suitable for the Site type we authorize and must meet our criteria for demographic characteristics, traffic patterns, parking, character of neighborhood, competition from and proximity to other businesses and other 30 MINUTE HIT® Gyms, the nature of other businesses in proximity to the Site and other commercial characteristics and the size, appearance and other physical characteristics of the proposed Site. For example, some of our current guidelines for Sites include: traffic patterns of consistent volume throughout different times of day; a minimum of levels of parking spaces capable of handling a Gym of the size contemplated; proximity to commercial corridors, office buildings, apartments, shopping Gyms, hospitals, movie theaters and industrial parks; convenient access with easy left or right-hand ingress or egress; high visibility with capacity to accommodate large signs; sufficient population within proximity to the Gym to support its operations; and lack of competitors in close proximity.

You must provide us the letter of intent to lease the Site before signing it, and you must provide a copy of the proposed lease to us for our review and approval at least 30 days before you anticipate signing the lease for the Site. Our approval of the lease indicates only that we believe that its terms are acceptable to us and our interests. We may require you to incorporate certain provisions that are designed to protect our rights. You and your lessor, and, if applicable, any lender for the Site may also have to sign our then current form of Conditional Assignment and Assumption of Lease (the "**Lease Assignment**" or "**CAAL**") which is attached to this Disclosure Document as an Exhibit. If you purchase the Site, you may also have to sign our then current form of Agreement to Lease (the "**Lease Agreement**" or "**LA**") which is attached to the Disclosure Document as an Exhibit. The Lease Assignment and Lease Agreement generally protect our rights under the Franchise Agreement, our ability to possess the Site if you violate any of your obligations to us, and your right to occupy the Site, and operate the Gym without interference by lenders and mortgage holders. Any person who is related to or affiliated with you or one of your owners, directors, officers or other principals, and who plans to lease the Site to you or own or obtain financing for the Site, must agree to be bound by these provisions.

Under the Lease Assignment or Lease Agreement, we can take possession of the Gym's Site if you violate the lease or any obligation to us. You will still be responsible for all lease obligations covering the time before we take over. If you and the landlord for the Site are or become related in ownership or control, and we eventually take over the Site, any lease will be amended to be the same length as the Franchise Agreement, to be consistent with commercially reasonable "triple-net" leases being signed in your metropolitan area and to reflect the Site's fair market rental value in your metropolitan area.

You are advised to have the proposed lease reviewed by an experienced attorney who will advise you in connection with the negotiation and execution of the lease on your behalf. You must deliver a fully executed copy of the lease for the Site within 15 days after you sign the lease.

You are responsible for developing your Gym. You will complete the construction, build out or renovations of the Gym in accordance with our System Standards. You must complete construction/build out or renovations, as necessary following our System Standards and open your Gym on or before the Opening Date. In our sole discretion, if you have made full and complete applications for all building permits, licenses, and all other permits required to open a 30 MINUTE HIT® Gym, within 30 days of the date we approve the Site and your lease for it, if any, we may grant to you up to three 30-day extensions to obtain all necessary permits, provided that the delay was due to causes beyond your reasonable control.

**Advertising, Lead Generation and Social Media.**

We may designate vendors for advertising, lead generation and social media. Currently, we require you to use our services for website marketing, and our designated supplier for internet leads generation. You pay to us our Website Marketing Fee and SMS System Fee for those services and you must pay the Power Leads Fee to our designated vendor. See Item 6.

**Computer Hardware and Software.**

Currently, we do not require you to purchase the Information Technology System and POS System from us or our affiliates. But, we may designate approved suppliers and System Standards for your cash registers and point of sale terminals for your Information Technology System and POS System. We may require you to install and utilize computer hardware and software that we may designate and from suppliers we designate (including us), and pay to us our then current fees for software licensing, maintenance and support. Currently, the Information Technology System is comprised of a personal computer, iPad or tablet, iPhone or smartphone, credit card reader, printer, modem, internet based video monitoring system. The POS system is obtained from ELEVON, and the web cams are included in the Initial Equipment Package. Other components can be obtained from third party suppliers we designate or approve.

You must use this Information Technology System for online reporting of such sales and other information from your computer to us as required under the Franchise Agreement or Manual. For any time period during which the Information Technology System is not functioning properly, you agree to report such sales and other information by telephone to us no less frequently than weekly.

**Real Estate Brokers.**

We may designate national, local or state specific real estate brokers that franchisees must use to locate Sites for 30 MINUTE HIT® Gyms, and these brokers may identify local agreements that must be used in connection with the Site searches.

**Maintenance and Support Contracts.**

We may designate and may require you to maintain maintenance and support contracts on all equipment or machinery you utilize, and for the facility that is the Site. We may designate vendors for those contracts.

**Refurbishment**.

Our System Standards may require you to repair and maintain the Site and refurbish the Site from time to time to be consistent with our then current designated brand image. We are unable to estimate this cost or frequency of those refurbishments at this time. These costs will vary based on market conditions, wear on the Sit and the configuration of the site, and amount of System changes since the last refurbishment.

**Insurance**.

In addition to the purchases or leases described above, you must obtain and maintain, at your own expense, such insurance coverage that we require from time to time and meet the other insurance-related obligations in the Franchise Agreement. Currently, our minimum insurance criteria are set forth in the following table:

| **Type of Insurance** | **Amount** |
|---|---|
| General Liability | $1,000,000 (with coverage for sexual misconduct) |

| | |
|---|---|
| Vehicles | $100,000/$300,000 |
| Business Property | $50,000 |
| Business Interruption | $100,000 |
| Umbrella | $1,000,000 |
| Health Care | As required by new legislation. |
| Other | As required by law or your landlord. |
| Cyber Security | As specified |

The cost of this coverage will vary depending on the insurance carrier's charges, terms of payment and your history. We require a minimum of an "A-rating". You must send us copies of all insurance policies and each of them must name us and 30 Minute Hit, LTD as an additional insured party. Our System Standards may require you to use our designated insurance company or broker. If the Site is destroyed, you must rebuild it or move to another Site in accordance with your obligations under the Franchise Agreement. The Franchise Agreement does not terminate by virtue of casualty to the Site.

**Miscellaneous**.

Except as described above, neither we nor our affiliates currently derive revenue or other material consideration as a result of required purchases or leases. There currently are no purchasing or distribution cooperatives. We do not have any purchase arrangements with suppliers for the benefit of franchisees. However, we have the right at some point in the future to negotiate purchase arrangements with suppliers for the benefit of franchisees, and/or to derive revenue or other material consideration as a result of required purchases or leases; but we intend to derive revenue only for proprietary items.

## ITEM 9
## FRANCHISEE'S OBLIGATIONS

**These tables list your principal obligations under the Franchise Agreement 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.**

Unit Franchise Program.

| Obligation | Section in Agreement | Item in Disclosure Document |
|---|---|---|
| (a) Site Selection and acquisition/lease | Franchise Agreement ("FA": Sections 2, 4; Conditional Assignment and Assumption of Lease ("CAAL") Lease Agreement ("LA") | Items 7, 11 and 12 |
| (b) Pre-opening purchases/leases | FA: Sections 4, 5.2, 5.3, 5.4, 5.5, 6.1, 8.10, 11.7, 19.1 and 19.2; CAAL; LA | Items 5, 6, 7, 8, 11 and 16 |
| (c) Site development and other pre-opening requirements | FA: Sections 2.5, 2.6, 4, 5, 7, 8.2, 8.6, 11.1, 11.2, 11.7, 11.10, 11.11, 11.12, 13.1, 19.1, 19.2 and 19.3 | Items 6, 7 and 11 |
| (d) Initial and ongoing training | FA: Sections 3.4, 7, 11.12 and 11.13 | Item 11 |
| (e) Opening | FA: Sections 4, 5, 7, and 11 and Section 1.2 of ADA | Item 11 |

| Obligation | Section in Agreement | Item in Disclosure Document |
|---|---|---|
| (f) Fees | FA: Sections 3.4, 3.5, 3.6, 4.1, 4.2, 5.3, 5.4, 6, 7.2, 11.1, 11.3, 11.7, 11.8, 12.1, 12.2, 15.3, 18.3, 18.4, 19, and 20.11; CAAL; CATNL and Section 2.1 of ADA | Items 5, 6 and 7 |
| (g) Compliance with standards and policies/Operating Manual | FA: Sections 3.4, 5, 7, 8, 9, 11, 12, 13, 14 and 19; POG | Item 11 |
| (h) Trademarks and proprietary information | FA: Sections 8, 9, 11.1-11.3, 11.6-11.7, 11.10, 12.2 and 12.5; POG | Items 13 and 14 |
| (i) Restrictions on products/ services offered | FA: Sections 5.3, 5.4, 5.5, 5.7, 11.1, 11.2, 11.10, 11.11 and 12.5 | Items 11 and 16 |
| (j) Warranty and customer service requirements | FA: Sections 1.3, 2.6, 4.3, and 5.6 | None |
| (k) Territorial development and sales quotas | FA: Sections 2.1, 2.2, 2.5, 2.6, 3.1, 4, and 5.1 and Section 1.2 of ADA | Item 12 |
| (l) On-going product/service purchases | FA: Sections 5.3, 5.4, 5.5, 11 and 12 | Item 8 |
| (m) Maintenance, appearance and remodeling requirements | FA: Sections 3.1, 3.2, 5, 11.2, 11.4 and 14.1 | Items 11 and 17 |
| (n) Insurance | FA: Sections 11.2 and 19 | Items 7 and 8 |
| (o) Advertising | FA: Sections 5.3, 5.6, 5.9, 8.2, and 12. | Items 6, 7 and 11 |
| (p) Indemnification | FA: Sections 8.9, 17.6, 19.4, 20.6, and 18.4; LA: Section 3; CAAL; CATNL; POG and Section 9.4 of ADA | Item 6 |
| (q) Owner's participation/ management/staffing | FA: Sections 1.4(e), 2.4, 5.5, 7.1, 10 and 11.2, 11.12 and 11.13; POG | Items 11 and 15 |
| (r) Records and reports | FA: Sections 11 and 13 | Item 11 |
| (s) Inspections and audits | FA: Section 14 | Items 6 and 11 |
| (t) Transfer | FA: Section 15; RT and Section 6 of ADA | Items 6 and 17 |
| (u) Renewal | FA: Section 3; RS. | Items 6 and 17 |
| (v) Post-termination obligations | FA: Section 17; POG and Section 7.1 of ADA | Item 17 |
| (w) Non-competition covenants | FA: Sections 9.3, 10 and 17.5; POG | Item 17 |
| (x) Dispute resolution | FA: Sections 20; LA Section 11; CAAL; CATNL; POG; RS; RT and Section 8 of ADA | Item 17 |

## ITEM 10
## FINANCING

We do not offer direct or indirect financing. We do not guarantee your notes, leases or obligations. We do not have any intent to sell, assign, or discount to a third party all or any part of any part of any of

your financing arrangements. We do not receive direct or indirect payment for placing financing.

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

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

**Unit Franchise Program.**

**Pre-Opening Obligations:** Before you open the Gym, we will:

1. If you and we have not already agreed upon a location for your Gym before signing the Franchise Agreement, we will provide you with our site selection criteria for the Gym. You must find a suitable Site within 90 days of signing the Franchise Agreement, subject to our approval. The Site must meet our criteria for demographic characteristics, traffic patterns, parking, character of neighborhood, competition from and proximity to other businesses and other 30 MINUTE HIT® Gym, the nature of other businesses in proximity to the Site and other commercial characteristics, and the size, appearance and other physical characteristics of the proposed Site. We will approve or disapprove a location you propose for the Gym within 30 days after we receive the complete site report and other materials we request. We include one Site evaluation by us in the Franchise Fee (which is conducted via e-mail or phone based on the information you provide to us). (Franchise Agreement - Section 4).

2. Furnish you with prototype design plans, specifications, decor and/or layout (which include (a) ground floor plan; (b) main floor plan; (c) building elevations; and/or (d) front of the house plans) for a 30 MINUTE HIT® Gym, including requirements for design, color scheme, image, interior layout and Operating Assets which include fixtures, equipment, signs and furnishing. (Franchise Agreement - Section 5.1).

3. Assist you, at your request, in developing the Gym by recommending architects and otherwise furnishing information to assist you in developing the Gym in accordance with our specifications. At your cost, you will have complete and detailed construction drawings prepared and approved by an authorized architect, secure all financing, obtain permits and licenses for the Gym, construct improvements and decorate the Gym according to our System Standards, purchase or lease and install all Operating Assets, and purchase an opening inventory of products and supplies. (Franchise Agreement - Section 5.1).

4. As discussed in Item 8, identify the fixtures, furnishings, equipment (including point-of-sale registers, facsimile machines and computer hardware and software), materials and supplies and signs, emblems, lettering, logos and display materials necessary for the Gym to begin operations, the minimum standards and specifications that must be satisfied and the suppliers from whom these items may be purchased or leased (including us and/or our affiliates). (Franchise Agreement - Section 5.4, 5.8).

5. Allow you access to our Manual online via Internet, Intranet or electronic media). (Franchise Agreement - Section 11.1). While we provide general guidance and standards, we do not assist with the hiring or firing of your personnel.

6. Assist you in implementing the grand opening advertising and promotional program for the Gym. (Franchise Agreement - Section 5.9).

7. Provide to you the Initial Training Program (Franchise Agreement - Section 7.1). This training is described in detail later in this Item.

8. Sell to you the Initial Equipment as described in Item 5 (Franchise Agreement – Section 5.2).

9. We will sell to you those products for which we are the only Approved Supplier or other products for which we are among Approved Suppliers (Franchise Agreement – Section 5.4).

10. Conduct our Staff Training evaluations via Skype® or other electronic media (Franchise Agreement – Section 7.1).

11. Provide the Hitting it Hard Training sessions (Franchise Agreement – Section 6.5).

**Time To Opening.**

We estimate that there will be an interval of approximately 3 to 12 months between the signing of the Franchise Agreement and the opening of the Gym, but the interval may vary based upon such factors as the location and condition of the Site, the construction schedule for the Gym, the extent to which an existing location must be upgraded or remodeled, the delivery schedule for equipment and supplies, delays in securing financing arrangements and completing training and your compliance with local laws and regulations. We may grant up to three (3) extensions of 30 days each if the delay is beyond your reasonable control. You may not open the Gym for business until: (1) we approve the Gym as developed according to our specifications and standards; (2) pre-opening training of you and your personnel has been completed to our satisfaction; (3) the Franchise Fee and all other amounts then due to us have been paid; (4) we have approved the manager of your Gym and you have demonstrated that the conditions of Section 1.4(e) of the Franchise Agreement have been met; (5) we have been furnished with copies of all required insurance policies, or such other evidence of insurance coverage and payment of premiums as we request; and (6) we have received signed counterparts of all required documents pertaining to your acquisition or lease of the Site. You cannot open the Gym until we are satisfied that you have completed all necessary steps to open. (Franchise Agreement - Sections 6 and 7). However, you must commence operations at the Site upon the earlier of 12 months of executing the Franchise Agreement or 9 months from the date we approve your Site (unless we grant an extension).

**Post-Opening Obligations**: During your operation of the Gym, we will:

1. Advise you from time to time regarding the operation of the Gym based on reports you submit or inspections we make. In addition, we will provide guidance to you on standards, specifications and operating procedures and methods utilized by 30 MINUTE HIT® Gyms; purchasing required fixtures, furnishings, equipment, signs, products, materials and supplies; use of suppliers, approved products, volume buying; advertising and marketing programs; employee training; and administrative, bookkeeping and accounting procedures. This guidance will, at our discretion, be furnished in our Manual, bulletins or other written materials and/or during telephone consultations and/or consultations at our office or the Gym. (Franchise Agreement - Section 7.3).

2. We do not provide you with any free days of operating assistance each year. At our option, days of operating assistance will be provided to you if you request such additional days or if we deem it advisable, provided, however, you agree to pay our Additional Operating Assistance Fee and expenses for any additional days of operating assistance. See Item 6. (Franchise Agreement Section 6.5, 6.7 and 7.2).

3. Furnish you, at your request or if we deem advisable, additional guidance, assistance and training. In such instances, you will be responsible for paying Additional Training Fees. (Franchise Agreement - Sections 6.5, 6.7, 7.2, and 7.3). We do not assist with your hiring of employees or mediate any employment disputes. We are not obligated to mediate or resolve disputes among franchisees, but may do so at our option, and only to the extent we choose. (See Item 6 above).

4. Make our Manual available online or via other electronic format, consisting of such materials, which may include audiotapes, videotapes, magnetic media, computer software and written materials, that we generally furnish to franchisees for use in operating 30 MINUTE HIT® Gyms. The Manual contains mandatory and suggested specifications, standards, operating procedures and rules ("**System Standards**") that we prescribe from time to time for operation of a 30 MINUTE HIT® Gym and information relating to

your other obligations under the Franchise Agreement and related agreements. The Manual may be modified, updated and revised periodically to reflect changes in System Standards. You are responsible for routinely monitoring any online version (or electronic format) of the Manual for changes to it. If we make the Manual accessible to you online (or electronic format), we will not send to you printed copies of any changes to it. (Franchise Agreement - Section 11.1).

5. Issue, modify and supplement System Standards for 30 MINUTE HIT® Gyms. We may periodically modify System Standards, which may accommodate regional or local variations as we determine, and these modifications may obligate you to invest additional capital in the Gym and/or incur higher operating costs. However, these modifications will not alter your fundamental status and rights under the Agreement. (Franchise Agreement -Sections 11.2 and 11.3).

6. In our discretion, approve the form of any agreements (and all modifications to them) for any vending or food and beverage service we may permit you to use, if any (like bottled water, shakes, smoothies, energy drinks, etc.). We may require you to obtain such approval from us. (Franchise Agreement - Section 11.2, 11.10).

7. Inspect and observe, photograph and videotape the operations of the Gym, remove samples of any products, materials or supplies for testing and analysis, interview the Gym's customers and personnel, and inspect and copy any books, records and documents relating to the operation of the Gym from time to time to assist you in complying with the Franchise Agreement and all System Standards. (Franchise Agreement - Section 14).

8. Establish, maintain and administer a system-wide fund (the "**System Development Fund**"). You are obligated to contribute to the System Development Fund such amounts that we prescribe from time to time (See Item 6 and below). 30 MINUTE HIT® Gyms owned and operated by us and our affiliates will contribute to the System Development Fund on the same basis as franchise owners. (Franchise Agreement - Section 12).

9. We will sell to you those products for which we are the only Approved Supplier or other products for which we are among Approved Suppliers (Franchise Agreement – Section 5.6).

10. Conduct our Staff Training evaluations via Skype® or other electronic media (Franchise Agreement – Section 7.1).

11. Provide the Hitting it Hard Training sessions (Franchise Agreement – Section 6.5).

12. To the extent we choose, and in our sole discretion, operate and administer our "Power Leads" program.

**System Development Fund.**

You are required to pay to the System Development Fund the System Fund Fees in amounts that we prescribe from time to time in an amount that we designate up to the greater of 3% of your Gross Sales or $200 per month (but, currently $0 per month). (See Item 6). We will direct all programs financed by the System Development Fund, with sole discretion over the creative concepts, materials and endorsements used and the geographic, market and media placement and allocation of the programs. The System Fund Fees may be used to pay the costs of preparing and producing video, audio and written advertising materials; administering regional and multi-regional advertising programs, including, without limitation, purchasing direct mail and other media advertising and employing advertising, promotion and marketing agencies; and supporting public relations, market research and other advertising, promotion and marketing activities. The System Development Fund will periodically furnish you with samples of advertising, marketing and promotional formats and materials at its cost. Multiple copies of such materials may be furnished to you at our direct cost of producing them, plus any related shipping, handling and storage charges. (Franchise

Agreement - Section 12.1, 12.2).

The System Development Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the System Development Fund and its programs, including, without limitation, conducting market research, preparing advertising, promotion and marketing materials and collecting and accounting for contributions to the System Development Fund. We may spend, on behalf of the System Development Fund, in any fiscal year an amount greater or less than the aggregate contribution of all 30 MINUTE HIT® Gyms to the System Development Fund in that year, and the System Development Fund may borrow from us or others to cover deficits or invest any surplus for future use. All interest earned on monies contributed to the System Development Fund will be used to pay advertising costs before other assets of the System Development Fund are expended. We will prepare an annual statement of monies collected and costs incurred by the System Development Fund and furnish the statement to you upon written request. The System Development Fund is not required to be audited. We will not use any monies from the System Development Fund for the preparation materials intended to be used solely for franchise sales solicitations. We have the right to cause the System Development Fund to be incorporated or operated through a separate entity at such time as it deems appropriate, and the successor entity will have all of the rights and duties described in the Franchise Agreement. (Franchise Agreement Section 12.1, 12.2 and 12.3).

The System Development Fund is intended to maximize recognition of the Marks and patronage of 30 MINUTE HIT® Gyms. Although we will endeavor to utilize the System Development Fund to develop advertising and marketing materials and programs and to place advertising that will benefit all 30 MINUTE HIT® Gyms, we undertake no obligation to ensure that expenditures by the System Development Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the System Development Fund by 30 MINUTE HIT® Gyms operating in that geographic area or that any 30 MINUTE HIT® Gym will benefit directly or in proportion to its contribution to the System Development Fund from the development of advertising and marketing materials or the placement of advertising. We assume no other direct or indirect liability or obligation to you with respect to collecting amounts due to, or maintaining, directing or administering, the System Development Fund. (Franchise Agreement - Sections 12.1 and 12.4).

System Fund Fees will generally be on a uniform basis, but we reserve the right to defer or reduce contributions of a franchisee and, upon 30 days' prior written notice to you, to reduce or suspend contributions to and operations of the System Development Fund for one or more periods of any length and to terminate (and, if terminated, to reinstate) the System Development Fund. If the System Development Fund is terminated, all unspent monies on the date of termination will be distributed to franchisees in proportion to their respective contributions to the System Development Fund during the preceding 12-month period. We and our affiliates will contribute to the System Development Fund (pay System Fund Fees) on the same basis as franchise owners for any 30 MINUTE HIT® Gyms they own and operate. (Franchise Agreement - Sections 12.1 and 12.4).

During 2021, we received $0 in System Development Fund fees.

**Your Local Advertising.**

In addition to your required contributions to the System Development Fund and the required grand opening advertising expenditures of between $1,000 and $3,000 (30 days before and after your Opening Date), you are obligated to spend annually for local advertising and promotion of the Gym not less than 2% of your annual Gross Sales, and after your third year of your operations we may increase that requirement to up to 5% of your Gross Sales You must obtain telephone directory listings in the “white pages” in the size and manner we specify, displaying the Marks (currently phone number and name only). You must purchase sufficient numbers of required “street cards” for regular distribution in keeping with our System

Standards. We will require you to sign our then current form of Conditional Assignment of Telephone Numbers and Listings in the form attached as Exhibit "C." If other franchise owners operate in the Designated Area serviced by the directories, then you must participate in and pay your pro rata share of the cost of such listings and advertising. We may review your books and records relating to your expenditures for such advertising and promotion. If we determine that you have not spent the requisite amounts, we may require you to pay the unexpended amounts into the System Development Fund. (Franchise Agreement - Sections 12.6 and 12.7).

All advertising, promotion and marketing must be completely clear and factual and not misleading and conform to the highest standards of ethical marketing and the promotion policies which we prescribe from time to time. Samples of all advertising, promotional and marketing materials that we have not prepared or previously approved must be submitted for approval before you use them. If you do not receive written disapproval within 30 days after we receive the materials, we will be deemed to have given the required approval. You may not use any advertising or promotional materials that we have disapproved. (Franchise Agreement - Section 12.5) (See Items 6, 8 and 9).

**Local Advertising Cooperative.**

If a local advertising cooperative is established, you will be required to contribute to it an amount determined by that local advertising cooperative not more than 2% of your monthly Gross Sales. There currently are no franchisee advertising councils or advertising cooperatives that advise us on advertising policies. In our discretion, we reserve the right to establish an advisory council of franchisees that does advise us on advertising policies and other matters. (Franchise Agreement - Section 12.6).

**Advertising Councils.**

We do not have any Advertising Councils consisting of franchisees who advise us on advertising policies.

**Information Technology System**

We require you to buy the Information Technology System, which includes and uses the POS System. We may designate approved suppliers for the Information Technology System and POS System, and System Standards for it and its suppliers, or we may require that you purchase it from us or our affiliates. We may also require you to purchase or lease a complete, i.e., "turn key" system, containing the Information Technology System and POS System. We may purchase much of the POS System and Information Technology System from a third party and re-sell or lease it to 30 MINUTE HIT® Gyms. Currently, we have no plans to lease equipment to you. Currently, the POS System/Information Technology System includes a personal computer/CPU, cash drawer, receipt printer, iPad/tablet device, smart phone/iPhone, keyboard, mouse, and our proprietary member management software we supply (license to you) called "30 Minute Hit Member Manager Software." We have used and designated this software since June 2006. We require you to have Elevon point of sale software, Quickbooks® accounting software, and for you to use our proprietary web based programs. We may require that you purchase up to 2 computer stations but currently require you to have one. We also require you to purchase and use video monitoring equipment and have that equipment linked to our computer systems for uninterrupted real time monitoring. We estimate the costs of purchasing hardware for, and licensing software for the POS System/Information Technology System to be approximately $3,000 to $5,000.

You must use whatever Information Technology System we specify during the term of the Franchise Agreement. Other than our limits on capital modifications described in Item 16, there is no limitation on the frequency or cost of this obligation.

You must maintain your Information Technology System and keep it in good repair. There is no

contractual limit on our ability to require you to upgrade the Information Technology System, add components to the Information Technology Systems and replace components of the Information Technology System. We do not know the cost of maintaining, updating or upgrading your POS System, Information Technology System or its components because it will depend on repair history, costs of computer maintenance services in your area and technological advances which we cannot predict at this time. We anticipate that the yearly recurring cost of software and maintenance fees will range from $500 to $1,000 per year, but could be greater.

Our System Standards mandate that you provide all systems we require to bring your Information Technology System on line with our headquarters' computer at the earliest possible time and to maintain this connection as we require. We may retrieve all information from your POS System, Information Technology System and Information Technology System that we consider necessary, desirable, or appropriate. There are no contractual limitations on our right to access information contained and/or utilized via your Information Technology System or Information Technology System. We have access to the information and data compiled on the Information Technology System/POS System. Generally, we may access these systems to obtain gross and net sales information, product mix, labor reports and customer counts. There are no limitations on our right to do so. (Franchise Agreement - Sections 11 and 13).

**Training.**

After you sign a Franchise Agreement, we provide general guidance and training on Site Selection issues, and selection of real estate brokers and agents. This Training is provided on an informal basis via phone or via conference. Then, before the Gym's opening, we will provide Gym operations training to up to 2 persons each of whom must be one of your owners ("**Owner Training**"). Up to 2 persons must complete the Owner Training. Up to approximately 10 days of Owner Training (with 7 days of training at our Headquarters and 3 days of on-site training at your Site or another 30 MINUTE HIT® Gym) will be furnished at our designated training facility and/or at an operating 30 MINUTE HIT® Gym. Successful completion of the Owner Training to our satisfaction is required. The persons who attend and complete the Owner Training must train at least 2 of your staff members prior to your Opening Date. Your Owner Training trainees must also train your gym manager and general manager. You also must participate in all other activities required to operate the Gym. Although there are no additional fees for this Owner Training, you are responsible for all travel, living and compensation expenses which you and your employees incur in connection with training. Sales and other training is also provided on-line to all of your staff.

We offer training when needed and we plan to schedule it approximately 2 to 4 times per year, but we may offer it more frequently if needed. We are constantly in the process of evaluating and improving our training programs so they may change at any time. We, at our option, provide you with the number of individuals we designate for the number of days we designate, and at such times as we designate, to assist you with your opening and initial staff training at your Gym. At our option, you must provide an alternative training facility if we feel that construction or other distractions prevent us from satisfactorily performing the training at your Gym. You must provide meals, drinks and miscellaneous items to our personnel. If you request or we provide these additional personnel, we may charge you an operating assistance fee (currently $1,000 per person per day). (See Item 6). We are not required to provide on-site training to you if you are a transferee of an existing 30 MINUTE HIT® Gym. You must pay to us any Training Expenses we incur on your behalf and you are responsible for any Training Expenses you incur. See Item 5. (Franchise Agreement - Section 7.1)

We expect that Owner Training will be conducted for you after the Franchise Agreement has been signed and while the Gym is being developed. We plan to be flexible in scheduling training to accommodate our personnel, you and your personnel. There currently are no fixed (i.e., monthly or bi- monthly) training schedules.

**Training Program**

| Subject | Hours of Classroom Training | Hours of On the Job Training[1] | Location |
|---|---|---|---|
| Building/Location | 2 to 4 | 0 | Our headquarters or via online training |
| Getting Your Location Set Up & Ready to Open | 2 to 4 | 0 | Our headquarters or via online training |
| Sales 101 | 4 to 5 | 0 | On Site or via online training |
| Marketing, Advertising, and Grand Opening | 4 to 5 | 0 | On Site or via online training |
| Circuit Instruction | 15 to 24 | 0 | Our headquarters or via online training |
| The 30 Minute Hit System | 5 to 6 | 0 | Our headquarters or via online training |
| CommunHITy Training | 5 | 0 | Our headquarters or via online training |
| General Operations | 3 to 7 | 0 | On Site or via online training |
| **TOTAL** | 40 to 60 | 0 | |

1. Training is generally 4 to 6 hours per day over approximately 10 days. At our option, we may provide the Training Program via online, video, webinar or other media-based training format. It is the nature of the 30 MINUTE HIT® Business that all aspects of training are integrated, that is, there are no definitive starting and stopping times; although the Circuit Instruction, 30 Minute Hit System, and CommunHITy Training is conducted over a consecutive period of approximately 7 days and On Site Training is conducted over 3 consecutive days.

2. The training program is conducted and/or supervised by whose background is described in Item Physical Training is conducted by: (a) Shannah Nachoff, who has 14 years of experience in the 30 Minute Hit® brand, boxing, kickboxing, self-defense and physical fitness training, and (b) Yossi Shelavich (a current franchisee), who has 12 years of experience in the 30 Minute Hit® brand, boxing, kickboxing self-defense, and physical fitness training. Admin Training is conducted by: (a) DeWayne Lyman, who has 6 years of experience in 30 Minute Hit® admin operations and is a current System franchisee, and (b) Alayna Stewart, who has 8 years of experience in 30 Minute Hit® admin operations and is a current franchisee, and (c) Laura Cindric, who has 15 years of experience in 30 Minute Hit® admin operations and is a current franchisee.

You, your staff, including your Gym Manager and General Manager must attend any periodic refresher training courses that we provide from time to time and pay the applicable fees (see Item 6). We may charge you our then current Additional Training Fees. See Item 6. You also will have to pay us for training new managers hired after the Gym's opening. All of your trainers must complete those portions of our training program designated for trainers, including classroom and on-the-job training (Franchise Agreement – Sections 6.8, 7.3). Ongoing aspects of our Training Program for your employees must be conducted by trainers that we have approved who have also satisfactorily completed our Owner Training or other training we designate. You are required to train your staff. We conduct Staff Training including Gym Manager and General Manager evaluations to verify if you have done so. Staff Training evaluations are conducted online or via Skype® or similar electronic media and charge you a $50 per evaluation fee. See Item 6. We also provide periodic "Hitting it Hard Training" on workout techniques: It is currently provided to you online or via electronic media. We may require your personnel to attend it in person or for you to host it at your Site. When training is onsite, you must provide an alternative training facility if we feel that construction or other distractions prevent us from satisfactorily performing the training on premises. We also provide optional on-line manager support training and communications for $50 per month per manager, which is provided on an opt in basis. In 2020, $0 or 0% of our 30 MINUTE HIT® Gym franchisees (in the USA) opted for Additional Training.

**Table of Contents of Operation Manual.**

The Table of Contents of our 332 page Manual is attached to this Disclosure Document as Exhibit "O". We currently provide our Manual in an online format.

## ITEM 12
## TERRITORY

The Franchise Agreement will specify a "Site Selection Area" within which you will focus your Site development efforts. Although you will receive a Site Selection Area, you will not receive an exclusive territory. You may face competition for customers from other franchisees, from outlets that we own outside your geographic territory or from other channels of distribution or from competitive brands that we control.

The franchise is granted for a specific location that first must be approved by us (the "**Site**"). If you have not chosen and we have approved the Site at the time you sign the Franchise Agreement, it must be located within the Site Selection Area. Once the Site has been located by you and approved by us, we will designate a geographic area (the "**Designated Area**"). You do not receive a Site Selection Area or Designated Area until you and we sign the Franchise Agreement for that 30 MINUTE HIT® Gym. Generally, the Designated Area will be geographic areas that we designate by mutual agreement, or a standard Designated Area which is the area within an approximate 10-minute drive time. We do not have an established formula for defining the shape or size of the Designated Areas or Site Selection Areas. While we may use demographic and market analysis services to assist us, we base it on our sole judgment. Currently we will not usually approve the Site and Designated Area unless 30,000 people live or reside within the Designated Area or the metropolitan area in which it is located. For this purpose, the population includes residents, business invitees and employees, seasonal or temporary residents, transients and tourists. We may use different third party sources to determine population, including the 2010-2017 Census Bureau data, as well as July 1, 2018 US Census Bureau estimates and any future updates, and/or other third party data sources. If you have not chosen your Site at the time you sign the Franchise Agreement, we will provide you the Designated Area once you select your Site. If you wish to establish rights to a Designated Area or Site Selection Area, you may request to and we may allow you to in our sole discretion, sign the Franchise Agreement prior to our approving the Site.

Factors that influence our grant of a Designated Area and a Site Selection Area include its suitability for the Site type we authorize, the proximity of the Site to the malls, shopping Gyms, business Gyms, industrial parks, airports, traffic count, speed of traffic, access to the Site, and competition in the Designated Area, etc. We have no obligation whatsoever to provide you a Designated Area or Site Selection Area with a certain minimum number of people. However, other than your right to operate the Gym at its address within the protected Designated Area, we do not grant you any territorial rights whatsoever. We may establish other 30 MINUTE HIT® Gyms (franchised or owned by us) anywhere outside of the Designated Area (even within the remainder of the Designated Area) that may or may not compete with your location. We may utilize any type of Internet, Intranet, e-mail, site or website or other means of electronic communication to offer or sell anywhere (even within your Designated Area), products and services bearing the Marks or Copyrights without any compensation to you.

But, as long as you are in compliance with the Franchise Agreement, with the exception of Non-Public Access Venues (as disclosed below), we will not grant a franchise for, nor ourselves operate, a 30 MINUTE HIT® Gym from a fixed location within your Designated Area. Under the Franchise Agreement, we do not grant you the right to acquire additional franchises or territories. We may establish other 30 MINUTE HIT® Gyms (franchised or owned by us) anywhere outside your Designated Area that may compete with your location. We retain the right (in our sole discretion) to sell products identified by the Marks and Copyrights through distribution channels other than 30 MINUTE HIT® Gyms (including special purpose venues, grocery stores, internet, intranet, websites, e-mail or other forms of e-commerce). Your

maintenance of your rights to your Designated Area is not contingent on your obtaining specific sales quotas or opening additional outlets, but we may modify your Designated Area if you are not in compliance with your Franchise Agreement.

**Non-Public Access Venues.**

We also have the right to develop, open and operate, and to license others the right to develop, open and operate, Gyms located in Non-Public Access Venues, including within the Designated Area and also with in your Development Area (if you sign an Area Development Agreement). For purposes of this Agreement, the term Non-Public Access Venues shall mean private businesses, military bases, government institutions, private clubs, and other Gyms that are not accessible to the general public.

**Other Services.**

We may permit or require you to provide "**Other Services**." Other services are services not offered by 30 MINUTE HIT® Gyms at the time your franchise is granted to you, and also include off-Site services and delivery of any kind. If we do so, we will designate the areas in which you can provide the Other Services. For example, if we permit you to provide Other Services like off-Site personal training classes at other business' locations, we may designate a specific "**Other Service Area**". If so, you must not perform off-site services outside your Other Service Area, if any, or any Other Services outside of the areas we designate for them. We do not grant you any exclusive territorial rights to any areas for providing Other Services. Your offering Other Services will be governed by your Franchise Agreement and you comply with our System Standards for offering any Other Services.

**Area Development Agreement ("ADA")**

Under the terms of the ADA we grant you the right to establish, according to a schedule, three or more Gyms within a geographical territory ("Development Area"). A Development Area is usually defined by zip codes or other boundaries such as streets, city, county, or state limits or by other reasonable boundaries. The number of Gyms to be developed may be adjusted depending on demographics and other characteristics of a Development Area, including population density, income and other characteristics of the surrounding area, natural boundaries, extent of competition and whether the proposed Development Area is urban, suburban or rural in nature. You have no option, right of first refusal or similar contractual right to acquire additional **30 Minute Hit** franchised businesses within your Development Area or in contiguous areas.

Each additional **30 Minute Hit** franchised business must be open according to the Development Schedule described in the ADA, which will specify the number of Franchised Businesses to be open and the time frames within which they must be open. In the event that you fail to meet the mandatory Development Schedule and the ADA is terminated, you will retain your rights to any individual Businesses, including the territorial rights described in the Franchise Agreement for such Businesses, provided that the ADA was not terminated as a result of your failure to comply with the terms of your existing Franchise Agreement(s). Your rights to any Businesses for which there is no Franchise Agreement and your protection in the Development Area will terminate immediately. Thereafter, we will have the right to develop the Development Area on our own or through third parties.

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

**Alternative Channels of Distribution**

Although we currently do not do so, we and our affiliates may sell products under the System, Marks

and Copyrights both inside and outside of your Designated Area and Designated Area through any alternative channels of distribution other than the dedicated 30 MINUTE HIT® Gyms, including sales through channels of distribution such as special purpose sites, sites on military bases, government installations, the internet, mobile phone/PDA, or social networking sales, catalogue sales, internet marketing, retail department or other stores or other direct marketing sales ("**Alternative Channels of Distribution**"). Our reservation of rights, described under "Rights we Retain," below, also allows us and our affiliates to use Alternative Channels of Distribution to make sales both inside or outside of your Designated Area and Designated Area of products and services under trademarks different from the Marks that you will use under the Franchise Agreement. In any event, you will not receive any compensation from our or our affiliates' sales through Alternative Channels of Distribution unless we later establish a compensation program for doing so under our System Standards.

But, we and our affiliates do not have any current plans to operate or franchise a business under a different trademark that will sell goods or services similar to those that 30 MINUTE HIT® Gyms will offer.

**Rights We Retain.**

Under the Franchise Agreement, we (and our affiliates) retain the right in our sole discretion to:

1. Establish and grant to our franchises the right to establish 30 MINUTE HIT® Gyms anywhere outside the Designated Area, on such terms and conditions as we deem appropriate (even immediately outside the border of the Designated Area);

2. Operate, and grant franchises to others to operate businesses, whether inside or outside the Designated Area(s), specializing in the sale of products or provision of services, other than a Competitive Business or a fitness facility, gym or martial arts facility, using certain of the Marks or Copyrights and pursuant to such terms and conditions as we deem appropriate;

3. Operate, and grant franchises to others to operate businesses, or a fitness facility, gym or martial arts facility, or other services, whether inside or outside the Designated Area, that do not use the of Marks or Copyrights;

4. Market and sell, inside and outside of the Designated Area, through Alternative Channels of Distribution other than or a fitness facility, gym or martial arts facility, goods and services competitive with goods and serviced offered by 30 MINUTE HIT® Gyms, under the Marks or Copyrights or under trade names, service marks, or trademarks other than Marks, without any compensation to you and in such amounts in such manner as we determine in our sole discretion; and

5. Engage in any act or exercise any right not expressly and exclusively provided to you under your agreement with us.

We are not required to pay you if we exercise any of the rights described above inside of your Designated Area, or if we otherwise solicit or accept orders from consumers in your Designated Area. We do not restrict you from soliciting or accepting orders from persons outside of your Designated Area for on-premises sales (on Site) at your Gym; however, our System Standards confine your marketing activities for Other Services to the areas we my designate for them. You do not have the right to use Alternative Channels of Distribution. We may prohibit you from using the internet, catalog sales, telemarketing or other direct marketing, to solicit customers outside of your Designated Area or where the products or services would be provided at any location other than the Site.

You may not relocate the Gym without our previous written approval. We will grant approval in most instances if you are full compliance with your franchise agreement, have paid all money owed to us and our affiliates, and the proposed location meets our site selection criteria and you comply with the lease

requirements in the Franchise Agreement. We may, if we wish, inspect your proposed new location and you must pay our costs due to your relocation and site evaluation fees.

The terms of the Franchise Agreement, and any of your rights described in this Item 12 above, may be modified if (a) we consent in our sole discretion to the modification, and (b) 60% or more of the 30 MINUTE HIT® Gym franchises vote to amend its terms. In the event of a tie, we cast 1 vote to break the tie.

## ITEM 13
## TRADEMARKS

**Primary Trademark.**

We grant you the right to use certain trademarks, service marks and other commercial symbols in operating the Gym. The primary trademark we use is the "30 Minute Hit" mark and other names, logos, symbols, and associated designs and trade dress (the "**Mark(s)**").

**Trademark Registration.**

You may use and we require you to use the Marks in operating your Gym. The principal Mark is the 30 Minute Hit (word mark) listed in the table below. Our principal Mark is owned by 30 Minute Hit Canada and a registration for it has been filed on the Principal Register of the United States Patent and Trademark Office (the "**PTO**"):

| Registration/Application Number | Description of Mark | Principal or Supplemental Register of the United States Patent and Trademark Office | Registration/Application Date |
|---|---|---|---|
| Reg. No. 3830863 | 30 Minute Hit (word mark) | U.S.P.T.O./Principal Register | August 10, 2012 |
| TMA 723066 | 30 Minute Hit | (Canadian PTO) | September 5, 2008<br>Change in Register, June 10, 2009 |
| TMA 862987 | 30 Minute Hit (design mark) | (Canadian PTO) | October 21, 2013 |

There are no currently effective material determinations of the United States Patent & Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor are there any pending infringement, cancellation or opposition proceedings or material litigation, involving the Marks. All required affidavits have been filed.

30 Minute Hit Canada licenses to us the use of the Mark 30 Minute Hit® and other slogans and service marks. The license agreement allows for our successor's or our franchisee's continued use of the Marks throughout the term of any franchise agreements granted by us or our successor. There are no currently effective agreements that significantly limit our rights to use or license the use of the Marks listed in this section in manner material to the franchise. We/30 Minute Hit Canada intend to renew the registrations and to file all appropriate affidavits at the appropriate times required by law. Currently, no renewal applications nor affidavits are due.

**Use of the Marks.**

You must follow our rules when you use the Marks. You cannot use any Marks as part of your corporate or legal business name or with modifying words, designs or symbols (except for those we license to you). You cannot use any Mark in connection with the performance or sale of any unauthorized services or products or in any other manner we have not expressly authorized in writing.

**Infringements.**

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any claim by any person of any rights in any Mark, and you may not communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you. We have sole discretion to take any action (including no action) as we deem appropriate and have the exclusive right to control exclusively any litigation, PTO proceeding or any other administrative proceeding arising from such infringement, challenge or claim or otherwise relating to any Mark. You must sign any instruments and documents, provide such assistance and take any action that, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or PTO or other proceeding or otherwise to protect and maintain our interests in the Marks. The Franchise Agreement does not require us to defend the Marks or to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a trademark licensed to you by us or if the proceeding is resolved unfavorably to you.

**Indemnification.**

We will indemnify and defend you against and reimburse you for all damages for which you are held liable to third parties in any proceeding arising out of your authorized use of any Mark or Copyright we develop, pursuant to and in compliance with the Franchise Agreement, resulting from claims by third parties that your use of the Marks or Copyrights we develop infringes their trademark rights or Copyrights, and for all costs you reasonably incur in the defense of any such claim in which you are named as a party, so long as you have timely notified us of the claim and have otherwise complied with the terms of the Franchise Agreement. We will not indemnify you against the consequences of your use of the Marks, or any Copyrights: (a) for any Marks or other Copyrights which you develop or submit to us (regardless if they become, or have become our property); or (b) unless your use of such Marks or Copyrights we provide was and is accordance with the requirements of the Franchise Agreement. You must provide written notice to us of any such claim within ten (10) days of your receipt of such notice and you must tender the defense of the claim to us. We will have the right to defend any such claim and, if we do so, we will have no obligation to indemnify or reimburse you for any fees or disbursements of any attorney(s) retained by you. If we elect to defend the claim, we will have the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim. We are not responsible to you for any other claims of any nature arising out of or related to the Copyrights, regardless of whether the loss associated is by you, any of your customers or third parties.

**Changes to the Mark.**

If we determine that it becomes advisable at any time in our sole discretion for us and/or you to modify or discontinue the use of any Mark and/or use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable time after receiving notice. We will reimburse you for your reasonable direct expenses of changing the Gym's signs. However, we will not be obligated to reimburse you for any loss of revenue attributable to any modified or discontinued Mark or for any expenditures you make to promote a modified or substitute trademark or service mark.

Other than as described above, we do not actually know of either superior prior rights or infringing

uses that could materially affect your use of our principal trademarks in any state.

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

As of the date of this Disclosure Document we are not aware of any patents that are material to the franchise. However, due to recent developments in the issuance of patents for business methods, we cannot rule out that others may be able to obtain a business method patent that would restrict or prevent our or your utilization of the System altogether or part of it, or require licensing fees to do so. We may investigate whether to seek patent protection for certain business methods utilized by the System, or which we may develop.

We claim copyrights in the Manual, the building design, the interior decor and product and service offerings/marketing materials "menu boards," Art, advertising materials and related items used in operating the franchise. These copyrights have not been registered with the United States Registrar of Copyrights.

The Manual, which is described in Item 11, and other materials we possess contain our confidential information. This information includes site selection criteria; methods, formats, specifications, standards, systems, procedures and sales and marketing techniques used, and knowledge of and experience, in developing and operating 30 MINUTE HIT® Gyms; marketing and advertising programs for 30 MINUTE HIT® Gyms; knowledge of specifications for and suppliers of certain fixtures, furnishings, equipment, products, materials and supplies; and knowledge of the operating results and financial performance of 30 MINUTE HIT® Gyms other than your Gym.

All ideas, concepts, techniques or materials relating to a 30 MINUTE HIT® Gym (including work-out programs, architectural layouts, designs, plans and decor), whether or not constituting protectable intellectual property, and whether created by or on behalf of you or your owners, must be promptly disclosed to us, will be considered our property and part of our franchise system and will be considered to be works made-for-hire for us. You and your owners must sign whatever documents we request to evidence our ownership or to assist us in securing intellectual property rights in such ideas, concepts, techniques or materials.

You may not use our confidential information in an unauthorized manner and must take reasonable steps to prevent its disclosure to others. We may require your employees, independent contractors or agents to sign a form of nondisclosure and non-competition agreement. We may regulate the form of agreement that you use and may require that we be made a third party beneficiary of that agreement with independent enforcement rights.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. Nor are there any agreements currently in effect which significantly limit our right to use or authorize franchisees to use the copyrighted materials. Furthermore, there are no infringing uses actually known to us which could materially affect a franchisee's use of the copyrighted materials in any state. We are not required by any agreement to protect or defend copyrights or confidential information, although we intend to do so when this action is in the best interests of the 30 MINUTE HIT® Gym system. We need not participate in your defense and/or indemnify you for damages or expenses in proceedings involving a copyright or patent.

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

You must at all times faithfully, honestly and diligently perform your obligations under the Franchise Agreement, continuously exert your best efforts to promote and enhance the Gym and not engage in any other business or activity that conflicts with your obligations to operate the Gym in compliance with the Franchise Agreement. Either you, or 1 of your principal owners (with ownership of at least 50% of

your voting securities if you are a business organization (like a corporation, limited liability company or limited partnership) (a "**Business Entity**") must meet our qualifications for 30 MINUTE HIT® Gym managers and participate personally in the direct oversight of the operation of the Gym (the "**General Manager**"). Your General Manager must be authorized to speak on your behalf and enter into agreements with us on your behalf.

At all times, the Gym must be managed by a full time General Manager. Either the Gym Manager or another employee who meets our System Standards and who has completed your "Gym Training" (as disclosed in more detail below), must be on Site at the Gym when it is open for customers, unless you are approved by us for not having full time on Site supervision. The General Manager must complete our Training Program. You and/or your General Manager are responsible for training the Gym Manager and any replacement General Manager according to our System Standards. Your Gym Managers should: (i) have a sufficient amount of experience managing and operating physical fitness, self-defense training, or similar businesses (in terms of duration, operational responsibilities, previous training, etc.) as a general manager or assistant or in a similar supervisory position, (ii) be trained by you sufficient to meet our System Standards and to be responsible for the operation of the Gym when the General Manager is not on Site.

Our System Standards require that you include in your agreements with your General Manager (and we may require the same of a Gym Manager) confidential information, non-competition, copyright, trademark and service mark protections that protect our rights to our System. If the Gym is operating at or exceeding our System Standards, the General Manager or Gym Manager does not need to be on Site at all times.

If you are a Business Entity, your owners must not only personally guarantee your obligations under the Franchise Agreement but also agree to be personally bound by, and personally liable for the breach of, every provision of the Franchise Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities. The form of "Principal Owner's Guaranty" (POG) is attached as Exhibit "I". We may require the spouses of Principal Owners to sign the Principal Owner's Guaranty. We require you to complete a "Principal Owner's Statement" (POS) in the form attached as Exhibit "H". The Principal Owner's Statement describes all of your owners and their interests in you.

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

You must offer for sale all products, and perform all services, that we require from time to time for 30 MINUTE HIT® Gyms. You may not offer for sale any products or perform any services that we have not authorized. Our System Standards may regulate required or authorized products, product categories and supplies. (See Items 8 and 9). We have the right to change the types of required and/or authorized goods and services from time to time. There are no limits on our right to do so. Except as explained in Item 12, we do not impose restrictions or limitations on your access to customers.

We will give you 90 days to comply with capital modifications we require, but, if (other than your initial build-out) the capital modification requires an expenditure of more than $50,000, we will give you 120 days from the date such request is made to comply with such capital modification. You are obligated to comply with all modifications to System Standards, other than capital modifications, within the time period we specify. There are no limits on the cost of these modifications. These limits on Capital Modifications do not include any expenditures you must, or choose to make, in order to comply with applicable laws, or governmental rules or regulations or the initial establishment of your Gym.

## ITEM 17

## RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

**These tables list certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.**

Unit Franchise Program

| Provisions | Section in Franchise Agreement and Other Forms | Summary |
|---|---|---|
| (a) Length of the Franchise Term | Franchise Agreement ("FA"): Section 2.3 | 10 years. |
| (b) Renewal or extension of the term | FA: Section 3; RS | If you are in good standing, you can acquire 4 successor franchises for additional 5-year terms on our then current terms and conditions. You may be asked to sign a contract with material different terms and conditions than your original contract -- Unit Franchise Agreement. The boundaries of the area granted may or may not remain the same and the amount of fees under the Unit Franchise Agreement may be different as well. Fees we may impose under a successor Unit Franchise Agreement may be different than we are imposing on similarly situated renewing Unit Franchises due to the saturation of franchises in the area at the time, potential for growth in such area, and our interest in having additional area developers at that time. |
| (c) Requirements for you to renew or extend | FA: Section 3; RS | You must: Maintain Site or secure substitute Site; bring Gym into compliance with our then current specifications and standards; sign new Franchise Agreement and ancillary agreements, general releases; satisfactorily complete training and refresher programs; pay fee; and sign a general release in the format attached as Exhibit "G" to this Disclosure Document. You will be asked to sign a contract with material terms and conditions of your original contract, but the boundaries of the Designated Area will remain the same, and the royalty upon renewal will not be greater than royalty that we then impose on similarly situated renewing franchisees. |
| (d) Termination by you | None | None. (subject to state law) |
| (e) Termination by us without cause (1) | None | None |

| | | |
|---|---|---|
| (f) Termination by us with cause | FA: Section 16.2 | We can terminate only if you commit one of several violations. |
| (h) "Cause" defined - defaults which can be cured | FA: Section 16.2 | You do not correct non-compliance with any health, safety or sanitation law within 5 days of notice; you fail to make payments of any amounts due to us and do not correct such failure within 10 days of notice of your failure; you fail to make payments due approved supplier and do not correct such failure within 10 days of notice. |
| (i) Your obligations on termination/ non-renewal | FA: Section 17; LA CAAL; CATNL | Obligations include payment of outstanding amounts, complete de-identification and return of confidential information (also see (r) below). The Conditional Assignment of Telephone Numbers and Listings (the "**Conditional Assignment**") is attached as Exhibit "C". The Conditional Assignment requires you to transfer the phone number and listings for your Gym to us if the Franchise Agreement terminates or expires. If any termination or expiration of the term of the franchise would violate applicable law, we may reinstate or extend the term for the purpose of complying with that law. |
| (j) Assignment of contract by us | FA: Section 15.1; CAAL | No restriction on our right to assign. |
| (k) "Transfer" by you-definition | FA: Section 15.2; RT | Voluntary or involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in the Franchise Agreement (or DDA), you or the Gym. |
| (l) Our approval of transfer by you | FA: Section 15.2 and 15.4; RT | We have the right to approve all transfers, even to a Business Entity controlled by you. |
| (m) Conditions for our approval of transfer | FA: Section 15.3; RT | New franchisee qualifies, you pay us all amounts due, transferee and its managerial employees agree to complete training, transferee agrees to be bound by terms and conditions of Franchise Agreement, transfer fee paid, we approve material terms, you subordinate amounts due to you, and you sign other documents we require - including general releases in the form provided in Exhibit "G" (also see (r) below). |
| (n) Our right of first refusal to acquire your business | FA: Section 15.8 | We can match any offer for an ownership interest in you, your Franchise Agreement or your Gym provided that we may substitute cash for any form of payment at a discounted amount if an interest rate will be charged on any deferred payments, our credit will be deemed equal to that of any proposed purchaser, we will have no less than 60 days to prepare for closing and we receive all customary representations and warranties, as we specify. |

| | | |
|---|---|---|
| (o) Our option to purchase your business | FA: Section 17.5 | We have the option to buy the Gym, including leasehold rights to the Site, at fair market value after our termination, or your termination without cause, of the agreement (but not expiration). |
| (p) Your death or disability | FA: Sections 15.5 and 15.6 | Franchise or an ownership interest in you must be assigned to an approved buyer within 6 months and must be run by a trained manager during the period prior to the assignment. Assignment is subject to our right of first refusal. |
| (q) Non-competition covenants during the term of the franchise | FA: Sections 10 | No interest in a Competitive Business, no controlling ownership interest in, or performance of services for, a competitive business anywhere, no recruiting or hiring of any person who is our employee or an employee of any 30 MINUTE HIT® Gym. A "Competitive Business" is any business or facility owning, operating or managing, or granting franchises or licenses to others to do so, any physical fitness, self-defense, kickboxing, mixed martial arts, martial arts products or services, or any similar products or services to those then offered by a 30 MINUTE HIT® Gym (other than a 30 MINUTE HIT® Gym operated under a Franchise Agreement with us). (Subject to state law) |
| (r) Non-competition covenants after the franchise is terminated or expires | FA: Section 17.4 | No interest in Competitive Business for 2 years (a) at, or within 25 miles of, the Site, (b) at the site of any other 30 MINUTE HIT® Gym in operation or under construction on the later of the effective date of the termination or expiration of this Agreement, or (c) within 25 miles of any other 30 MINUTE HIT® Gym in operation or under construction (same restrictions apply after assignment). (Subject to state law) |
| (s) Modification of the agreement | FA: Section 20.13 | No modifications except by written agreement, but Manual and System Standards are subject to change. |
| (t) Integration/merger clause | FA: Section 21.19 | Only the terms of the Franchise Agreement (including the Manual, System Standards, addenda and exhibits) are binding (subject to state law). Any other statements or promises not in the Franchise Agreement, the agreements which are exhibits to this Disclosure Document, or in this Disclosure Document should not be relied upon and may not be enforceable. |
| (u) Dispute resolution by arbitration or mediation | FA: Not applicable | Except for certain claims, all disputes must be mediated and arbitrated in Dade County, Florida (subject to state law) We reserve the right to require virtual mediation and/or arbitration as we determine in our sole discretion. |

| | | |
|---|---|---|
| (v) Choice of forum | FA: Section 20.8; CAAL; CATNL; POG; RS; RT | Mediation/Litigation/Arbitration in Dade County, Florida. (We reserve the right to require virtual mediation and/or arbitration as we determine in our sole discretion) (Subject to state law). |
| (w) Choice of law | FA: Section 20.7; CAAL; CATNL; POG; RS; RT | Florida law applies (Subject to state law). |

## A. AREA DEVELOPMENT AGREEMENT

**This table lists important provisions of the Area Development Agreement. You should read these provisions in the Area Development Agreement attached to this FDD.**

| Provision | Section in Development Agreement | Summary |
|---|---|---|
| a. Term of the franchise | Section 5.1 | Commences on the date of the ADA is signed and ends on the last Development Deadline of the Mandatory Development Schedule. |
| b. Renewal or extension of the term | Section 5.1 | The ADA is not subject to renewal. |
| c. Requirements for you to renew or extend | None | N/A |
| d. Termination by you | None | N/A (subject to state law) |
| e. Termination by us without cause | None | N/A |
| f. Termination by us with cause | Section 5.2 | We can terminate you for cause. |
| g. "Cause" defined – defaults which can be cured | Section 5.2 | If you commit a default under the ADA (other than the type of default disclosed in (h) below, which defaults are non-curable), you have 15 days after you receive notice from us to cure the default identified in the notice. |
| h. "Cause" defined – non-curable defaults | Section 5.2 | We have the right to terminate the ADA effective immediately on notice to you if you commit a Material Default, including: (i) you fail to meet your Minimum Development Obligations; (ii) you commit any conduct that impairs the goodwill associated with the marks or otherwise causes harm to us or the reputation of the brand or the System; (iii) the termination of any Franchise Agreement entered into by you or any of your affiliates and us and any of our affiliates; (iv) uncured default under any such Franchise Agreement; (v) violation of the confidentiality and/or non-competition covenants; and (vi) failure to cure any |

| Provision | Section in Development Agreement | Summary |
|---|---|---|
| | | other default within 15 days after notice. |
| i. Your obligations on termination/nonrenewal | Section 5.3, Section 7.1.2, 7.3 | Comply with covenants and all post-term obligations of the Development Agreement. |
| j. Assignment of contract by us | Section 6.1 | No restriction on our right to assign. |
| k. "Transfer" by you – definition | Section 6.2 | Includes transfer of the ADA or your ownership change. |
| l. Our approval of transfer by you | Section 6.2 | You are not permitted to assign or transfer the ADA. |
| m. Conditions for our approval of transfer | Not applicable | You have no right to transfer or assign the ADA. |
| n. Our right of first refusal to acquire your business | None | N/A |
| o. Our option to purchase your business upon termination or non-renewal | None | N/A |
| p. Your death or disability | None | N/A |
| q. Non-competition covenants during the term of the franchise | Section 7.1.1 | You may not (a) own, maintain, engage in, be employed by, lend money to, extend credit to or have any interest in any Competing Business (as defined in the franchise agreement), other than any other 30 Minute Hit Gym; or (b) divert or attempt to divert any business or customer or prospect of the Gym 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 or the System. (subject to state law) |

| Provision | Section in Development Agreement | Summary |
|---|---|---|
| r. Non-competition covenants after the franchise is terminated or expires | Section 7.1.2 | During the two (2) year period after expiration or termination of this Agreement, you and your owners, officers and agents will not directly or indirectly participate as an owner, director, partner, officer, franchisee, employee, consultant, advisor, salesperson, distributor, or agent or serve in any other capacity in any Competitive Business that is located: (a) anywhere in the Development Area; (b) within a twenty-five (25) mile radius of the Development Area; or (c) within a 25 mile radius of any Gym in operation, under lease, or under construction as of the date of termination or expiration, as applicable. During the two (2) year period after expiration or termination of this Agreement, you and your owners, officers and agents will not directly or indirectly participate as an owner, director, partner, officer, franchisee, employee, consultant, advisor, salesperson, distributor, or agent or serve in any other capacity in any franchise system that is offering or selling the right to develop, open or operate Competitive Businesses anywhere in the United States. The covenants not to compete are in addition to and not in lieu of your express agreements set forth above to not use any trade secrets, confidential information or personal contacts except as authorized by us. (subject to state law) |
| s. Modification of the agreement | Section 9.10 | No modification except by written agreement signed by both parties. |
| t. Integration/merger clause | Section 9.10 | Only the terms of the ADA are binding (subject to state law). Any representations made outside of the disclosure document and ADA may not be enforceable. |
| u. Dispute resolution by arbitration or mediation | Article 8 | Except for certain claims, all disputes must be mediated and if not resolved through mediation, arbitrated (subject to state law). |
| v. Choice of forum | Section 8.1 | Mediation and arbitration must be held in Dade County, Florida (subject to state law). (or, if our corporate headquarters is no longer in Dade County, Florida, the county in which our corporate |

| Provision | Section in Development Agreement | Summary |
|---|---|---|
| | | headquarters is then-located) |
| w. Choice of law | Section 8.3 | Florida law applies (subject to state law). |

In addition to the provisions noted in the Chart above, the Franchise Agreement contains a number of provisions that may affect your legal rights, including waiver of jury trial, waiver of punitive or exemplary damages, and limitations on when claims may be raised. We recommend you carefully review all of these provisions, and each of the agreements attached to this Disclosure Document in their entirety. We also recommend you consult with a lawyer regarding your legal rights and obligations.

See Exhibit "N" for any state-specific riders or addenda attached to this Circular.

## ITEM 18
## PUBLIC FIGURES

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

## ITEM 19
## FINANCIAL PERFORMANCEREPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Deanna Loychuk, 2221 North East 164th Street, Suite 252, North Miami Beach, Florida 33160, (778) 340-2000 or via e-mail at deanna@30minutehit.com, the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20
## OUTLETS AND FRANCHISEE INFORMATION

**Table No. 1**

| Systemwide Outlet Summary For Years 2019 to 2021 | | | | |
|---|---|---|---|---|
| **Column 1 Outlet Type** | **Column 2 Year** | **Column 3 Outlets at the Start of the Year** | **Column 4 Outlets at the End of the Year** | **Column 5 Net Change** |
| Franchised | 2019 | 3 | 9 | +6 |
| | 2020 | 9 | 15 | +6 |
| | 2021 | 15 | 17 | +2 |
| Company-Owned | 2019 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 |
| Total Outlets | 2019 | 3 | 9 | +6 |
| | 2020 | 9 | 14 | +5 |
| | 2021 | 14 | 16 | +2 |

**Table No. 2**

| Transfers of Outlets From Franchisees to New Owners (Other than the Franchisor) For Years 2019 to 2021 | | |
|---|---|---|
| **Column 1 State** | **Column 2 Year** | **Column 3 Number of Transfers** |
| Arizona | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 0 |
| California | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 0 |
| Texas | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 0 |
| Washington | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 0 |
| Colorado | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 1 |
| **TOTAL** | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 1 |

**Table No. 3**

| Status of Franchised Outlets For Years 2019 to 2021 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Column 1 State** | **Column 2 Year** | **Column 3 Outlets at Start of Year** | **Column 4 Outlets Opened** | **Column 5 Termina-tions** | **Column 6 Non-Renewals** | **Column 7 Reacquired by Franchisor** | **Column 8 Ceased Operations - Other Reasons** | **Column 9 Outlets at End of the Year** |
| Arizona | 2019 | 1 | 0 | 0 | 0 | 0 | 1 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| California | 2019 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2020 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2021 | 2 | 1 | 0 | 0 | 0 | 0 | 3 |
| Colorado | 2019 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2020 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Connecticut | 2019 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 1 | 0 | 0 | 0 | 0 |
| Georgia | 2019 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Indiana | 2019 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Ohio | 2019 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Tennessee | 2019 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2020 | 1 | 0 | 0 | 0 | 0 | 1 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Texas | 2019 | 1 | 3 | 0 | 0 | 0 | 1 | 3 |
| | 2020 | 3 | 3 | 0 | 0 | 0 | 2 | 4 |
| | 2021 | 4 | 1* | 0 | 0 | 0 | 0 | 5 |
| Virginia | 2019 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| Washington | 2019 | 1 | 2 | 0 | 0 | 0 | 0 | 3 |
| | 2020 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2021 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| **TOTAL** | 2019 | 3 | 8 | 0 | 0 | 0 | 2 | 9 |
| | 2020 | 9 | 8 | 0 | 0 | 0 | 2 | 14 |
| | 2021 | 14 | 3 | 1 | 0 | 0 | 0 | 16 |

***The Austin, Texas location closed in 2020 due to COVID-19 and never re-opened. The franchise agreement for this location was terminated in 2021, and the location was subsequently acquired and re-opened by a new franchisee in 2021.**

**Table No. 4**

| Status of Company-Owned Outlets For Years 2019 to 2021 | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Column 1 State** | **Column 2 Year** | **Column 3 Outlets at Start of Year** | **Column 4 Outlets Opened** | **Column 5 Outlets Reacquired From Franchisee** | **Column 6 Outlets Closed** | **Column 7 Outlets Sold to Franchisee** | **Column 8 Outlets at End of the Year** |
| Florida | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| Texas | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| Washington | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| **TOTAL** | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |

**Table No. 5**

| ITEM 20 Projected Openings as of December 31, 2021 UNIT FRANCHISES | | | |
|---|---|---|---|
| **Column 1 State** | **Column 2 Agreements Signed But Outlet Not Opened** | **Column 3 Projected New Outlets in the Next Fiscal Year** | **Column 4 Projected New Company-Owned Outlets in the Next Fiscal Year** |
| Arizona | 1 | 3 | 0 |
| California | 2 | 3 | 0 |
| Florida | 2 | 3 | 0 |
| Nevada | 1 | 2 | 0 |
| New York | 1 | 2 | 0 |
| Texas | 2 | 5 | 0 |
| Washington | 2 | 2 | 0 |
| Total | 11 | 20 | 0 |

Exhibit "J" lists the names of all current unit franchises and the addresses and telephone numbers of their outlets as of December 31, 2021. Exhibit "J" also lists the franchisees who have signed multiple Franchise Agreements with us but who have not opened their franchises for business as of December 31, 2021. Our Company Owned Outlets are also listed in Exhibit "J." The 30 Minute Hit® Gym franchisees in Canada also listed on Exhibit "J."

Exhibit "K" lists the city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every unit franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of

the issuance date of this Disclosure Document.

During the last three fiscal years, we have not signed confidentiality clauses with current or former franchisees. But, confidentiality agreements may be entered into as a part of a settlement of a dispute between us and current or former franchisees. In some instances, current and former franchisees sign or will be asked to sign provisions restricting their ability to speak openly about their experience with 30 MINUTE HIT® Gyms. 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.

To the extent known, the following are names, addresses, telephone numbers, e-mail address and Web address of each trademark-specified franchisee organization associated with the franchise system being offered which we have created, sponsored or endorsed. NONE

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

No Independent franchisee organizations have asked to be included in this Disclosure Document.

## ITEM 21
## FINANCIAL STATEMENTS

Our audited financial statements as of December 31, 2021, December 31, 2020 and December 31, 2019 are attached as Exhibit "A." Our parent and affiliates do not guaranty our performance.

## ITEM 22
## CONTRACTS

Copies of all proposed agreements regarding the franchise offering are included as exhibits to this Disclaimer Document. These include:

| | |
|---|---|
| Exhibit B | Form of Franchise Agreement and Related Materials |
| Exhibit C | Form of Conditional Assignment of Telephone Numbers and Listings |
| Exhibit D | Form of Conditional Assignment and Assumption of Lease |
| Exhibit E | Form of Agreement to Lease |
| Exhibit F | General Release - Renewal |
| Exhibit G | General Release - Assignment |
| Exhibit H | Form of Principal Owner's Statement |
| Exhibit I | Form of Principal Owner's Guaranty |
| Exhibit M | Pre-Closing Questionnaire |
| Exhibit N | State Specific Addenda and Disclosure |
| Exhibit P | Receipts |

## ITEM 23
## RECEIPTS

You will find copies of a detachable receipt in Exhibit "P" at the very end of this Disclosure Document.

**EXHIBIT A TO THE DISCLOSURE DOCUMENT**

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**FINANCIAL STATEMENTS**

**OF**

**30 MINUTE HIT USA, LLC**

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**30 MINUTE HIT USA, LLC**

**Financial Statements**
**And Independent Auditors' Report**

December 31, 2021 and 2020

**30 MINUTE HIT USA, LLC**

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# INDEPENDENT AUDITORS' REPORT

To the Member
30 Minute Hit USA, LLC

We have audited the accompanying financial statements of 30 Minute Hit USA, LLC (taxed as a Corporation), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations and member's deficit, and cash flows for the years then ended, and the related notes to the financial statements.

*Management's Responsibility for the Financial Statements*

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

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 30 Minute Hit USA, LLC as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

VSH PLLC

Bellingham, Washington
March 16, 2022

**30 MINUTE HIT USA, LLC**
**BALANCE SHEETS**
December 31, 2021 and 2020

## ASSETS

| | 2021 | Restated 2020 |
|---|---|---|
| **CURRENT ASSETS** | | |
| Cash and cash equivalents | $ 125,295 | $ 43,719 |
| Accounts receivable, net | 218,614 | 321,148 |
| Prepaid training and equipment expenses | 75,000 | - |
| Total current assets | 418,909 | 364,867 |
| **DEFERRED TAX ASSET** | 19,579 | 16,787 |
| **TOTAL ASSETS** | $ 438,488 | $ 381,654 |

## LIABILITIES AND MEMBER'S DEFICIT

| | | |
|---|---|---|
| **CURRENT LIABILITIES** | | |
| Accounts payable | $ 25,000 | $ 678 |
| Amounts due to member | 141,067 | 74,457 |
| Federal income taxes payable | 0 | - |
| Current portion of deferred revenue | 200,100 | 196,100 |
| Total current liabilities | 366,167 | 271,235 |
| **DEFERRED REVENUE**, net of current portion | 614,292 | 639,225 |
| **TOTAL LIABILITIES** | 980,459 | 910,460 |
| **MEMBER'S DEFICIT** | (541,971) | (528,806) |
| **TOTAL LIABILITIES AND MEMBER'S DEFICIT** | $ 438,488 | $ 381,654 |

*See independent auditors' report and accompanying notes to the financial statements*

**30 MINUTE HIT USA, LLC**
**STATEMENTS OF OPERATIONS AND MEMBER'S DEFICIT**
For the Years Ended December 31, 2021 and 2020

| | 2021 | Restated 2020 |
|---|---|---|
| **REVENUE** | | |
| Power leads | $ 143,063 | $ 76,415 |
| Initial franchise fees | 136,433 | 246,975 |
| Royalties and marketing fees | 129,300 | 82,700 |
| Initial equipment fees | 45,000 | 75,000 |
| Initial training fees | 30,000 | 50,000 |
| Training fees | 16,100 | 6,325 |
| Technology fees | 6,000 | - |
| Total revenue | 505,896 | 537,415 |
| **OPERATING EXPENSES** | | |
| Online marketing | 151,512 | 92,310 |
| Commissions | 120,000 | 90,000 |
| Intellectual property license fee | 40,000 | 40,000 |
| Equipment for franchisees | 30,000 | 90,000 |
| Legal | 29,704 | 23,738 |
| Franchise acquisition costs | 28,290 | 37,077 |
| Management fee | 25,000 | 25,000 |
| Accounting | 24,864 | 25,479 |
| Other equipment | 20,608 | - |
| Training provided to franchisees | 20,000 | 60,000 |
| Dues and subscriptions | 10,000 | - |
| Licensing | 6,689 | 8,566 |
| Bank charges | 3,865 | 2,791 |
| Travel and meals | 2,916 | 3,955 |
| Insurance | 945 | 2,368 |
| Miscellaneous | 607 | 344 |
| Bad debt | - | 15,024 |
| Consulting | - | 10,050 |
| Conference | - | 3,000 |
| Total operating expenses | 515,000 | 529,702 |
| **OPERATING (LOSS) INCOME** | (9,104) | 7,713 |
| **OTHER EXPENSE** | | |
| Foreign exchange loss | 6,853 | 4,714 |
| **(LOSS) INCOME BEFORE INCOME TAXES** | (15,957) | 2,999 |
| **FEDERAL INCOME TAX BENEFIT (EXPENSE)** | | |
| Deferred benefit (expense) | 9,594 | (66,054) |
| Current (expense) benefit | (6,802) | 10,528 |
| Total federal income tax benefit (expense) | 2,792 | (55,526) |
| **NET LOSS** | (13,165) | (52,527) |
| **MEMBER'S DEFICIT**, beginning of year | (528,806) | (476,279) |
| **MEMBER'S DEFICIT**, end of year | $ (541,971) | $ (528,806) |

*See independent auditors' report and accompanying notes to the financial statements*

**30 MINUTE HIT USA, LLC**
**STATEMENTS OF CASH FLOWS**
For the Years Ended December 31, 2021 and 2020

| | 2021 | Restated 2020 |
|---|---|---|
| **CASH FLOWS FROM OPERATIONS** | | |
| Net loss | $ (13,165) | $ (52,527) |
| *Adjustments to reconcile net loss to net cash flows provided by (used for) operating activities* | | |
| Federal income tax (expense) benefit | (2,792) | 55,526 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 102,534 | 171,835 |
| Prepaid training and equipment expenses | (75,000) | 95,000 |
| Accounts payable | 24,322 | (19,778) |
| Amounts due to member | 66,610 | 122,097 |
| Federal income taxes payable | - | - |
| Deferred revenue | (20,933) | (386,975) |
| Net cash provided by (used for) operating activities | 81,576 | (14,822) |
| **NET CHANGE IN CASH AND CASH EQUIVALENTS** | 81,576 | (14,822) |
| **CASH AND CASH EQUIVALENTS,** beginning of year | 43,719 | 58,541 |
| **CASH AND CASH EQUIVALENTS,** end of year | $ 125,295 | $ 43,719 |

*See independent auditors' report and accompanying notes to the financial statements*

## NOTE 1. NATURE OF BUSINESS

30 Minute Hit USA, LLC (the Company) was formed in 2010 as a limited liability company and has elected to be taxed as a C corporation. The Company is in the business of offering franchise opportunities for gyms which offer high intensity circuit training programs known as the "30 Minute Hit" program. The 30 Minute Hit program is comprised of boxing, kickboxing, and core strengthening exercises. These gyms also offer other health related products and services.

The Company had 14 and 12 operating franchised gyms at December 31, 2021 and 2020, respectively. The Company has six additional franchises which are expected to open during 2022.

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of the major accounting policies of the Company is presented to assist the reader in evaluating the Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

**Cash and cash equivalents** – For purposes of the statements of cash flows, the Company considers all highly-liquid investments with original maturities of three months or less to be cash equivalents. The Company maintains its cash in bank accounts, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts.

**Accounts receivable** – Accounts receivable from franchisees are generally unsecured. Late fees and interest charges on past due balances are enforced at management's discretion. The Company establishes an allowance based on experience and analysis of specific franchisees, taking into consideration the age of past due accounts and an assessment of the franchisee's ability to pay. Management determined an allowance for doubtful accounts was $170,000 and $0 as of December 31, 2021 and 2020, respectively. Bad debt expense totaled $0 and 15,024 for the years ended December 31, 2021 and 2020, respectively.

**Revenue recognition** – Management analyzed the provisions of the FASB's ASC Topic 606, Revenue from Contracts with Customers, and has concluded that no changes are necessary to conform with the new standard. Franchise fee revenue includes an initial franchise fee, which is generally non-refundable and recognized by the Company as revenue using the straight-line method over the length of the franchise agreement, which is 10 years.

The Company recognizes equipment fee revenue upon delivery and recognizes training fee revenue upon the franchise opening for business. The Company recognizes royalty, marketing and ongoing training fee revenues from operating franchised gyms monthly. Power leads revenue is recognized when franchisees are invoiced each month based on the number of leads generated for the individual franchise.

The Company records deferred revenue when it has not yet fulfilled its performance obligation for training services and equipment delivery and for initial franchise fees collected which are recognized over the course of the agreement.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**, (continued)

**Advertising** – The Company expenses advertising costs as they are incurred. Advertising expense totaled $151,512 and $92,310 for the years ended December 31, 2021 and 2020, respectively.

**Federal income taxes** – In 2011, the Company elected to be taxed as a C corporation. The accounting for federal income taxes requires an asset and liability approach. Deferred federal income tax assets and liabilities are provided to recognize the expected future tax consequences of temporary differences between the bases of assets and liabilities for financial statement and federal income tax purposes. Valuation allowances are established, when necessary, to reduce deferred federal income tax assets to the amount expected to be realized.

Management evaluates its federal income tax positions on a regular basis and believes it has taken no significant uncertain tax positions that could result in additional federal income taxes to the Company. The Company has not recognized any interest or penalties associated with uncertain tax positions.

**Prior period adjustment** – In 2021, an adjustment was recorded to reconcile the amount actually due to parent at December 31, 2020. The effect on retained earnings was $80,000. The effect on federal taxes was an additional expense of $5,083 for the year ended December 31, 2020. The cumulative effect on retained earnings was $74,917.

**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. Such estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Reclassifications** – Certain prior year amounts have been reclassified to conform to current year presentation.

**Going concern –** The Company adheres to the provisions of the Financial Accounting Standards Board Accounting Standards Codification 205, subtopic 40, which extends the responsibility for performing the going concern evaluation to management based on relevant conditions and events that are known and reasonably knowable at the time the financial statements are available to be issued. Management has assessed the Company's ability to continue as a going concern for the period of one year from March 31, 2021, and does not believe any existing conditions or events raise substantial doubt about the Company's ability to continue as a going concern.

**Subsequent events** – Management has reviewed subsequent events through March 16, 2022, the date which the report was available to be issued.

## NOTE 3. FRANCHISING

The Company executes franchise agreements that set the terms of its arrangements with each franchisee. The franchise agreements require the franchisee to pay an initial, non-refundable fee of $70,000, which includes required training and equipment fees. The franchise agreements also require the franchisee to pay monthly royalty fees based on revenue levels. The franchisee pays online marketing fees monthly to cover advertising, market research, and search engine optimization. The franchisee pays training fees monthly for ongoing training development. Subject to the Company's approval and payment of a renewal fee, a franchisee may generally renew its agreement upon expiration. Direct costs of sales and servicing of franchise agreements are charged to operating expenses as incurred.

When an individual franchise is sold, the Company agrees to license the 30 Minute Hit name to the franchisee, provide site selection criteria and prototype design plans for the gym, assist in developing the gym and implementing the grand opening advertising, and provide the initial training program, among others. The Company recognizes initial franchise fees as revenue when substantially all initial services required by the franchisor are performed, which is generally when a franchised unit opens for business. The Company recognizes renewal fees as revenue when a renewal agreement becomes effective.

## NOTE 4. RELATED PARTY TRANSACTIONS

30 Minute Hit Ltd., sole (Member) of the Company and the franchisor of 30 Minute Hit gyms in Canada, supports the Company financially, as needed. The balance due to Member totaled $141,067 and $74,457 at December 31, 2021 and 2020, respectively. Amounts due to Member are unsecured, noninterest-bearing, and without fixed terms of repayment. The Company expects to repay the amount due to Member during 2022.

The Company recorded the following transactions with Member for the years ended December 31:

| | 2021 | 2020 |
|---|---|---|
| Advertising and other expense reimbursement | $ 174,892 | $ 112,156 |
| Commission reimbursement | 55,000 | 55,000 |
| Equipment reimbursement | 45,000 | 90,000 |
| Intellectual property license fee | 40,000 | 40,000 |
| Training reimbursement | 30,000 | 60,000 |
| Management fee | 25,000 | 25,000 |

## NOTE 5. CONCENTRATIONS OF RISK

The Company recognizes concentrations of revenue that result from 16 franchised gyms for the years ended December 31, 2021 and 2020. Revenue concentrations are most impacted during the year a franchised gym is opened or closed.

The Company had three and four franchisees that accounted for 94% and 93% of the accounts receivable balances at December 31, 2021 and 2020, respectively. These balances consist of franchise agreements that are signed, but the initial franchise fee was not collected before year-end.

## NOTE 6. FEDERAL INCOME TAXES

The provisions for income taxes differ from that computed by applying federal statutory rates to income before federal income taxes, as follows for the years ended December 31:

| | 2021 | 2020 |
|---|---|---|
| Federal statutory income tax at 21% on (loss) income before federal income taxes | $ (3,351) | $ 630 |
| Remeasurement of temporary and permanent differences | 6,143 | (56,156) |
| Total federal income tax benefit (expense) | $ 2,792 | $ (55,526) |

The Company has no unrecognized tax benefits at December 31, 2021 and 2020.

The deferred tax asset consists of the following components at December 31:

| | 2021 | 2020 |
|---|---|---|
| Difference in timing of revenue recognition | $ 10,302 | $ 636 |
| Federal net operating loss carryforward | 7,839 | 14,641 |
| Difference in net book value of property and equipment | 1,438 | 1,511 |
| Total deferred tax asset | $ 19,579 | $ 16,787 |

**30 MINUTE HIT USA, LLC**

**Financial Statements**
**And Independent Auditors' Report**

December 31, 2020 and 2019

**30 MINUTE HIT USA, LLC**

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# INDEPENDENT AUDITORS' REPORT

To the Member
30 Minute Hit USA, LLC

We have audited the accompanying financial statements of 30 Minute Hit USA, LLC (taxed as a Corporation), which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of operations and member's deficit, and cash flows for the years then ended, and the related notes to the financial statements.

*Management's Responsibility for the Financial Statements*

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

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 30 Minute Hit USA, LLC as of December 31, 2020 and 2019, 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.

VSH PLLC

Bellingham, Washington
March 31, 2021

**30 MINUTE HIT USA, LLC**
**BALANCE SHEETS**
December 31, 2020 and 2019

## ASSETS

| | 2020 | 2019 |
|---|---|---|
| **CURRENT ASSETS** | | |
| Cash and cash equivalents | $ 43,719 | $ 58,541 |
| Accounts receivable | 321,148 | 492,983 |
| Prepaid training and equipment expenses | - | 95,000 |
| Total current assets | 364,867 | 646,524 |
| **DEFERRED TAX ASSET** | 21,870 | 72,313 |
| **TOTAL ASSETS** | $ 386,737 | $ 718,837 |

## LIABILITIES AND MEMBER'S DEFICIT

| | | |
|---|---|---|
| **CURRENT LIABILITIES** | | |
| Accounts payable | $ 678 | $ 20,456 |
| Amounts due to member | 154,457 | 32,360 |
| Current portion of deferred revenue | 196,100 | 370,075 |
| Total current liabilities | 351,235 | 422,891 |
| **DEFERRED REVENUE**, net of current portion | 639,225 | 772,225 |
| **TOTAL LIABILITIES** | 990,460 | 1,195,116 |
| **MEMBER'S DEFICIT** | (603,723) | (476,279) |
| **TOTAL LIABILITIES AND MEMBER'S DEFICIT** | $ 386,737 | $ 718,837 |

*See independent auditors' report and accompanying notes to the financial statements*

**30 MINUTE HIT USA, LLC**
**STATEMENTS OF OPERATIONS AND MEMBER'S DEFICIT**
For the Years Ended December 31, 2020 and 2019

| | 2020 | 2019 |
|---|---|---|
| **REVENUE** | | |
| Initial franchise fees | $ 171,975 | $ 20,075 |
| Initial equipment fees | 120,000 | 45,000 |
| Royalties and marketing fees | 82,700 | 62,600 |
| Initial training fees | 80,000 | 70,000 |
| Power leads | 76,415 | 97,420 |
| Training fees | 6,325 | 7,100 |
| Total revenue | 537,415 | 302,195 |
| **OPERATING EXPENSES** | | |
| Commissions | 120,000 | 179,500 |
| Equipment | 120,000 | 45,000 |
| Online marketing | 92,310 | 139,209 |
| Training | 80,000 | 70,000 |
| Intellectual property license fee | 40,000 | 40,000 |
| Franchise acquisition costs | 37,077 | 9,465 |
| Accounting | 25,479 | 16,869 |
| Management fee | 25,000 | 25,000 |
| Legal | 23,738 | 19,491 |
| Bad debt | 15,024 | - |
| Consulting | 10,050 | 58,386 |
| Licensing | 8,566 | 3,389 |
| Travel and meals | 3,955 | 2,946 |
| Conference | 3,000 | 9,150 |
| Bank charges | 2,791 | 2,895 |
| Insurance | 2,368 | 2,448 |
| Miscellaneous | 344 | 2,774 |
| Dues and subscriptions | - | 10,000 |
| Total operating expenses | 609,702 | 636,522 |
| **OPERATING LOSS** | (72,287) | (334,327) |
| **OTHER EXPENSE (INCOME)** | | |
| Foreign exchange loss (gain) | 4,714 | (54) |
| **LOSS BEFORE INCOME TAXES** | (77,001) | (334,273) |
| **FEDERAL INCOME TAX (EXPENSE) BENEFIT** | | |
| Deferred (expense) benefit | (66,221) | 19,974 |
| Current benefit | 15,778 | 3,945 |
| Total federal income tax (expense) benefit | (50,443) | 23,919 |
| **NET LOSS** | (127,444) | (310,354) |
| **MEMBER'S DEFICIT**, beginning of year | (476,279) | (165,925) |
| **MEMBER'S DEFICIT**, end of year | $ (603,723) | $ (476,279) |

*See independent auditors' report and accompanying notes to the financial statements*

**30 MINUTE HIT USA, LLC**
**STATEMENTS OF CASH FLOWS**
For the Years Ended December 31, 2020 and 2019

| | 2020 | 2019 |
|---|---|---|
| **CASH FLOWS FROM OPERATIONS** | | |
| Net loss | $ (127,444) | $ (310,354) |
| *Adjustments to reconcile net loss to net cash flows (used for) operating activities* | | |
| Federal income tax (expense) benefit | 50,443 | (23,919) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 171,835 | (290,380) |
| Prepaid training and equipment expenses | 95,000 | (95,000) |
| Accounts payable | (19,778) | 19,331 |
| Amounts due to member | 122,097 | 23,257 |
| Income taxes payable | - | (4,551) |
| Deferred revenue | (306,975) | 676,925 |
| Net cash used for operating activities | (14,822) | (4,691) |
| **NET CHANGE IN CASH AND CASH EQUIVALENTS** | (14,822) | (4,691) |
| **CASH AND CASH EQUIVALENTS,** beginning of year | 58,541 | 63,232 |
| **CASH AND CASH EQUIVALENTS,** end of year | $ 43,719 | $ 58,541 |

*See independent auditors' report and accompanying notes to the financial statements*

## NOTE 1. NATURE OF BUSINESS

30 Minute Hit USA, LLC (the Company) was formed in 2010 as a limited liability company and has elected to be taxed as a C corporation. The Company is in the business of offering franchise opportunities for gyms which offer high intensity circuit training programs known as the "30 Minute Hit" program. The 30 Minute Hit program is comprised of boxing, kickboxing, and core strengthening exercises. These gyms also offer other health related products and services.

The Company had 14 and 10 operating franchised gyms at December 31, 2020 and 2019, respectively. The Company has six additional franchises which are expected to open during 2021.

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of the major accounting policies of the Company is presented to assist the reader in evaluating the Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

**Cash and cash equivalents** – For purposes of the statements of cash flows, the Company considers all highly-liquid investments with original maturities of three months or less to be cash equivalents. The Company maintains its cash in bank accounts, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts.

**Accounts receivable** – Accounts receivable from franchisees are generally unsecured. Late fees and interest charges on past due balances are enforced at management's discretion. The Company establishes an allowance based on experience and analysis of specific franchisees, taking into consideration the age of past due accounts and an assessment of the franchisee's ability to pay. Management considers all receivables to be collectible; therefore, no allowance has been established for doubtful accounts. Bad debt expense totaled $15,024 and $0 for the years ended December 31, 2020 and 2019, respectively.

**Revenue recognition** – Management analyzed the provisions of the FASB's ASC Topic 606, Revenue from Contracts with Customers, and has concluded that no changes are necessary to conform with the new standard. Franchise fee revenue includes an initial franchise fee, which is generally non-refundable and recognized by the Company as revenue using the straight-line method over the length of the franchise agreement 10 years.

The Company recognizes equipment fee revenue upon delivery and recognizes training fee revenue upon the franchise opening for business. The Company recognizes royalty, marketing and ongoing training fee revenues from operating franchised gyms monthly. Power leads revenue is recognized when franchisees are invoiced each month based on the number of leads generated for the individual franchise.

The Company records deferred revenue when it has not yet fulfilled its performance obligation for training services and equipment delivery and for initial franchise fees collected which are recognized over the course of the agreement.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**, (continued)

**Advertising** – The Company expenses advertising costs as they are incurred. Advertising expense totaled $92,310 and $139,209 for the years ended December 31, 2020 and 2019, respectively.

**Federal income taxes** – In 2011, the Company elected to be taxed as a C corporation. The accounting for federal income taxes requires an asset and liability approach. Deferred federal income tax assets and liabilities are provided to recognize the expected future tax consequences of temporary differences between the bases of assets and liabilities for financial statement and federal income tax purposes. Valuation allowances are established, when necessary, to reduce deferred federal income tax assets to the amount expected to be realized.

Management evaluates its federal income tax positions on a regular basis and believes it has taken no significant uncertain tax positions that could result in additional federal income taxes to the Company. The Company has not recognized any interest or penalties associated with uncertain tax positions.

**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. Such estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Reclassifications** – Certain prior year amounts have been reclassified to conform to current year presentation.

**Going concern –** The Company adheres to the provisions of the Financial Accounting Standards Board Accounting Standards Codification 205, subtopic 40, which extends the responsibility for performing the going concern evaluation to management based on relevant conditions and events that are known and reasonably knowable at the time the financial statements are available to be issued. Management has assessed the Company's ability to continue as a going concern for the period of one year from March 31, 2021, and does not believe any existing conditions or events raise substantial doubt about the Company's ability to continue as a going concern.

**Subsequent events** – Management has reviewed subsequent events through March 31, 2021, the date which the report was available to be issued.

## NOTE 3. FRANCHISING

The Company executes franchise agreements that set the terms of its arrangements with each franchisee. The franchise agreements require the franchisee to pay an initial, non-refundable fee of $65,000, which includes required training and equipment fees. The franchise agreements also require the franchisee to pay monthly royalty fees based on revenue levels. The franchisee pays online marketing fees monthly to cover advertising, market research, and search engine optimization. The franchisee pays training fees monthly for ongoing training development. Subject to the Company's approval and payment of a renewal fee, a franchisee may generally renew its agreement upon expiration. Direct costs of sales and servicing of franchise agreements are charged to operating expenses as incurred.

**NOTE 3. FRANCHISING**, (continued)

When an individual franchise is sold, the Company agrees to license the 30 Minute Hit name to the franchisee, provide site selection criteria and prototype design plans for the gym, assist in developing the gym and implementing the grand opening advertising, and provide the initial training program, among others. The Company recognizes initial franchise fees as revenue when substantially all initial services required by the franchisor are performed, which is generally when a franchised unit opens for business. The Company recognizes renewal fees as revenue when a renewal agreement becomes effective.

## NOTE 4. RELATED PARTY TRANSACTIONS

30 Minute Hit Ltd., sole (Member) of the Company and the franchisor of 30 Minute Hit gyms in Canada, supports the Company financially, as needed. The balance due to Member totaled $154,457 and $32,360 at December 31, 2020 and 2019, respectively. Amounts due to Member are unsecured, noninterest-bearing, and without fixed terms of repayment. The Company expects to repay the amount due to Member during 2021.

The Company recorded the following transactions with Member for the years ended December 31:

| | 2020 | 2019 |
|---|---|---|
| Equipment reimbursement | $ 120,000 | $ 45,000 |
| Advertising and other expense reimbursement | 112,156 | 133,324 |
| Training reimbursement | 80,000 | 70,000 |
| Commission reimbursement | 55,000 | 58,500 |
| Intellectual property license fee | 40,000 | 40,000 |
| Management fee | 25,000 | 25,000 |

## NOTE 5. CONCENTRATIONS OF RISK

The Company recognizes concentrations of revenue resulting from having 14 and 10 franchised gyms open at December 31, 2020 and 2019, respectively. Revenue concentrations are most impacted during the year a franchised gym is opened or closed.

The Company had four and five franchisees that accounted for 93% and 90% of the accounts receivable balances at December 31, 2020 and 2019, respectively. These balances consist of franchise agreements that are signed, but the initial franchise fee was not collected before year-end.

## NOTE 6. FEDERAL INCOME TAXES

The provisions for income taxes differ from that computed by applying federal statutory rates to income before federal income taxes, as follows for the years ended December 31:

| | 2020 | 2019 |
|---|---|---|
| Federal statutory income tax at 21% on income before federal income taxes | $ (16,170) | $ (70,197) |
| Remeasurement of temporary and permanent differences | 66,613 | 46,278 |
| Total federal income tax expense (benefit) | $ 50,443 | $ (23,919) |

The Company has no unrecognized tax benefits at December 31, 2020 and 2019.

The deferred tax asset consists of the following components at December 31:

| | 2020 | 2019 |
|---|---|---|
| Federal net operating loss carryforward | $ 19,723 | $ 3,945 |
| Difference in net book value of property and equipment | 1,511 | 1,813 |
| Difference in timing of revenue recognition | 636 | 66,555 |
| Total deferred tax asset | $ 21,870 | $ 72,313 |

**EXHIBIT B TO THE DISCLOSURE DOCUMENT**

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**FORM OF**

**FRANCHISE AGREEMENT**

---

**30 MINUTE HIT USA, LLC**

**FRANCHISE AGREEMENT**

| | |
|---|---|
| AGREEMENT DATE | FRANCHISEE |
| GYM NUMBER | ADDRESS OF GYM |

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EXHIBITS:

A. Site, Designated Area, Franchise Fee and System Fund Fee
B. Confidentiality, Non-Solicitation and Non-Competition Agreement
C. SBA Addendum to Franchise Agreement

**30 MINUTE HIT USA, LLC**
**FRANCHISE AGREEMENT**

**THIS FRANCHISE AGREEMENT** (the "**Agreement**") is effective as of _____, 20_____ (the "**Agreement Date**"). The parties to this Agreement are **30 MINUTE HIT USA, LLC**, an Florida limited liability company, with its principal business address at 2221 North East 164th Street, North Miami Beach, Florida 33160 (referred to in this Agreement as "**we**," "**us**" or "**our**"), and _____ _____, whose principal business address is _____ (referred to in this Agreement as "**you**," "**your**" or "**Franchisee**").

## 1. INTRODUCTION.

### 1.1 The 30 MINUTE HIT® System.

We and our predecessors and affiliates have expended considerable time and effort developing businesses which use our System, Copyrights and Marks in the operation of businesses ("**30 MINUTE HIT® Gym(s)**") which offer the high intensity circuit training program known as the "30 Minute Hit" program, which includes high intensity circuit training workouts comprised of boxing, kickboxing, and core strengthening exercises, as well as other products and services we designate or approve, which we may change and designate from time to time ("**Approved Products and Services**").

Each 30 MINUTE HIT® Gym operates from a location (its "**Site**"), is granted limited territorial protections in a defined area (the "**Designated Area**") and is allowed to provide only those Approved Products and Services we designate or approve, in the manner we designate or approve from the Site, or as we may approve, within the Designated Area.

We grant to persons who meet our qualifications, and who are willing to undertake the investment and effort, the right to operate a 30 MINUTE HIT® Gym (the "**Unit Franchise Program**"). We offer franchises under the Unit Franchise Program for 30 MINUTE HIT® Gyms only under the terms of our Agreement. The 30 MINUTE HIT® Gym you will operate under this Agreement may be referred to in this Agreement as the, or your, "**Gym**" or its or your "**30 MINUTE HIT® Gym**."

We use, promote and license in the operation of 30 MINUTE HIT® Gyms certain trademarks, service marks and other commercial symbols, including the trade and service marks "**30-Minute Hit®**" and other assorted associated logos, designs, URLs (like www.30minutehit.com), slogans, trademarks, service marks and trade dress which have gained and continue to gain public acceptance and goodwill, and may create, use and license additional trademarks, service marks, e-names and commercial symbols in conjunction with the operation of 30 MINUTE HIT® Gyms (collectively, the "**Marks**").

We also use, promote and license in the operation of 30 MINUTE HIT® Gyms certain information capable of being rendered into tangible form that we claim as our Copyrights, including our advertising, websites, training programs, spreadsheets, pro forma documents, forms, pricing lists, vendor lists, modifications to software, and any other written materials, marketing materials, advertisements, television advertisements, radio commercials, songs, jingles, slogans or performance (including the look, compilation, feel and content of them) (collectively, the "**Copyrights**").

We may also grant Area Representative Rights, as may be described in a separate Franchise Disclosure Document to Area Representatives. Those rights are granted under a separate form of Area Representative Agreement and under a separate Franchise Disclosure Document. At our option, we may delegate any of our obligations in whole or in part to Area Representatives. Under this Agreement, you have

applied to be a 30 MINUTE HIT® Gym franchisee. This Agreement in itself does not grant you Area Representative Rights.

30 MINUTE HIT® Gyms offer and sell Approved Products and Services in a distinctive and innovative environment. 30 MINUTE HIT® Gyms operate using the Marks and Copyrights and according to our distinctive workout and fitness programs, business formats, uniforms, color schemes, entertainment methods, hiring practices, operational methods, Business Management System, procedures, designs, layouts, signs, equipment, training and workout techniques, trade dress, appearance standards, System Standards, uniforms and other standards and specifications, all of which we may change from time to time (the "**System**").

## 2. GRANT AND TERM.

2.1 **Site/Designated Area**. You have applied for a franchise to own and operate a 30 MINUTE HIT® Gym only at a location we have approved (the "**Site**"), which must be located in the area designated by us in Exhibit "A" as the "**Site Selection Area**." We will also designate another geographic area called the "**Designated Area**" in Exhibit "A" in which we will provide limited territorial protections as described in this Agreement. If the Site Selection Area and Designated Area have been approved at the time you sign this Agreement, each will be listed on Exhibit "A." If any are to be approved at a later date, it will be added to Exhibit "A" at that time. If your Site has not been approved as of the Agreement Date, it must be located within the Site Selection Area designed in Exhibit "A." We have no obligation to agree to a Designated Area that differs from our standard 2 mile radius surrounding the Site.

2.2 **Grant**. Subject to the terms of, and upon the conditions contained in this Agreement, we grant you a franchise (the "**Franchise**") to: (a) operate a 30 MINUTE HIT® Gym at the Site, and at no other location (temporary or permanent), under our System Standards; (b) use the Marks, Copyrights and System solely in connection with operating the Gym; and (c) offer only the Products and Services we approve at the Gym. During the term of this Agreement, provided you remain in compliance with this Agreement, with the exception of Non-Public Access Venues, we will not ourselves operate or grant another to operate a 30 MINUTE HIT® Gym having its Site in your Designated Area. You acknowledge, however, that we may grant a franchise to anyone to operate another 30 MINUTE HIT® Gym in any geographic area within your Designated Area upon your failure to comply with all aspects of this Agreement. We may also, if you fail to comply with all aspects of this Agreement, reconfigure or eliminate your limited exclusive rights in and to the Designated Area, or terminate this Agreement.

2.3 **Term**. The Term of the Franchise and this Agreement begins on the Agreement Date and expires ten (10) years from such date (the "**Term**"). This Agreement may be terminated before it expires in accordance with Section 16.

2.4 **Performance**.

(a) You agree that you will at all times faithfully, honestly and diligently perform your obligations, continuously exert your best efforts to promote and enhance the Gym, and not engage in any other business or activity that conflicts with your obligations to operate the Gym in compliance with this Agreement. You may not operate the Gym from any location other than the Site without our prior written consent.

2.5 **Other Services.** We may allow you to operate or offer and sell off-Site services we designate or approve from time to time from your 30 MINUTE HIT® Gym or at locations other than your 30 MINUTE HIT® Gym (in home personal training, or fitness demonstrations or services at alternative locations such as businesses, community centers or the like) ("**Other Services**"). If we designate Other Services, they will be governed by your Franchise Agreement with us, and you must comply with our System

Standards for them. If you fail to comply with any of your obligations in connection with providing Other Services, then, in addition to any other rights or any remedies that we may have (including the right to terminate this Agreement), we may temporarily suspend or permanently terminate your rights to provide any particular or all Other Services or restrict the geographic area in which you may provide any or all Other Services.

2.6 **Rights We Reserve**. We do not grant you any exclusive rights whatsoever to the portion of the Designated Area that is not also comprised of the Designated Area. There are no restrictions on our right to engage in any activities outside of your Designated Area. We (and our affiliates) retain the right in our sole discretion to:

(a) establish, and grant to other franchisees the right to establish, 30 MINUTE HIT® Gyms anywhere outside the Designated Area, on such terms and conditions as we deem appropriate (even immediately outside the border of the Designated Area);

(b) operate, and grant franchises to others to operate businesses, whether inside or outside the Designated Area, specializing in the sale of products or provision of services, other than a Competitive Business or a fitness facility, gym or martial arts facility, using certain of the Marks or Copyrights and pursuant to such terms and conditions as we deem appropriate;

(c) operate, and grant franchises to others to operate businesses, or a fitness facility, gym or martial arts facility, or other services, whether inside or outside the Designated Area that do not use the of Marks or Copyrights;

(d) market and sell, inside and outside of the Designated Area through Alternative Channels of Distribution other than or a fitness facility, gym or martial arts facility, goods and services competitive with goods and services offered by 30 MINUTE HIT® Gyms, under the Marks or Copyrights or under trade names, service marks, or trademarks other than Marks, without any compensation to you and in such amounts in such manner as we determine in our sole discretion; and

(e) engage in any other acts and exercise any rights not expressly and exclusively granted to you under this Agreement.

2.7 **Non-Public Access Venues.** We also have the right to develop, open and operate, and to license others the right to develop, open and operate, Gyms located in Non-Public Access Venues, including within the Designated Area. For purposes of this Agreement, the term Non-Public Access Venues shall mean private businesses, military bases, government institutions, private clubs, and other Gyms that are not accessible to the general public.

## 3. SUCCESSOR TERMS.

3.1 **Your Right to Acquire a Successor Franchise**. Upon the expiration of this Agreement, if you (and each of your owners) have substantially complied with this Agreement during its Term, and provided that (a) you maintain possession of and agree to remodel and/or expand the Gym, add or replace improvements, equipment and signs and otherwise modify the Gym as we require to bring it into compliance with specifications and standards then applicable for 30 MINUTE HIT® Gyms, or (b) if you are unable to maintain possession of the Site, or if in our judgment the Gym should be relocated, you secure substitute premises we approve, develop such premises in compliance with specifications and standards then applicable for 30 MINUTE HIT® Gyms and continue to operate the Gym at the Site until operations are transferred to the substitute premises, then, subject to the terms and conditions set forth in this Section 3,

you will have the right to acquire four (4) successor Franchises to operate the Gym as a 30 MINUTE HIT® Gym, for additional five (5) year periods on the terms and conditions of the franchise agreement we are then using in granting successor Franchises for 30 MINUTE HIT® Gyms.

3.2 **Grant of a Successor Franchise**. You agree to give us written notice of your election to acquire a successor Franchise during the first ninety (90) days of: (i) the ninth ($9^{th}$) year of the term of this Agreement, or (ii) the fourth ($4^{th}$) year of the term of any successor Franchise. We agree to give you written notice ("**Response Notice**"), not more than ninety (90) days after we receive your notice, of our decision:

(a) to grant you a successor Franchise;

(b) to grant you a successor Franchise on the condition that deficiencies of the Gym, or in your operation of the Gym, are corrected; or

(c) not to grant you a successor Franchise based on our determination that you and your owners have not substantially complied with this Agreement during its term.

If applicable, our Response Notice will:

(i) describe the remodeling and/or expansion of the Gym and other improvements or modifications required to bring the Gym into compliance with then applicable specifications and standards for 30 MINUTE HIT® Gyms; and

(ii) state the actions you have to take to correct operating deficiencies and the time period in which such deficiencies must be corrected.

If we elect not to grant a successor Franchise, the Response Notice will describe the reasons for our decision. Your right to acquire a successor Franchise is subject to your continued compliance with all of the terms and conditions of this Agreement through the date of its expiration, in addition to your compliance with the obligations described in the Response Notice.

If our Response Notice states that you must cure certain deficiencies of the Gym or its operation as a condition to the grant of a successor Franchise, we will give you written notice of a decision not to grant a successor Franchise unless you cure such deficiencies, not less than ninety (90) days prior to the expiration of this Agreement. However, we will not be required to give you such notice if we decide not to grant you a successor Franchise due to your breach of this Agreement during the ninety (90) day period prior to its expiration. If we fail to give you:

(i) notice of deficiencies in the Gym, or in your operation of the Gym, within ninety (90) days after we receive your timely election to acquire a successor Franchise; or

(ii) notice of our decision not to grant a successor Franchise at least ninety (90) days prior to the expiration of this Agreement, if such notice is required;

we may extend the term of this Agreement for such period of time as is necessary in order to provide you with either reasonable time to correct deficiencies or ninety (90) days notice of our refusal to grant a successor Franchise.

3.3 **Agreements/Releases**. If you satisfy all of the other conditions to the grant of a successor Franchise, you and your owners agree to execute the form of franchise agreement and any ancillary agreements we are then customarily using in connection with the grant of successor Franchises for 30 MINUTE HIT® Gyms. You and your owners further agree to execute general releases, in form satisfactory

to us, of any and all claims against us and our shareholders, officers, directors, employees, agents, successors and assigns. Failure by you or your owners to sign such agreements and releases and deliver them to us for acceptance and execution within sixty (60) days after their delivery to you will be deemed an election not to acquire a successor franchise.

3.4 **Training** and Refresher Programs. Our grant of a successor Franchise is also conditioned on the satisfactory completion by you (or a Manager (defined in Section 7.1) of yours approved by us) of any new training and refresher programs as we may require. You are responsible for travel, living and compensation costs of attendees.

3.5 **Successor Franchise Fees and Expenses**. At the time you sign the Successor Franchise Agreement, you must pay to us a Successor Franchise Fee in the amount of 25% of our then current Franchise Fee. As a condition of our granting the Successor Franchise, you must pay to bring your Gym into compliance with our System Standards and doing so may require you to incur Additional Training Fees and to make purchases from us or our affiliates.

3.6 **Subsequent** Successor Franchises. If you are granted a successor Franchise, the procedure, fees and conditions for acquiring any subsequent successor Franchise are the same as described in Sections 3.1 through 3.5 above.

## 4. SITE SELECTION AND DEVELOPMENT.

4.1 **Site Selection**. We recommend that you retain (a) an experienced commercial real estate broker or salesperson who has at least seven years experience in locating business sites to advise and counsel you with regard to the price, economics, viability, location, and acquisition or lease of the site for the 30 MINUTE HIT® Gym and (b) an experienced attorney to provide advice and counsel on the you business and the terms, conditions and economics of the legal and other documents required to lease or purchase the site. If you have not done so prior to signing this Agreement, you (with or without our assistance) must, within twelve (12) months of signing this Agreement, locate a Site for your 30 MINUTE HIT® Gym that we have approved and open it according to our System Standards. You must open and begin operations of the Gym within nine (9) months of the Site Selection Date. The Site must meet our criteria for demographic characteristics, traffic patterns, parking, character of neighborhood, competition from and proximity to other stores and other 30 MINUTE HIT® Gyms, the nature of other stores in proximity to the site and the size, appearance and other physical and commercial characteristics of the proposed site. You must use the Site solely for the operation of a 30 MINUTE HIT® Gym and must not directly or indirectly operate or engage in any other business or activity from the Site. You must not participate in any dual branding program, or in any other program, promotion or business pursuant to which another trademark, service mark, trade name, or commercial symbol is used in connection with the 30 MINUTE HIT® Gym. We will approve or disapprove a Site you propose for a Gym within thirty (30) days after we receive from you all of the materials we request concerning the proposed site. You acknowledge and agree that:

(a) our recommendation or approval of the Site, does not imply, guaranty, assure, warrant or predict profitability or success, express or implied;

(b) our recommendation or approval of the Site indicates only that we believe that the Site falls within the acceptable demographic and other criteria for Sites and premises that we have established as of the time of our recommendation or approval of the Site;

(c) application of criteria that have appeared effective with respect to other Sites and premises may not accurately reflect the potential for all sites and premises, and, after our approval of a Site, demographic and/or other factors included in or excluded from our criteria could change to alter the potential of a Site and premises; and

(d) the uncertainty and instability of such criteria are beyond our control, and we will not be responsible for the failure of a site and premises we have recommended or approved to meet expectations as to potential revenue or operational criteria.

4.2 **Relocation of the Site**. You may not operate the Gym from any location other than the Site without our prior written consent. If the lease expires or terminates without expiration or termination being your fault, if the Site is destroyed, condemned or otherwise rendered unusable as an 30 MINUTE HIT® Gym in accordance with this Agreement, or if, in our sole judgment, there is a change in character of the location of the Site sufficiently detrimental to its business potential to warrant your Gym's relocation, we will permit you to relocate the Gym to another location within the Designated Area provided that you comply with all of our System Standards for a Site relocation and such relocation Site meets our then current Site criteria for relocation Sites. Any relocation of the Site will be at your sole expense. Further, if we consent to the Gym's relocation, you must pay us a fee in the amount of $1,000 at the time of the relocation, which is to cover, among other things, our analysis of the proposed replacement site and other expenses we may incur in connection with the replacement site approval process and relocation. If you seek to obtain our approval of the replacement site and lease in accordance with our then current site approval process, you must reopen the Gym at the replacement site as soon as practicable, but in no event more than ninety (90) days after the closing of the original Site.

4.3 **LOI and Lease Approval**. You must present to us for our review and approval, each Letter of Intent ("**LOI**"), lease, sublease, or purchase agreement (and any renewals and amendments thereof) that will govern your acquisition, occupancy and/or lawful possession of the Site at least 30 days before you intend to sign it. The LOI, lease or sublease must include the approval by the landlord for you to have a kiosk or table placed outside the Gym for a period of 15 weeks prior to opening (or other period as may be prescribed by us in the Manuals) for pre-sales activities, including gift card sales, or, in the alternative, the ability to rent space adjacent to the Site for the purpose of conducting such activities during the 15-week period prior to opening the Gym. If the landlord does not agree to these terms, we may reject the proposed Site or allow you to submit to us for review and approval a pre-sales marketing plan which outlines in detail the process you will follow for pre-sales of memberships and sales of gift cards during such 15-week period. In addition, the lease or sublease must either (i) include the lease addendum in a form acceptable to us and made part of this Agreement, or (ii) provide in the body of the lease or sublease, as applicable, the terms and conditions found in the lease addendum. If you will purchase and own the premises for your Gym, you agree to sign an Agreement to Lease, in form acceptable to us, which requires you, at our option, to lease the Site to us upon any expiration, termination or transfer of this Agreement. You may not sign any LOI, lease, sublease or purchase agreement (or any renewal or amendment thereof) unless it contains the terms that we require in accordance with this Section and we have approved it in writing. We may (but have no obligation to) provide you guidance or assistance relating to the LOI, lease, sublease or purchase agreement, as applicable, and its negotiation. If we have not approved the LOI, lease, sublease or purchase agreement in writing within 10 business days after we receive a complete copy of the LOI, lease, sublease or purchase agreement, then it will be deemed disapproved. You agree to obtain our approval of the lease of the Site before you sign it, or any renewal of it. You agree to deliver a copy of the signed lease to us within fifteen (15) days after its execution along with the Lease Assignment. You agree not to sign any lease or renewal of a lease unless you have also obtained the Lease Assignment signed by the lessor.

(a) **Sublease From Us**: We may, but are not obligated to, lease or sublease the Site to you. If we do so, you agree to sign our then-current form of lease or sublease. If we sublease the Site to you, we may charge a rent that exceeds the cost of rent we pay under our master lease agreement for the Site.

(b) **Other Lease of Site**: If you want to lease the Site from someone other than us, you

agree to deliver copies of the proposed lease agreement and related documents to us prior to signing them. You agree not to sign any lease agreement or related documents unless we have previously approved them.

(c) **Mandatory Lease Terms**: We may require that the lease or any renewal contain certain provisions, including the following:

(i) a provision which expressly permits the lessor of the Site to provide us with all revenue and other information it may have related to the operation of your 30 MINUTE HIT® Gym as we may request;

(ii) a provision which requires the lessor to contemporaneously provide us with copies of any written notice of default under the lease sent to you and which grants to us, at our option, the right (but not the obligation) to cure any default under the lease (should you fail to do so) within fifteen (15) days after the expiration of the period in which you may cure the default;

(iii) a provision which evidences your right to display the Marks and Copyrights in accordance with the specifications required by the Manuals, subject only to the provisions of applicable law;

(iv) a provision which prohibits any lender or other person from disturbing your possession of the Site so long as the lease term continues and you are not in default (along with such documents as are necessary to ensure that such lenders and other persons are bound);

(v) a provision which expressly states that any default under the lease which is not cured within any applicable cure period also constitutes grounds for termination of this Agreement;

(vi) a lease term which is at least equal to the initial term of this Agreement, either through an initial term of that length or rights, at your option, to renew the lease for the full Term of this Agreement; and

(vii) the premises must be operated as a 30 MINUTE HIT® Gym;

(viii) the lease cannot be modified or cancelled without our prior written approval;

(ix) the lease must contain the approved use clause we provide; and

(x) the lease cannot contain any language (e.g., a radius restriction) that would potentially restrict the location of other franchised or corporate 30 MINUTE HIT® Gyms.

(d) **No Warranty**: You acknowledge that our approval of the lease for the Site does not constitute a guarantee or warranty, express or implied, of the successful operation or profitability of a 30 MINUTE HIT® Gym operated at the Site. Such approval indicates only that we believe that the Site and the terms of the lease fall within the acceptable criteria we have established as of the time of our approval. **YOU FURTHER ACKNOWLEDGE THAT WE HAVE ADVISED YOU TO HAVE AN ATTORNEY REVIEW AND EVALUATE THE LEASE.**

4.4 **Ownership and Financing**. Instead of leasing a Site, you may propose to purchase, construct, own and operate a 30 MINUTE HIT® Gym on real property to be owned or which is already owned by you or through affiliates. We refer to the date you sign your lease or purchase the Site as the "Site

Selection Date." You will meet certain conditions if you or your affiliates own a Site or at any time prior to acquisition, or subsequently, you or your affiliates propose to obtain any financing with respect to the Site or for your 30 MINUTE HIT® Gym or for any Operating Assets (defined in Section 5.3) in which any of such items are pledged as collateral securing your performance. The form of any purchase contract with the seller of a Site and any related documents, and the form of any loan agreement with or mortgage in favor of any lender and any related documents, must be approved by us before you sign them. Our consent to them may be conditioned upon the inclusion of various terms and conditions, including the some or all of the following:

(a) a provision which requires any lender or mortgagee concurrently to provide us with a copy of any written notice of deficiency or default under the terms of the loan or mortgage sent to you or your affiliates or the purchaser;

(b) a provision granting us, at our option, the right (but not the obligation) to cure any deficiency or default under the loan or mortgage (should you fail to do so) within fifteen (15) days after the expiration of a period in which you may cure such default or deficiency;

(c) a provision which expressly states that any default under the loan or mortgage, if not cured within the applicable time period, constitutes grounds for termination of this Agreement and any default under this Agreement, if not cured within the applicable time period, also constitutes a default under the loan or mortgage; and

(d) your delivery to us of our standard form of "**Agreement to Lease**" which requires you, at our option, to lease the Site to us if the Franchise Agreement is terminated, assigned, or transferred pursuant to our standard form of Lease Agreement, a form of which is attached to the Franchise Disclosure Document.

## 5. GYM DEVELOPMENT, DECOR AND OPERATING ASSETS.

5.1 **Gym Development**. You are responsible for developing the Gym. You will complete the construction/remodeling of the Gym in accordance with our System Standards. You must obtain our approval for, develop, complete construction and open the Gym for business upon the earlier of nine (9) months of our approval of the Site or within twelve (12) months of the Agreement Date (the "**Opening Date**"). In our sole discretion, if you have made full and complete applications for all building permits, and licenses, and all other permits required to open a 30 MINUTE HIT® Gym, within thirty (30) days of the date we approve the Site and your lease for it, if any, we may grant to you up to three (3) thirty (30) day extensions to obtain all necessary permits, provided that the delay was due to causes beyond your reasonable control. You must submit documentation of the status of all applications necessary to operate the Gym at least ten (10) days prior to the date of each thirty (30) day extension you request. We will furnish you with prototype design plans, specifications, decor and/or layout for a 30 MINUTE HIT® Gym, including requirements for design, color scheme, image, interior layout, and Operating Assets which include fixtures, equipment, signs, and furnishings ("**Designs**"). At our option, the Designs may not include architectural plans. These sample designs are merely to provide guidance on the design and layout of other 30 MINUTE HIT® Gyms. We make no representation or warranty concerning the suitability of the sample Designs for your Site. Unless your 30 MINUTE HIT® Gym is operating a 30 MINUTE HIT® Gym at the Site being purchased by you from another franchise owner, we will also furnish to you our System Standards with respect to trade dress and other matters of development of the Site which, you agree are an integral part of the System and you agree that you will design and construct the 30 MINUTE HIT® Gym in accordance with them. If required by applicable law, you are obligated, at your own expense, to have an architect prepare preliminary layout for the 30 MINUTE HIT® Gym and all required construction plans, space plans, and specifications to suit the shape and dimensions of the Site ("**Construction Plans**") and to ensure that such Construction Plans and specifications

comply with applicable ordinances, building codes and permit requirements and with lease requirements and restrictions, and the mandatory specifications and layout provided by us. You must make changes to the Construction Plans that we specify from time to time during the development of the Gym and must not begin construction, remodeling or other development of the Gym until we have approved the Construction Plans. You must make no changes to the approved Construction Plans unless such changes are presented to and approved by us in writing. Despite our providing the sample Designs (and Construction Plans, if any), any changes and approvals that we might provide for them, and your purchase of the Gym and its assets from an affiliate of ours or our franchise owner, where we have approved such transfer (if applicable), as between you and us, and our affiliates or other franchise owners, you are solely responsible for complying with all laws, ordinances, rules and regulations relating directly or indirectly to the construction and development of the 30 MINUTE HIT® Gym, including the Americans With Disabilities Act and any other laws, rules or regulations regarding public accommodations for persons with disabilities. You are solely responsible, as between us (and our affiliates or other franchise owners) and you, for any and all claims, liabilities, costs and images relating to non-compliance or alleged non-compliance with any such laws, rules, ordinances or regulations, and you must remedy, at your expense, any such non-compliance or alleged non- compliance. You agree to, at our option, assign to us, or require your architect to assign to us, the plans, drawings or Designs, used by you in connection with the Gym, or at our option, obtain the architect's agreement to license to us such plans, drawings or Designs for use in connection with the 30 MINUTE HIT® Gyms. You are not permitted to hire, engage or use any construction firm, contractor or architect that we disapprove.

Without limiting your foregoing obligations, you agree, at your own expense, to do the following with respect to developing the Gym at the Site:

(a) sign a lease or otherwise obtain the right to occupy the Site;

(b) secure and provide us proof of your securing all financing, if any, required to develop and operate the Gym;

(c) obtain all building, utility, sign, health, sanitation, business and other permits and licenses required to construct and operate the Gym;

(d) construct all required improvements to the Site and decorate the Gym in compliance with Construction Plans and specifications we have approved (the "**Construction**");

(e) give us notice of commencement of the Construction within ten (10) days of the date it began, with progress reports including digital photographs of the construction supporting the findings at least every two (2) weeks thereafter. We will, at your expense, require that additional digital photographs be provided to us;

(f) purchase or lease and install all Operating Assets and Gym Materials required for the Gym;

(g) purchase an opening inventory of authorized and Approved Products and Services, materials and supplies;

(h) complete the foregoing steps so that the Gym is opened for business upon the earlier of twelve (12) months of the date of execution of this Agreement or nine (9) months from the date we approved the Site (or prior to the end of an extension in Section 5.1, if granted); and

(i) you agree that all décor of your Gym must be previously approved by us and must comply with our standards as described in the Manuals or other communications, which may be

periodically revised. We own all Copyrights in and to all forms of art or other visual media displayed in the Gym including murals, paintings, pictures, drawings, sculptures, and photographs that we direct you to display (including any artwork commissioned for the Gym) (the "**Art**"), as well as all intellectual property rights in and to the Art. You will not, without our prior written permission, allow any of the Art to become a fixture to the Gym and you will not display or use the Art in any Competitive Business or Gym of any kind. Your failure to maintain the Gym's décor in compliance with our System and the standards described in the Manuals or otherwise constitutes a material breach of this Agreement.

5.2 **Initial Equipment.** You must purchase from us, our affiliates or designees, certain products, supplies, equipment and services for use in developing and operating your 30 MINUTE HIT® Gym (the "**Initial Equipment**"). The contents of your Initial Equipment are listed in Exhibit "A" and made a part hereof by reference. You are responsible for third parties delivery and handling charges for delivery of the Initial Equipment. Initial Equipment Fee does not include shipping. We do not provide any warranty or service guaranty of the installation services we, our affiliates or designees provide. You must pay a fee for the Initial Equipment (the "**Initial Equipment Fee**") to our affiliate(s) in the amount of $15,000 within 15 days of the date you sign the lease or purchase agreement for your Site. The Initial Equipment Fee is not refundable under any circumstances.

5.3 **Operating Assets and Gym Materials**. We will identify the fixtures, furnishings, equipment and services we designate or approve for use in developing and operating the Gym (including the Information Technology System) (collectively, the "**Operating Assets**"), and self-defense training equipment, pre-recorded video tapes, physical fitness instructional materials, kicking shields, hard targets, bag gloves, training gloves, protective wear, head gear, rubber guns, rubber sticks, tactical pants, wrist wraps, hand wraps, pre-recorded CDs, DVDs and the like, video games, books, clothing, casual wear, hats, t-shirts, health and nutritional supplies and the like, as well as any other products, materials, supplies which bear the Marks (or our Copyrights), or other items, materials, services or supplies we choose (or designate for our affiliates) necessary for the 30 MINUTE HIT® Gym to begin or sustain operations, and other advertising, marketing and promotional, insurance, bookkeeping, billing products or services we designate or approve (collectively, the "**Gym Materials**"), the minimum standards and specifications that must be satisfied and the suppliers from whom these items may be purchased or leased (including us and/or our affiliates). You agree to acquire all Gym Materials and Operating Assets from us or suppliers we have previously approved, which may include us or our affiliates. If we choose not to designate or approve a supplier of Gym Materials or Operating Assets, you must purchase them in accordance with any specifications and standards we designate. We may designate quantities, models, brands and inventory levels of Operating Assets and Gym Materials. We may require you to purchase only from us or designated affiliated suppliers Operating Assets or Gym Materials which bear our Marks or Copyrights. You agree to only place or display at the Site (interior and exterior) such signs, emblems, lettering, logos and display materials that we periodically approve.

5.4 **Changes to Approved Suppliers**. You must comply with all of our System Standards for approval and use of, or contracting with third parties and suppliers:

(a) **Designation and Approval of Suppliers**: The reputation and goodwill of 30 MINUTE HIT® Gyms are based upon, and can be maintained and enhanced only by the use of high quality suppliers of services, material and equipment. We will provide you with a list, that we may modify from time to time, of approved: manufacturers, suppliers, or distributors of Operating Assets and Gym Materials. We may designate approved or designated suppliers, providers, distributors, or manufacturers for any types, models or brands of business materials, Operating Assets, and other equipment and business services that we approve for 30 MINUTE HIT® Gyms or which we designate in the Manuals as relating to the establishment or operation of the 30 MINUTE HIT® Gym, which

may include us or our affiliates as one of, or the only approved or designated supplier for certain Gym Materials or Operating Assets (the "**Approved Suppliers**"). You agree that you will not, without our written approval, use or authorize any of your personnel or other employees to use any services, materials, supplies or equipment and/or suppliers, distributors, manufacturers or service providers not authorized by us for your 30 MINUTE HIT® Gym. We may require that you and your suppliers, manufacturers, distributors or service providers utilize an ordering system we designate in the manner we designate. From time to time we may change or designate new quality standards for Gym Materials and Operating Assets, and Approved Suppliers of them. We may be the only Approved Supplier of retail items you sell via your 30 MINUTE HIT® Gym and may earn mark ups on the sale of them to you.

(b) **Review Procedures**: Our approval of Operating Assets, Gym Materials, and Approved Suppliers will be given in the form of specifications and standards designated in our Manuals. In approving types, models, brands and suppliers, manufacturers, distributors or service providers, we may take into consideration such factors as quality, warranty and prices. We may approve one or a limited number of suppliers, manufacturers, distributors or service providers in order to obtain lower prices or materials of a more uniform and/or higher quality. If you wish to use any type, model, manufacturer or brand of materials, supplies or equipment, supplier, manufacturer or distributor of equipment, supplies or material, any service provider or any other brand, manufacturer, distributor or supplier of materials, supplies, services or equipment, which is not currently approved by us, you must: (i) notify us in writing; (ii) submit to us sufficient specifications, photographs, samples and/or other information requested by us concerning such type, model, brand, service, service provider and/or supplier, manufacturer or distributor. We may charge you our current fee of $500 per day of testing plus travel expenses (due within 15 days of billing), to cover the costs incurred in making this determination and will, within 30 days of your request, notify you whether such type, model or brand, supplier, distributor, service provider or manufacturer complies with our specifications, and/or whether such supplier, manufacturer, distributor or service provider meets our criteria for approval. We may from time to time prescribe procedures for the submission of requests for approval of types, models, brands, manufacturers, distributors, service providers or suppliers and obligations which approved manufacturers, distributors, service providers or suppliers must assume. Approval of a supplier may be conditioned on requirements relating to product quality, frequency of delivery, standards of service and concentration of purchases with one or more suppliers in order to obtain better prices and services and may be temporary, pending our further evaluation of the supplier.

(c) **Preferred Vendor Programs**: We may develop certain programs and terms under which we, our affiliates or 30 MINUTE HIT® Gyms receive certain negotiated benefits or terms from Approved Suppliers ("**Preferred Vendor Programs**"). You must follow all of our policies and procedures which we designate from time to time for participation in or termination of Preferred Vendor Programs ("**Program Rules**"). We can refuse or terminate your participation in Preferred Vendor Programs without terminating this Agreement. Our Program Rules may require that you only place or display at the Site (interior and exterior) such signs, emblems, lettering, logos and display materials that we periodically approve. We may designate one or more Approved Suppliers ("**Preferred Vendors**") as exclusive suppliers of types, models or brands of business materials, supplies, Operating Assets, consumer goods, fixtures or materials and business services that we approve for 30 MINUTE HIT® Gyms. We may receive compensation from Approved Suppliers, fees, rebates or other consideration for such purchases. Certain Preferred Vendors may require that you enter into agreements with them (subject to our approval) in connection with our designation or your use of them as Preferred Vendors or participation in their Preferred Vendor Program ("**Preferred Vendor Agreements**"). You agree to enter any Preferred Vendor Agreements. We may be a party to such Preferred Vendor Agreements. We may, but are not

obligated to, contribute any such fees or rebates received by us from such agreements to the System Development Fund (defined in Section 12.1). However, with respect to such contributions to the System Development Fund, if any, we will not be obligated to offset or reduce your obligation to pay to us System Fund Fees. If we permit you to receive any form of rebates, contributions or remunerations from Preferred Vendors, we may require that you provide to us accountings of such monies or other remuneration you receive, in the manner we designate in the Manuals. We may charge you fees in the amount we may designate from time to time for participating in Preferred Vendor Programs which we evaluate or for which we provide services. If we cancel your participation in any Preferred Vendor Program, we will direct the Preferred Vendor to stop doing business with you on the same terms as it does for other franchisees.

5.5 **Compliance with Laws and Good Business Practices**. You will secure and maintain in force in your name all required licenses, permits and certificates relating to the operation of your 30 MINUTE HIT® Gym. You will operate your 30 MINUTE HIT® Gym in full compliance with all applicable laws, ordinances and regulations, including, without limitation, all government regulations relating to occupational hazards and health, construction warranties, worker's compensation insurance, immigration, unemployment insurance, construction permitting, workplace safety, and withholding and payment of federal and state income taxes, social security taxes and sales taxes. You will, in all dealings with customers, suppliers, us and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice which may be injurious to our business and the goodwill associated with the 30 MINUTE HIT® System, the Marks and other 30 MINUTE HIT® Gyms.

5.6 **Music and Other Audio and Visual Entertainment**. You agree to play only the type(s) of music and display only the types of visual entertainment, at the decibel levels and in the manners that we may periodically prescribe or approve. You must acquire and install any audio or visual equipment that we designate or require for use by 30 MINUTE HIT® Gyms and you must subscribe to music and video services as we may periodically specify, whether with an Approved Supplier or Preferred Vendor. You must, to the extent and at the times and manners we designate, permit live performances of music and other entertainment at your Gym and must obtain our prior written consent prior to your doing so, in accordance with our System Standards.

5.7 **Business Management System**. You must use and follow all of the rules and regulations, specifications and System Standards for and in connection with any purchase order system, scheduling, cost control, e-commerce, record keeping, payroll, inventory control, and accounting system we designate from time to time (collectively, the "**Business Management System**"). You must utilize the Information Technology System, and adhere to any policies and procedures if any, which we may designate or approve, in the manner we approve in your utilization of the Business Management System. You must use our standard supplier or vendor agreements and other agreements related to the Business Management System that we designate from time to time. The Business Management System will incorporate and consist of such functions as we designate from time to time, which may include a mandatory purchase order system and cash register systems and rules for participation and use of them, if any, which we may designate. Through, and as part of, the Business Management System we may require that you establish an operating account with a bank or other financial institution that we designate or approve (the "**Operating Account**"). You must utilize the Operating Account in accordance with the System Standards as we designate (e.g. Business Management System rules and electronic funds transfers). We may change, alter or amend the functions, components, System Standards, Information Technology System and any other aspect of the Business Management System from time to time.

5.8 **Gym Opening**. You agree not to open the Gym for business until:

(a) we approve the Gym as developed in accordance with our specifications and standards;

(b) pre-opening training of you and your personnel has been completed to our satisfaction;

(c) the Franchise Fee and all other amounts then due to us have been paid;

(d) we have been furnished with copies of all insurance policies required by this Agreement, or such other evidence of insurance coverage and payment of premiums as we request or accept; and

(e) we have received signed counterparts of all required documents pertaining to your acquisition of the Site.

5.9 **Pre-Sale/Grand Opening Program**. You agree to conduct a pre-sale/grand opening advertising and promotional program for the Gym and to spend $1,000 to $3,000 as determined by us in our sole discretion, for such purpose. The pre-sale/grand opening program must be conducted during the period that is 60 days before the opening of your Gym to the public and the 30 days following the opening of your Gym to the public (or such other period as may be prescribed by us in the Manuals). Such advertising and promotion will utilize the marketing and public relations programs and media and advertising materials we have developed or approved, including, without limitation, a variety of meetings with potential members and participation in local events to promote your Gym. Amounts that you spend for participating in the pre-sales coordinator program are in addition to, and do not count toward, the amount that you must spend for the pre-sale/grand opening program for your Gym.

## 6. FEES.

6.1 **Franchise Fee and Training Fee**. You agree to pay us a non-recurring and non-refundable initial franchise fee in the amount of $45,000 (the "**Franchise Fee**") and a training fee in the amount of $10,000 (the "**Training Fee**"). The Franchise Fee and Training Fee are fully earned when paid. The Franchise Fee and Training Fee are due in a lump sum payment on the Agreement Date.

6.2 **Royalty**. You agree to pay us a royalty fee ("**Royalty(ies)**" or "**Royalty Fee**") in the amount designated in Exhibit "A". The Royalty is the greater of (a) the monthly fee per Tier based on your annual Gross Sales; or (b) 4% of your 30 MINUTE HIT® Gym's monthly Gross Sales. The monthly Royalty Fee per Tier is: Tier 1: under $100,000 = $500/month; Tier 2: $100,001 to $200,000 = $600/month; Tier 3: $200,001 to $300,000 = $700/month; Tier 4: $300,001 to $400,000 = $800/month; and Tier 5: $400,001+ = $900/month. Annual Gross Sales are based on a calendar year. As of the Agreement Date, at our sole option, we are charging the Royalty rate as set forth in (a) above. We may, in our sole discretion, initiate and charge the Royalty rate as indicated in (b) above at any time upon notice to you. However, if you purchase unapproved products or services, the Royalty doubles (2x) for each month you are in breach. We must receive the Royalties on the first Wednesday of each month for the immediately preceding month (the "**Payment Day**"). However, we can alter or change the Payment Day upon written notice to you. If the Payment Day of any week falls on a weekend or a national holiday, the payment is due on the first weekday following the Payment Day. The first Royalty payment is not due until the Payment Day of the week following the week you open the 30 MINUTE HIT® Gym. The Royalties are non-refundable and fully earned when paid. At our option, we may collect Royalties daily. The Royalty Fee is due during the entire term of this Agreement.

6.3 **Operating Assistance Fee**. We do not provide you any free days of operating assistance per year. But, at our option, days of operating assistance may be provided if you pay to us a fee of up to $1,000 per day, plus all travel, food, living, lodging and other expenses incurred by us in providing the operating assistance to you. For example, this fee applies if you request and we provide operating assistance at your Gym around the time of your opening or afterwards.

6.4 **Software/Computer, Website Marketing Fee and Power Leads Fees**.

(a) **Software and Setup Fees:** We require you to pay to us or our designees our then current software licensing, support and maintenance fees. Currently, these fees are $375 for the POS Set up and $65 per month until year 4, after which it drops to $25 per month. These fees may change upon notice to you due to 3rd party supplier fees. We also require you to purchase/license Quickbooks® ($400) from us or our designee. If you ask for copies of on-line contracts, we can charge you a fee of $15 per printed copy.

(b) **Website Marketing Fees:** We require you to pay to us a monthly Website Marketing Fee for the website marketing program (the "**WMF**") in the amount we designate. As of the Effective Date, the monthly WMF is $300 per month and is subject to increase upon notice to you.

(c) **E-Mail Fees:** We also charge you $100 per additional e-mail website we provide (one is included with the Franchise Fee).

(d) **Power Leads Fees:** You must pay us or our designee, as we designate, our then-current fee for lead generation services (the "**Power Leads Fee**"). As of the Agreement Date, the "Power Leads Fee" consists of (i) $300 per month payable to our designated supplier; plus (ii) our then-current designated fee per lead for each qualified lead referred to you. The Power Leads Fee varies frequently. Unless we designate otherwise in writing, you will determine your proposed monthly budget for the Power Leads Fee and you will pay to our designee (which may include us, our affiliate or our designee) according to the payment schedule we or our third party designee, as applicable, designates, with the first payment due before the Opening Date. As of April 2022, and until further notice, you must expend at least $1,000 per month, in addition to the $300 per month Power Leads management fee, for the Power Leads Fee. The Power Leads Fee is subject to modification, including increase or decrease, effective on notice to you. We reserve the right to require you to pay the Power Leads Fee directly to us, our affiliate or a different third party designee at any time, effective on notice to you. The Power Leads Fee is due upon billing according to ours, or our designee's billing policies and procedures which may include billing you in advance for the upcoming month, or which may establish other timing and processes for billing the Power Leads Fee.

(e) **SMS System Fee.** You must pay to us, or if we designate otherwise, to our designated supplier (which may include our affiliate), our then-current, continuing SMS System Fee. As of the Agreement Date, the SMS System Fee is $75 and is subject to increase or decrease effective on notice to you. You must comply with all such modifications.

6.5 **Additional Training Fees**. We require you to pay to us our then-current ongoing training development fee (the "**Ongoing Training Development Fee**" or "**OTF**") which compensates us for ongoing training development efforts. As of the Effective Date of this Agreement, the OTF is $100 per month and is subject to increase, as we designate, effective on notice to you. The OTF also includes our bi-weekly (approximately) maintenance training ("**Hitting it Hard Training**") via Skype® or other electronic media (we may require you to attend this Hitting it Hard Training at a location we designate). We can also require you to host this training at your location. If we require you, your managers, your personnel and/or any

previously trained and experienced employees to attend additional training days, undergo extended Owner Training, Staff Training or Gym Manager Training, be re-trained, or if, at any time after the Gym opens, you hire additional management personnel or replace one or more of your managers, if you request and we provide additional persons or staff to conduct training, or for any other training outside of or in addition to the Owner Training, Staff Training or Gym Manager Training) you must pay our then current **"Additional Training Fees"** which will not exceed $1,200.00 per trainer per day of training (plus all expenses incurred by the trainer(s), you or use incurred in connection with any training or required meetings provided to you or which you or your personnel are required to attend outside of the Owner Training, Gym Manager Training or Staff Training). Additional Training Fees and costs are due within 5 days of our invoice to you. You must pay to us, as reimbursement, all of the expenses we incur on your behalf if we arrange travel, living, meals or other miscellaneous expenses for your personnel while they attend or to enable them to participate in training as well as any costs associated with training meeting or other required meetings ("**Training Expenses**"). If we incur any such Training Expenses, we will bill you for them and you are responsible for payment to us within ten (10) days of the date of our invoice to you.

6.6 **System Fund Fees**. Each month, on the same day the Royalty is due, you must pay to us a fee in the amount we designate up to 3% of the Gross Sales for the preceding month (but which is normally $0 per month as of the Agreement date) (the "**System Fund Fee**") as contributions to the System Development Fund. The System Fund Fees are fully earned and non-refundable when paid. We may change the System Fund Fee, and you must begin paying the new System Fund Fee within 30 days of our notice to you.

6.7 **Training Non Compliance Fee**. If you fail to or refuse to attend any required meetings or training, you will pay to use a "**Training Non Compliance Fee**" in the amount of 2 times the cost of such training program or meeting. If you fail to attend more than one such required meeting or required training program (or more than 5 per calendar year of our bi-weekly Hitting it Hard Training), the "**Training Non-Compliance Fee**" will double in amount each time you or your designee (subject to our approval) fail to attend a required meeting or training meeting. Nothing in this section limits our right to terminate or take other action against you for such breach of this Agreement.

6.8 **Local Advertising Requirement Fees**. You must spend on approved local advertising an amount equal to up to 2% of your annual Gross Sales. As of the Agreement date, this requirement is currently $300 per month. As part of this requirement, we require you to purchase from us or our designee website marketing program services described in Section 6.4. As of the Agreement Date, the WMF for such website marketing services is $300 per month and is paid to us by you on the 1st of the month via electronic funds transfer or other method we designate. We have sole discretion over the type, content and quality of services provided as part of the website marketing program.

6.9 **Electronic Funds Transfer**. We may require you to pay all payments of the Royalties and other amounts due us by electronic funds transfer. If we do so, we will designate the day of the month (the "**Payment Day**") for the Royalty payment. You agree to comply with the procedures we specify in our Manuals and perform such acts and sign and deliver such documents as may be necessary to accomplish payment by this method. You will give us authorization, in a form that we designate or approve, to initiate debit entries or credit correction entries to the Operating Account for payments of Royalties and other amounts due under this Agreement, including any applicable interest charges. You will make the funds available in the Operating Account for withdrawal by electronic transfer no later than the Payment Day. If we determine at any time that you have underpaid Royalties or other amounts due to us, we will be authorized to immediately initiate a transfer from the Operating Account in the appropriate amount in accordance with the foregoing procedures, including applicable interest and late charges. Any overpayment will be credited to the Operating Account through a credit, effective as of the first (1st) reporting date after you and we determine that such credit is due.

6.10 **Definition of Gross Sales**. As used in this Agreement, the term "**Gross Sales**" means all revenue you derive from operating the Gym, including, but not limited to, all amounts you receive at or away from the Site from any activities or services whatsoever including any that are in any way associated with the Marks, Copyrights or System, and whether from cash, check, barter, credit or debit card or credit transactions, including the redemption value of gift certificates redeemed by you regardless of whether such gift certificates are issued by you or someone else; but excluding: (1) all federal, state or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority; and (2) customer refunds, adjustments, credits and allowances actually made by the Gym; (3) sums collected and actually paid by you for any sales, drink or other excise tax imposed by any duly constituted governmental authority on sales in a state that prohibits the payment of Royalties on such sales; and (4) the bulk sale of the business itself, if the same have been included in Gross Sales. Gross Sales also includes, for example, revenue you receive from vending machines or other coin-operated machines or devices and revenue from delivery service sales, retail, concessions, hotel room service, catering, special functions, etc. and sales of products bearing or associated with the Marks. We may require that you report your Gross Sales to us on a monthly basis in the manner that we designate, such as via electronic data, telephone or the like.

6.11 **Interest on Late Payments**. All amounts which you owe us will bear interest after their due date at the annual rate of eighteen percent (18%) or the highest contract rate of interest permitted by law, whichever is less. You acknowledge that we do not agree to accept any payments after they are due nor commit to extend credit to, or otherwise finance your operation of, the Gym. Your failure to pay all amounts when due constitutes grounds for termination of this Agreement, as provided in Section 15.8.

6.12 **Late Payment Penalties**. All Royalties, System Fund Fees, amounts due for purchases by you from us, and any interest accrued thereon, and any other amounts which you owe us or our affiliates, are subject to a "**Late Payment Fee**" of five percent (5%) of the amount due. The Late Payment Fee is due immediately upon any delinquent payments and is in addition to any other fees due and payable to us. The provision in this Agreement concerning Late Payment Fees does not mean that we accept or condone late payments, nor does it indicate that we are willing to extend credit to, or otherwise finance the operation of, your Gym.

6.13 **Application of Payments**. Notwithstanding any designation you might make, we have sole discretion to apply any of your payments to any of your past due indebtedness to us.

6.14 **Payment Offsets**. You acknowledge and agree that we have the right to set-off from any amounts that we may owe you or your owners or any amount that you owe to us, or our affiliates, for any reason whatsoever, including without limitation, Royalties, Advertising Contributions, late payment penalties and late payment interest, amounts owed to us or our affiliates for purchases or services or for any other reason. Thus, payments that we make to you may be reduced, in our discretion, by amounts that you owe to us or our affiliates from time to time. In particular, we may retain (or direct to our affiliates) any amounts that we have received for your account as a credit and payment against any amounts that you may owe to us, or our affiliates, at any time. We will notify you monthly if we elect to do so.

6.15 **Discontinuance of Service**. If you do not timely pay amounts due us under this Agreement, we may discontinue any services to you, without limiting any of our other rights in this Agreement.

6.16 **Other Fees**. In addition to the fees and payments listed in this Section 6, we have listed other fees, payments and amounts due for services and other items elsewhere within this Agreement, and you agree to pay such fees, payments and amounts in accordance with the terms and conditions of the Sections in which they appear. Unless an earlier time is specified in this Agreement, all fees due us are due within fifteen (15) days of our invoice to you.

6.17 **Fee Deferral**. In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee (a) has received all Owner Training that it is entitled to under the franchise agreement or offering circular, and (b) is open for business.

## 7. TRAINING AND ASSISTANCE.

### 7.1 Owner Training.

(a) **Owner Training**. Before the Gym opens, we will furnish our Owner Training program ("**Owner Training**") on the operation of a 30 MINUTE HIT® Gym to 2 of your owners (or, if you are a Business Entity, up to 2 persons who must be owners of the entity). Owner Training is included with the Franchise Fee. You and the other owner/employee must complete the Owner Training to our satisfaction. The Owner Training currently takes up top 10 days (generally 4 to 6 hours a day) and will be furnished at our headquarters or at designated training facilities. At our option, we may provide the Training Program via online, video, webinar or other media-based training format. It is the nature of the 30 MINUTE HIT® Business that all aspects of training are integrated, that is, there are no definitive starting and stopping times; although the Circuit Instruction, 30 Minute Hit System, and CommunHITy Training is conducted over a consecutive period of approximately 7 days and On Site Training is conducted over 3 consecutive days. Successful completion of the Owner Training, and any additional or extended Owner Training we require is a condition to the opening of the 30 MINUTE HIT® Gym to the public.

(b) **Sales Staff Training.** You are responsible for training your staff ("**Sales Staff Training**"). We require the persons who have attended Owner Training to train at least 2 of your staff members by providing them our Staff Training. We require your personnel who attend Sales Staff Training to complete our Sales Staff Training evaluation to our satisfaction prior to your opening your 30 MINUTE HIT® Gym: This occurs online and you pay to us a $50 fee per evaluation. You are responsible for all costs of your Staff attending the Staff training program, including their wages during the Sales Staff Training.

(c) **Completion of Owner Training.** Successful completion of Owner Training by at least 1 person, Sales Staff Training for at least 2 persons and any additional or extended Owner Training we require is a condition to the opening of your 30 MINUTE HIT® Gym to the public.

7.2 **Additional Training**. We may require you or your managerial employee and/or previously trained and experienced employees to attend periodic refresher training courses at such times and locations that we designate. If we require you, your owners, managers and/or any previously trained and experience employees to re-take or attend additional or extended Owner Training or Staff training as applicable, or if, at any time after the Gym opens, you hire additional management personnel or replace one or more of your owners, managers, the employees must satisfactorily complete any additional training program we require at your expense ("**Additional Training**"). If so, you must also pay our then current Additional Training Fees.

7.3 **General Guidance**. We will advise you from time to time regarding the operation of the Gym based on reports you submit to us or inspections we make. In addition, we will furnish guidance to you with respect to:

(a) standards, specifications and operating procedures and methods utilized by 30 MINUTE HIT® Gyms;

(b) purchasing required fixtures, furnishings, equipment, signs, products, materials

and supplies;

(c) martial arts training methods, including the 30 Minute Hit® Program;

(d) use of suppliers, Approved Products and Services, volume buying;

(e) advertising and marketing programs;

(f) employee/staff training; and

(g) administrative, bookkeeping and accounting procedures.

Such guidance will, at our discretion, be furnished in our Manuals, bulletins or other written materials or correspondence and/or during telephone consultations and/or consultations at our office or the Gym.

At your request, we will furnish additional guidance and assistance. If your requests for additional or special training and guidance are, in our sole opinion, excessive we may charge you a fee to cover expenses that we incur in connection with such training or guidance, including per diem charges and travel and living expenses for our personnel.

## 8. **MARKS.**

8.1 **Ownership and Goodwill of Marks**. Your right to use the Marks is derived solely from this Agreement and limited to your operation of the Gym at the Site pursuant to, and in compliance with, this Agreement and all System Standards we prescribe from time to time during its term. Your unauthorized use of the Marks will be a breach of this Agreement and an infringement of our rights in and to the Marks. You acknowledge and agree that your usage of the Marks and any goodwill established by such use will be exclusively for our benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate the Gym in compliance with this Agreement). All provisions of this Agreement applicable to the Marks apply to any additional proprietary trade and service marks and commercial symbols we authorize you to use.

8.2 **Limitations on Your Use of Marks**. You agree to use the Marks as the sole identification of the Gym, except that you agree to identify yourself as the independent owner in the manner we prescribe in the Manuals or otherwise. We will place a conspicuous notice at a place we designate in your Gym identifying you as its independent owner and operator. You agree not to remove, destroy, cover or alter that notice without our prior consent. If you do not comply, we may accomplish this task as we see fit and place the notice or identification anywhere we see fit, and you agree to reimburse us for doing so. You may not use any Mark as part of any corporate or legal business name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos we license to you), or in any modified form, nor may you use any Mark in connection with the performance or sale of any unauthorized services or products or in any other manner we have not expressly authorized in writing. No Mark may be used in any advertising concerning the transfer, sale or other disposition of the Gym or an ownership interest in you. You agree to display the Marks prominently in the manner we prescribe at the Gym, on supplies or materials we designate, and in connection with forms and advertising and marketing materials. You agree to give such notices of trade and service mark registrations as we specify and to obtain any fictitious or assumed name registrations required under applicable law.

8.3 **Notification of Infringements and Claims**. You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any claim by any person of any rights in any Mark, and you agree not to communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We have sole discretion to take such action

as we deem appropriate and the right to control exclusively any litigation, U.S. Patent and Trademark Office proceeding or any other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Mark. You agree to sign any and all instruments and documents, render such assistance and do such acts and things as, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks.

8.4 **Discontinuance of Use of Marks**. If we determine that it is advisable at any time in our sole discretion for us and/or you to modify or discontinue the use of any Mark and/or use one or more additional or substitute trade or service marks, you agree to comply with our directions within a reasonable time after receiving notice. We will reimburse you for your reasonable direct expenses of changing the

Gym's signs. However, we will not be obligated to reimburse you for any loss of revenue attributable to any modified or discontinued Mark or for any expenditures you make to promote a modified or substitute trademark or service mark.

8.5 **Notification of Infringements and Claims**. If we determine that it is advisable at any time for us and/or you to modify or discontinue the use of any Marks, and/or for your 30 MINUTE HIT® Gym to use one or more additional or substitute trademarks or service marks, you agree to comply with our directions, within a reasonable time after receiving notice, to notify or otherwise discontinue the use of such Marks, or use one or more additional trademarks or service marks. We have no liability or obligation to you for such modification or discontinuance.

8.6 **Copyrights**. You recognize that the various other materials we give you are subject to copyrights we own or license from others. Your right to use any information capable of being rendered into a tangible form that we claim as our copyrights, including martial arts and/or fitness training programs, routines and the like, spreadsheets, pro forma documents, forms, marketing materials, manuals, pricing lists, vendor lists, modifications to software, our website, and any marketing materials, advertisements, television advertisements, radio commercials and the like (including the look, compilation, feel and content) (collectively, the "**Copyrights**") are derived solely from this Agreement and limited to your operation of your 30 MINUTE HIT® Gym. Your, your agents', employees' and affiliates' unauthorized copying, transmission, use or derivative of the Copyrights in any manner will be a breach of this Agreement and constitute your and their infringement of our rights in and to the Copyrights. This Agreement does not confer any rights to the Copyrights in you other than the right to use them in connection with the operation of your 30 MINUTE HIT® Gym. You must follow all of the policies and procedures we designate from time to time for the protection of any Copyrights and any other materials which could be subject to Copyright protection. All provisions of this Agreement applicable to your use of the Copyrights apply to any additional Copyrights we authorize you to use during the Term of this Agreement. You must place Copyright notices on all of the other materials that we designate, in the manner we require. You recognize that we will grant other franchisees the right to use the Copyrights as well. You agree to sign and deliver to us such forms of Copyright assignments or licenses we specify for any Copyrights you develop or modify for use in your 30 MINUTE HIT® Gym and to cause all persons you engage to do so also. We may, and you must assist us with our efforts to file in our name, and indicating our ownership in, Copyright registrations on all copyrightable materials created or modified by you. We may, without notice to you, immediately suspend or terminate your access to or use any services, Copyrights or other information or systems contemplated under this Agreement if we determine that you, your agents, employees or affiliates have violated our Copyrights or otherwise breached this Agreement with respect to protecting our Confidential Information (defined in Section 9.1).

8.7 **Copyright Infringements**. You must notify us immediately, in writing, of any apparent infringement of any of the Copyrights, or any challenge to your use of any of the Copyrights, or of any claim by any person of any rights in the Copyrights. You agree not to communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We have sole discretion to take such action as we deem appropriate. We have the right to control exclusively any dispute, litigation, U.S. Copyright Office proceeding or any other proceeding arising out of any such infringement, challenge or claim or otherwise relating to any of the Copyrights, including the right to direct any settlement of such claim. You will sign any and all instruments and documents, or render such assistance and do such acts and things as, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any dispute, litigation or administrative proceeding involving the Copyrights or otherwise to protect and maintain our interests in the Copyrights. You may not at any time during the Term of this Agreement or thereafter, contest the validity or ownership of any of the Copyrights, or assist any person in contesting the validity of ownership of any of the Copyrights.

8.8 **Discontinuance**. You must immediately modify or discontinue the use of any Copyrights as we direct from time to time. We will use commercially reasonable efforts to give you as much notice as possible before requiring you to stop use of any of the Copyrights. However, we have no liability or obligation to you for doing so.

8.9 **Marks and Copyright Indemnification**. We will indemnify and defend you against and reimburse you for all damages for which you are held liable to third parties in any proceeding arising out of your authorized use of any Mark or Copyright we develop, pursuant to and in compliance with this Agreement, resulting from claims by third parties that your use of the Marks or Copyrights we develop infringes their trademark rights or Copyrights, and for all costs you reasonably incur in the defense of any such claim in which you are named as a party, so long as you have timely notified us of the claim and have otherwise complied with the terms of this Agreement. We will not indemnify you against the consequences of your use of the Marks, or any Copyrights: (a) for any Marks or other Copyrights which you develop or submit to us (regardless if they become, or have become our property); or (b) unless your use of such Marks or Copyrights we provide was and is accordance with the requirements of this Agreement. You must provide written notice to us of any such claim within ten (10) days of your receipt of such notice and you must tender the defense of the claim to us. We will have the right to defend any such claim and, if we do so, we will have no obligation to indemnify or reimburse you for any fees or disbursements of any attorney(s) retained by you. If we elect to defend the claim, we will have the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim. We are not responsible to you for any other claims of any nature arising out of or related to the Copyrights, regardless of whether the loss associated is by you, any of your customers or third parties.

## 9. CONFIDENTIAL INFORMATION.

9.1 **Types of Confidential Information**. We possess (and will continue to develop and acquire) certain confidential information (the "**Confidential Information**") relating to the development and operation of 30 MINUTE HIT® Gyms, which includes (without limitation):

(a) the System and the know-how related to its use;

(b) plans, specifications, size and physical characteristics of 30 MINUTE HIT® Gyms;

(c) site selection criteria, land use and zoning techniques and criteria;

(d) methods in obtaining licensing and meeting regulatory requirements;

(e) specifications for, sources of and design of Operating Assets and Gym Materials and other equipment, furniture, forms, materials and supplies;

(f) marketing, advertising and promotional programs for 30 MINUTE HIT® Gyms;

(g) staffing and delivery methods and techniques for personal services;

(h) the selection, testing and training of managers and other staff/employees for 30 MINUTE HIT® Gyms;

(i) the recruitment, qualification and investigation methods to secure employment for employment candidates;

(j) any computer Software we develop, make available or recommend for 30 MINUTE

HIT® Gyms;

(k) methods, techniques, formats, specifications, procedures, information and systems related to and knowledge of and experience in the development, operation and franchising of 30 MINUTE HIT® Gyms;

(l) knowledge of specifications for and suppliers of certain products, materials, supplies, furniture, furnishings and equipment;

(m) knowledge of operating results and financial performance of 30 MINUTE HIT® Gyms other than those operated by you (or your affiliates); and

(n) Membership Information, including existing, former or potential customer lists and customer data.

9.2 **Disclosure and Limitations on Use**. We will disclose much of the Confidential Information to you and personnel of the Gym by furnishing the Manuals to you and by providing training, guidance and assistance to you. In addition, in the course of the operation of your Gym, you or your employees may develop ideas, concepts, methods, techniques or improvements ("**Improvements**") relating to your Gym, which you agree to disclose to us. We will be deemed to own the Improvements and may use them and authorize you and others to use them in the operation of 30 MINUTE HIT® Gyms. Improvements will then also constitute Confidential Information.

9.3 **Confidentiality Obligations**. You agree that your relationship with us does not vest in you any interest in the Confidential Information other than the right to use it in the development and operation of your Gym, and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition. You acknowledge and agree that the Confidential Information is proprietary, includes trade secrets belonging to us and is disclosed to you or authorized for your use solely on the condition that you agree, and you therefore do agree, that you:

(a) will not use the Confidential Information in any other business or capacity;

(b) will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement;

(c) will not make unauthorized copies of any portion of the Confidential Information disclosed via electronic medium, in written form or in other tangible form, including, for example, the Manuals; and

(d) will adopt and implement all reasonable procedures we may prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information, including, restrictions on disclosure to your employees and the use of non-disclosure and non-competition agreements we may prescribe for employees or others who have access to the Confidential Information.

9.4 **Exceptions to Confidentiality**. The restrictions on your disclosure and use of the Confidential Information will not apply to the following:

(a) disclosure or use of information, processes, or techniques which are generally known and used in the Gym business (as long as the availability is not because of a disclosure by

you), provided that you have first given us written notice of your intended disclosure and/or use; and

(b) disclosure of the Confidential Information in judicial or administrative proceedings when and only to the extent you are legally compelled to disclose it, provided that you have first given us the opportunity to obtain an appropriate protective order or other assurance satisfactory to us that the information required to be disclosed will be treated confidentially.

10. **EXCLUSIVE RELATIONSHIP.**

You acknowledge and agree that we would be unable to protect Confidential Information against unauthorized use or disclosure or to encourage a free exchange of ideas and information among 30 MINUTE HIT® Gyms if franchised owners of 30 MINUTE HIT® Gyms were permitted to hold interests in or perform services for a Competitive Business. You also acknowledge that we have granted the Franchise to you in consideration of and reliance upon your agreement to deal exclusively with us. You agree that, during the term of this Agreement, neither you nor any of your owners (nor any of your or your owners' spouses or children) will:

(a) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business, other than the Gym;

(b) have any direct or indirect controlling interest as a disclosed or beneficial owner in a Competitive Business, wherever located;

(c) perform services as a director, officer, Manager, employee, consultant, representative, agent or otherwise for a Competitive Business, wherever located; or

(d) on behalf of yourself or any other person, or as an employee, proprietor, owner, consultant, agent, contractor, employer, affiliate, partner, officer, director or associate, or stockholder of any other person or entity, or in any other capacity, engage in or conduct any other business if you have any significant operational or management responsibility or obligation regarding such business, if such other business would interfere with your obligations under this Agreement to develop and operate your 30 MINUTE HIT® Gym or otherwise (other than 30 MINUTE HIT® Gyms operated under franchise agreements with us), unless your 30 MINUTE HIT® Gym is managed by a Chief Operating Officer, approved by us, that has satisfactorily completed our training programs. This provision does not prohibit passive investments in other Gyms. However, an interest in a business in which your capacity is either a director, officer or majority stockholder (or any combination thereof) does not constitute a passive investment, and will be considered a breach of these provisions of this Agreement.

The term "**Competitive Business**" as used in this Agreement means is any business or facility owning, operating or managing, or granting franchises or licenses to others to do so, any physical fitness, self-defense, kickboxing, mixed martial arts, martial arts products or services, or any similar products or services to those then offered by a 30 MINUTE HIT® Gym (other than a 30 MINUTE HIT® Gym operated under a Franchise Agreement with us). A Competitive Business also includes any business acting as an area representative, franchise broker, business broker, franchise seller or the like for any business franchising or licensing Competitive Businesses other than us. If you violate the non-solicitation provision of this Section, you must pay as partial liquidated damages 4 times that employee's most recent

annual compensation, and agree that your doing so will not bar us from seeking or obtaining injunctive relief in addition to those partial liquidated damages.

## 11. **OPERATION AND SYSTEM STANDARDS.**

11.1 **Operations Manuals**. We will loan or make available online or via other electronic format, during the term of this Agreement, our manuals (the "**Manuals**"), consisting of such materials (including, as applicable, audiotapes, videotapes, magnetic media, computer Software and written materials) that we generally furnish to franchisees from time to time for use in operating a 30 MINUTE HIT® Gym. The Manuals contain mandatory and suggested specifications, standards, operating procedures and rules ("**System Standards**") that we prescribe from time to time for the operation of a 30 MINUTE HIT® Gym and information relating to your other obligations under this Agreement and related agreements. We, in our sole discretion, may make the Manuals accessible to you online or via other forms of electronic format like, using the Internet or on Intranet or CD-Rom. You agree to follow the standards, specifications and operating procedures we establish periodically for the 30 MINUTE HIT® System that are described in the Manuals. You also must comply with all updates and amendments to the 30 MINUTE HIT® System as described in newsletters or notices we distribute, including via Information Technology System or other media we select). The Manuals may be modified or updated and revised periodically to reflect changes in System Standards. You are responsible for routinely monitoring any online version (or electronic format) of the Manuals for changes to them. Since we make the Manuals accessible to you online (or electronic format), we are not required to send to you printed copies of any changes to them. Any form of the Manuals accessible to you online is our proprietary information and will be deemed Confidential Information for purposes of this Agreement. You agree to maintain the Manuals as confidential and maintain the information in the Manuals as secret and confidential. The most recent online Manuals will control any disputes between the online version and printed copies of the Manuals. You may not at any time copy, duplicate, record or otherwise reproduce any part of the Manuals.

11.2 **Compliance with System Standards**. You acknowledge and agree that your operation and maintenance your 30 MINUTE HIT® Gym in accordance with System Standards are essential to preserve the goodwill of the Marks and all 30 MINUTE HIT® Gyms. Therefore, at all times during the term of this Agreement, you agree to operate and maintain your 30 MINUTE HIT® Gym in accordance with each and every System Standard, as we periodically modify and supplement them during the term of this Agreement. If you fail to comply with our System Standards, then in addition to any other right we have under this Agreement, you will also pay to us $1000 for the first month in which System Standards are violated or not met (the "**System Standard Violation Fee**"): each subsequent month, consecutive or otherwise, in which System Standards are violated or not met by you, you will pay to us a System Standard Violation Fee in an amount equal to double the prior System Standard Violation Fee due. System Standards may regulate any one or more of the following with respect to the Gym:

(a) design, layout, décor, appearance and lighting; periodic maintenance, cleaning and sanitation; periodic remodeling; replacement of obsolete or worn-out leasehold improvements, fixtures, furnishings, equipment and signs; periodic painting; and use of interior and exterior signs, emblems, lettering and logos, and illumination;

(b) quantities, types, models and brands of Approved Products or Services, and other required fixtures, furnishings, equipment, signs, Software, materials and supplies;

(c) required or authorized products and product categories including for all Approved Products and Services;

(d) designated or approved suppliers of fixtures, furnishings, equipment, signs, Software, products, materials and supplies including for all Operating Assets and Gym Materials;

(e) terms and conditions of the sale and delivery of, and terms and methods of payment for, products, materials, supplies and Approved Products and Services, including direct labor, that you obtain from us, unaffiliated suppliers or others;

(f) sales, marketing, advertising and promotional programs and materials and media used in such programs;

(g) use and display of the Marks and Copyrights;

(h) staffing levels, and qualifications, training, dress and appearance of employees;

(i) days and hours of operation and programs offered at the Gym;

(j) participation in market research and testing and product and service development programs and customer satisfaction programs;

(k) acceptance of credit cards, gift certificates, coupons, frequent customer or membership programs, and payment systems and check verification services;

(l) bookkeeping, accounting, data processing and record keeping systems, including Software, and forms; methods, formats, content and frequency of reports to us of sales, revenue, financial performance and condition; and furnishing tax returns and other operating and financial information to us;

(m) types, amounts, terms and conditions of insurance coverage required to be carried for the Gym and standards for underwriters of policies providing required insurance coverage; our protection and rights under such policies as an additional named insured; required or impermissible insurance contract provisions; assignment of policy rights to us; periodic verification of insurance coverage that must be furnished to us; our right to obtain insurance coverage for the Gym at your expense if you fail to obtain required coverage; our right to defend claims; and similar matters relating to insured and uninsured claims;

(n) complying with applicable laws; obtaining required licenses and permits; adhering to good business practices; observing high standards of honesty, integrity, fair dealing and ethical business conduct in all dealings with customers, suppliers and us; and notifying us if any action, suit or proceeding is commenced against you or the Gym;

(o) billing, invoicing and payment policies, practices and procedures in connection with any fees you owe to us, any of our affiliates or third party suppliers; and

(p) regulation of such other aspects of the operation and maintenance of the Gym that we determine from time to time to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks and 30 MINUTE HIT® Gyms.

You agree that System Standards prescribed from time to time in the Manuals, or otherwise communicated to you in writing or other tangible form, constitute provisions of this Agreement as if fully set forth. All references to this Agreement include all System Standards as periodically modified.

11.3 **Modification of System Standards**. We may periodically modify System Standards, which may accommodate regional or local variations as we determine. Such modifications may obligate you to invest additional capital in the Gym ("**Capital Modifications**") and/or incur higher operating costs. However, such modifications will not alter your fundamental status and rights under this Agreement. You understand and acknowledge that our changes to the System Standards may include, among other things, changes to the Marks, the Gym's façade, structure, interior specifications and equipment, and the Approved Products and Services to be offered at the Gym. You are obligated to comply with all modifications to System Standards, other than Capital Modifications, within the time period we specify. Other than your initial build-out/development of the Site, we will give you 90 days to complete Capital Modifications if they exceed $50,000 in costs.

11.4 **Interior and Exterior Upkeep**. You agree, at all times, to maintain the Gym's interior and exterior and the surrounding area in the highest degree of cleanliness, orderliness and sanitation and to comply with the requirements regarding the upkeep of the Gym established in the Manuals and by federal, state and local laws.

11.5 **Hours of Operation**. You agree to operate the Gym during the hours and on the days prescribed by us in the Manuals or otherwise approved in advance in writing by us.

11.6 **Accounting and Records**. It is your responsibility to obtain accounting services and any required hardware or software related to them as we may require from time to time (See Section 13). You will at all times maintain the records reasonably specified in the Manuals, including, without limitation, sales, inventory and expense information.

11.7 **Information Technology System**. You must acquire, license and use in developing and operating your 30 MINUTE HIT® Gym an "**Information Technology System**" we designate or approve consisting of the computer services, handheld devices, telecommunications equipment, components, equipment, computer hardware, telecommunications equipment or services, the Software used in connection with the Business Management System or other operating or communications software we designate or approve for use by 30 MINUTE HIT® Gyms. The software that comprises any part of the Information Technology System is referred to as the "**Software**", and any hardware or other electronic devices that we periodically specify or approve are referred to as the "**Hardware**." You must acquire the Information Technology System in accordance with our System Standards. As part of the Information Technology System, may require you to obtain specified computer, phone and communications Hardware or Software and services (like DSL, Frac, T-1, Cable Modem, ISP or other technologies) and may modify specifications for and components of the Information Technology System from time to time. We may require you to acquire the highest speed communications capabilities (like DSL, Frac, T-1, Cable Modem, ISP, or other technologies) available in your area. Our modifications and specifications for components, equipment, services and operating or communications of the Information Technology System may require you to incur cost to purchase, lease or license new or modified Software or computer or communications hardware, equipment, components or Software and to obtain service and support for the Information Technology System during the Term of this Agreement. You agree to incur such costs in connection with obtaining the Hardware, Software and services comprising the Information Technology System (or additions or modifications) operating it in accordance with our System Standards and ensuring that it is compatible with, and capable of participation in and performing the functions we designate for the Business Management System and engaging in any form of e-commerce we designate or approve. We also have the right to charge you a reasonable systems fee for any proprietary Software that we license to you and other maintenance and support services that we or our affiliates furnish to you related to the Information Technology System. From time to time, upon our notice to you, you must enter into the then current form of such Information Technology System related agreements as we may designate. You must not use the Information Technology System for any purposes not authorized by us. A copy of our Website/Computer Policy is attached to this

Agreement. Your signing this Agreement or use of our Information Technology System or website binds you and any user (for example, your employees) to that Website/IT Policy. If you are in breach of this Agreement, we may, without terminating this Agreement, suspend or cease your access to use the Information Technology System.

11.8 **Trade Accounts and Taxes**. You agree to maintain your trade accounts in a current status and seek to resolve any disputes with trade suppliers promptly. You agree to timely pay **all** taxes incurred in connection with your Gym's operations. If you fail to maintain your trade accounts in a current status, timely pay such taxes or any other amounts owing to any third parties or perform any non-monetary obligations to third parties, we may, but are not required to, pay any and all such amounts and perform such obligations on your behalf. If we elect to do so, then you agree to reimburse us for such amounts. You agree to repay us immediately upon receipt of our invoice. We may also set-off the amount of any such reimbursement obligations against all amounts which we may owe you. If any "franchise" or other tax which is based upon the Revenues, receipts, sales, business activities or operation of your 30 MINUTE HIT® Gym is imposed upon us by any taxing authority, then you will reimburse us for all such taxes paid by us.

11.9 **Retail Prices**. Subject only to limitations imposed by applicable law, we may designate maximum or minimum retail prices for the Approved Products or Services you offer and sell.

11.10 **Approved Products**. You agree to only sell the only products or other services or items at the Gym that we have previously approved for sale (i.e., the Approved Products and Services) -- and no others

11.11 **Management**. At least one of your managers must be one of your owners (and each of your other managerial employees) must sign and deliver our then-current form of Confidentiality Agreement, or other form satisfactory to us (See Exhibit "B"). Either you, or 1 of your principal owners (with ownership of at least 50% of your voting securities if you are a business organization (like a corporation, limited liability company or limited partnership) (a "**Business Entity**") must meet our qualifications for 30 MINUTE HIT® Gym managers and participate personally as one of your managers in and be responsible for management of the Gym (the "**General Manager**"). The General Manager must have authority to communicate with us, and to bind you to agreements with us. Also, at all times, the Gym's operations must be managed and supervised by a person who has satisfactorily completed our training for Gym Managers (a "**Gym Manager**"), which we may require persons who have completed Owner Training to provide to the Gym Manager. One of your owners may serve as the Gym Manager. Our current qualifications for Gym Managers are: (i) have a sufficient amount of experience managing and operating physical fitness, self-defense training, or similar businesses (in terms of duration, operational responsibilities, previous training, etc.) as a general or assistant manager or in a similar supervisory position or be treated by you sufficient to be responsible for the Gym when the Gym Manager is not on Site and (ii) be satisfactorily trained by your owners as a Gym Manager. If the Gym is operating at or exceeding our System Standards, the General Manager or Gym Manager need not be on Site at all times.

11.12 **Personnel**. You agree to hire, train and supervise Gym employees in accordance with the specifications set forth in the Manuals. All personnel must meet every requirement imposed by applicable federal, state and local law as a condition to their employment.

11.13 **Core Business Operations and Ancillary Business Operations**. In this Agreement, "**Ancillary Business Operations**" means business activities that we periodically specify as being ancillary and optional to the main business of the Gym, those which we must approve, and those which traditionally may be undertaken by independent contractors (rather than a Gym employee), such as tanning services, massage services, chiropractic services and physical therapy services. We may specify in the Manuals and periodically modify those business activities that will be Ancillary Business Operations. "**Core Business**

**Operations**" means all business activities of or associated with the Gym which are not Ancillary Business Operations, including, without limitation, the Gym's front desk and membership operations, all cardio and weight training functions, personal training services, group exercise, towel/locker and other services we designate from time to time. Your Gym must offer or perform (as applicable) all Core Business Operations, as we periodically modify them.

You and your employees must perform all Core Business Operations at the Gym, and you may not contract with or allow any third party, including any licensee, lessee, consultant or other independent contractor (a "**Contractor**") to perform any Core Business Operations. You must periodically at our request provide us information concerning your Gym's Core Business Operations, Ancillary Business Operations, and relationships with Contractors.

At your option, but subject to our prior written approval and your compliance with all terms and conditions of this Agreement, you may (i) allow one or more Contractors to perform any or all of the Ancillary Business Operations, provided that they may not use the Marks when doing so and that you enter into an arm's-length commercial relationship with each Contractor; or (ii) perform any or all Ancillary Business Operations yourself (through your employees), either under the Marks or under any trademark, service mark or trade name other than the Marks (an "**Other Mark**") that you own or license from a third party (an "**Ancillary Trademark Licensor**"). You acknowledge that, as a condition to obtaining our approval:

(a) you must first submit to us all agreements and other documents evidencing the relationship between you and each Contractor of Ancillary Trademark Licensor with respect to any Ancillary Business Operations and promptly notify us of any changes in the terms of your relationship with any Contractor or Ancillary Trademark Licensor;

(b) you and each Contractor or Ancillary Trademark Licensor must sign the agreements and documents that we periodically specify to protect our rights in the Systems, Confidential Information and Marks;

(c) if a Contractor performs the Ancillary Business Operations, you and the Contractor must have an arm's-length commercial relationship with economic and other terms that are standard in the industry for similar relationships involving unrelated parties; and

(d) if a Contractor performs the Ancillary Business Operations or you perform the Ancillary Business Operations under Other Marks, such Ancillary Business Operations must not use or display the Marks in any manner, must be clearly distinguishable from the remainder of the Gym in the manner we periodically specify, and must be clearly identified in the manner we periodically specify as an independently owned and operated business separate from the Gym.

11.14 **Membership Agreements and Member Information**.

(a) You must ensure that every membership agreement you use complies with all System Standards and all applicable laws, rules, and regulations of any governmental authority with jurisdiction over the Gym. You must send us (a) copies of all membership agreements you intend to use at least 30 days before you begin offering memberships; and (b) copies of any revised membership agreements within 10 days after you make any revisions.

(b) We and you acknowledge that we and our Affiliates may, through the Computer System or otherwise, have access to lists of the Gym's members and/or prospects, including names, addresses and other related information ("**Member Information**"). Membership Information is

our Confidential Information and you obtain no right, title or ownership interest in and to Membership Information. We and our Affiliates may use Member Information in our and their business activities, but during the Term we and our Affiliates will not use the Member Information that we or they learn from you or from accessing the Computer System to compete directly with the Gym. Upon termination of this Agreement, we and our Affiliates reserve the right to make any and all disclosures and use the Member Information in any manner that we or they deem necessary or appropriate. Your Membership Agreements must include provisions satisfactory to us protecting our rights to use, assign or sell the Membership Information.

11.15 **Notices**.

(a) Notices to Public. You will prominently display in the Gym all statements that we prescribe from time to time identifying you as the independent owner of the Gym and our authorized franchisee. All membership agreements, checks, invoices, stationery and advertising materials which you use in operating your Gym will also have a statement in the form we periodically prescribe identifying you as the independent owner of the Gym and indicating that you are our authorized franchisee.

(b) Notices to Employees. You must prominently post signs at the Gym (including in the area in which all official employment-related notices are posted) and at your offices informing your employees and independent contractors that their relationship is solely with you and that they are not an employee of us or any of our Affiliates. You are solely liable for any employment-related issues. Similar language must be included in all of your employment contracts, offer letters and employee handbooks. We may promulgate and periodically modify the language and specifications for such required postings and notices.

## 12. MARKETING AND PROMOTION.

12.1 **Establishment of System Development Fund**. Recognizing the value of advertising and marketing to the goodwill and public image of 30 MINUTE HIT® Gyms, we have the right to establish a system-wide development, marketing and promotional fund (the "**System Development Fund**") for such advertising, marketing, public relations and system-wide benefit programs and materials we deem necessary or appropriate. The System Development Fund is intended to maximize recognition of the Marks and patronage of 30 MINUTE HIT® Gyms and enhance the operations of 30 MINUTE HIT® Gyms. You must pay to us, or our designee, the System Fund Fees. We reserve the right to defer or reduce System Fund Fees of a 30 MINUTE HIT® Gym franchisee and, upon thirty (30) days prior written notice to you, to reduce or suspend contributions to, and operations of, the System Development Fund for any period of any length and to terminate (and, if terminated, to reinstate) the System Development Fund. If the System Development Fund is terminated, all unspent monies on the date of termination will be distributed to our franchisees in proportion to their respective contributions to the System Development Fund during the preceding twelve (12) month period, or in a manner we determine. We and our affiliates are not obligated to contribute to the System Development Fund on the same basis as Franchise owners for any 30 MINUTE HIT® Gym we or they own and operate.

12.2 **Use of the Funds**. We or our designee will direct all programs financed by the System Development Fund, including the creative concepts, materials and endorsements, and the geographic, market and media placement and allocation. You agree that the System Development Fund may be used to pay the costs of, but not be limited to, preparing and producing video, developing, implementing and modifying the Franchise Systems' e-commerce and related strategies, audio and written advertising materials; developing and servicing corporate accounts; research and development of, administering regional and multi-regional advertising programs, including, without limitation, purchasing e-commerce

rights, products or services, direct mail and other media advertising and employing advertising, promotion and marketing agencies; maintaining or paying third parties to maintain a system-wide call center, toll free numbers and online ordering and fulfillment systems, the Business Management System and the like, and supporting public relations, market research, establishing, developing, maintaining, servicing or hosting Websites or other e-commerce programs, and other advertising, promotion and marketing activities, if any, performed by the System Development Fund. The System Development Fund periodically may furnish you with samples of advertising, marketing and promotional formats and materials at no cost. Multiple copies of such materials may be furnished to you at our direct cost of producing them, plus any related shipping, handling and storage charges.

12.3 **Accounting for the Fund**. The System Development Fund may be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the System Development Fund and its programs, including, without limitation, conducting market surveys, preparing advertising, promotion and marketing materials and collecting and accounting for contributions to the System Development Fund. We may spend, on behalf of the System Development Fund, in any fiscal year an amount greater or less than the aggregate contribution of all 30 MINUTE HIT® Gyms to the System Development Fund in that year, and the System Development Fund may borrow from us or others to cover deficits or invest any surplus for future use. In addition to other System Development Fund fees, we may assess you, and you must pay to the System Development Fund such System Development Fund fees as we or the Fund deems necessary to address any deficits or special needs of the System Development Fund. All interest earned on monies contributed to the System Development Fund will be used to pay System Development costs before other assets of the System Development Fund are expended. We may prepare a periodic statement of monies collected and costs incurred by the System Development Fund and furnish the statement to you upon written request. We have the right to cause the System Development Fund to be incorporated or operated through a separate entity at such time as we deem appropriate, and such successor entity will have all of the rights and duties specified in this Agreement.

12.4 **System Development Fund Limitations**. You acknowledge that, if established, the System Development Fund will be intended to maximize recognition of the Marks and patronage of 30 MINUTE HIT® Gyms. Although we may endeavor to utilize the System Development Fund to develop advertising and marketing materials and programs and to place advertising that will benefit all 30 MINUTE HIT® Gyms, we undertake no obligation to ensure that expenditures by the System Development Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the System Development Fund by 30 MINUTE HIT® Gyms operating in that geographic area or that any 30 MINUTE HIT® Gym will benefit directly or in proportion to its contribution to the System Development Fund from the development of advertising and marketing materials or the placement of advertising. Except as expressly provided in this section, we assume no direct or indirect liability or obligation to you with respect to collecting amounts due to the System Development Fund. We will not use System fund monies to prepare materials intended solely for franchise sales solicitations.

12.5 **Advertising and Promotion**. You agree that any advertising, promotion and marketing you conduct will be completely clear and factual and not misleading and conform to the highest standards of ethical marketing and the promotion policies which we prescribe from time to time. Samples of all advertising, promotional and marketing materials which we have not prepared or previously approved must be submitted to us for approval before you use them. If you do not receive written disapproval within thirty (30) days after our receipt of such materials, they will be deemed to have been given the required approval. You may not use any advertising or promotional materials that we have disapproved.

12.6 **Local Advertising Cooperatives.** You will be required to, if a local advertising cooperative or LAA (defined below) is established for an area including your Designated Area, contribute to it an amount determined by the local or regional advertising cooperative (but not to exceed two percent (2%) of your Gross Sales unless 50% or more of the members of that cooperative agree to an amount greater than 2% of each member's Gross Sales). If a cooperative or LAA is formed, each MINUTE HIT® Gym in the area governed by it must make its required contributions and participate in its activities and be subject to its governing documents. We may require that such a local advertising cooperative or LLA is established for your local area or region, and may require that advertising cooperative rules, governing documents and expenditures be subject to our approval. When two or more 30 MINUTE HIT® Gyms, including your 30 MINUTE HIT® Gym, are opened in your Designated Area (or other Designated Area designated by us), you will become a "Member" of and participate in a local advertising group (the "**Local Advertising Association**" or the "**LAA**") which will conduct and administer media advertising, promotion, marketing and public relations ("**Advertising and Marketing**") for the benefit of the 30 MINUTE HIT® Gyms located in the Designated Area, subject to the following terms and conditions:

(a) The LAA will consist of all 30 MINUTE HIT® Gyms in the Designated Area, including the 30 MINUTE HIT® Gyms owned by us or an affiliated company in the Designated Area.

(b) Each 30 MINUTE HIT® Gym in the Designated Area, including the 30 MINUTE HIT® Gyms owned by us or an affiliated company, will be a Member of the LAA. Each Member will have one vote for each franchised or company-owned 30 MINUTE HIT® Gym owned by it in the Designated Area on all matters to be voted upon at duly convened meetings.

(c) Each Member will be given five days written notice of any proposed meeting. A quorum consisting of a majority of all Members of the LAA will be required to convene any meeting of the LAA. A majority vote by the Members present at a duly convened meeting will be required to pass any proposed resolutions or motions. All meetings will be conducted according to Robert's Rules of Order.

(d) The purpose of the LAA will be to conduct Advertising and Marketing for the benefit of all 30 MINUTE HIT® Gyms located in the Designated Area.

(e) The LAA will not conduct any Advertising and Marketing program or campaign for the 30 MINUTE HIT® Gyms in the Designated Area unless and until we have given the LAA prior written approval for all concepts, materials or media proposed for any such Advertising and Marketing program or campaign.

(f) On or before the 10th day of each month, each Member of the LAA will contribute up to 2% of the monthly Gross Revenues generated during the previous month by the Member's 30 MINUTE HIT® Gym to the LAA (the "**Local Advertising Cooperative Fee**"). The Local Advertising Cooperative Fee may be increased to greater than 2% of Gross Sales if 50% or more of its members vote in favor of doing so. The Local Advertising Cooperative Fee contributed by the Members will be used by the LAA for Advertising and Marketing programs and campaigns for the benefit of all 30 MINUTE HIT® Gyms in the Designated Area. The cost of all Advertising and Marketing in the Designated Area must be approved by a majority vote of all Members present at a duly convened meeting. If the cost of the Advertising and Marketing approved by the Members exceeds the amount of funds available to the LAA, then the Local Advertising Cooperative Fee payable by you and all other Members to the LAA pursuant to this provision may be increased by vote of a majority of the Members present at a duly convened meeting. You will contribute the

amount of the Local Advertising Fee agreed to by the Members to the LAA in accordance with this provision.

(g) The LAA will, within 20 days after the end of each calendar quarter, furnish to us and its Members in the form prescribed by us, a written summary of the Members' contributions to the LAA and an accurate accounting of the LAA's expenditures for approved Advertising and Marketing.

The Local Advertising Cooperative Fee paid by you to the LAA may be applied to the 5% local advertising requirement in this Agreement. Otherwise, contributions to the LAA by you pursuant to this provision will be in addition to the payment of the System Development Fees and the other advertising obligations of you set forth in this Agreement. There are currently no franchisee advertising councils or local advertising cooperatives that advise us on advertising policies. We reserve the right to establish an advisory council of franchisees that will advise us on advertising policies and other matters.

12.7 **Local Advertising Expenditures**. In addition to your required System Fund Fees and the required Grand Opening Advertising Fees, you are obligated to spend up to 2% of your annual Gross Sales for advertising and promotion of the Gym (but which, as of the Agreement Date, is currently $300 per month). As of the Agreement Date, as part of this requirement, we may require you to purchase online marketing/ website marketing program services from us or our designee. You must obtain telephone directory listings in the "white and yellow pages" in the size and manner we specify, displaying the Marks. If other Franchise owners operate Gyms in the market area serviced by the directories, then you must participate in and pay your pro rata share of the cost of such listings and advertising. We may review your books and records relating to your expenditures for such advertising and promotion. We may permit your local advertising cooperative contributions to count toward this local advertising expenditure requirement. If we determine that you have not spent the requisite amounts, we may require you to pay the unexpended amounts into the System Development Fund.

12.8 **Websites**.

(a) We have the right to control all use of URL's, domain names, websites, addresses, metatags, links, e-mail addresses and any other means of electronic identification or origin ("**e-names**"). We also have the right to designate, approve, control or limit all aspects of your use of the Internet, Intranet, World Wide Web, wireless technology, digital cable, use of e-names, e-mail, websites, home pages, bulletin boards, chat rooms, e-mail, linking, framing, online purchasing cooperatives, marketplaces, barter exchanges, and related technologies, methods, techniques, registrations, networking, and any electronic communication, commerce, computations, or any means of interactive electronic documents contained in a network of computers or similar devices linked by communications software (collectively, "**e-commerce**"). We have the right to monitor your and your employees' e-commerce activities and any other use of the Information Technology System. You must follow all of our policies and procedures for the use and regulation of e-commerce. We may require you to coordinate your e-commerce activities with the Information Technology System. We provide one site specific and one corporate e-mail address/account for your Gym. We may charge a set-up fee of $100.00 per each additional e-mail address you request. You recognize and agree that between you and us, we own all rights to all interest in and to any data collected via e-commerce and any other aspect of the Information Technology System related to the System or the Marks or Copyrights, including any customer data, click-stream data, cookies, user data, hits and the like: such information is deemed by us to be and constitutes our Confidential Information.

(b) At our option, we or one or more of our designees may maintain one or more websites to advertise, market and promote 30 MINUTE HIT® Gyms, the products and services that

they offer and sell, and the 30 MINUTE HIT® Gym franchise opportunity (each a "**System Website**"). If we establish one or more System Websites, we will provide you with a webpage that references the Gym on one or more of the System Websites that we designate. You must give us the information and materials that we request from time to time to develop, update and modify such webpage. By providing the information and materials to us, you will be representing to us that they are accurate and not misleading and do not infringe upon any third party's rights. However, we will own all intellectual property and other rights in the System Website, your webpage, and all information they contain (including the domain name or URL for such webpage, the log of "hits" by visitors, and any personal or business data that visitors supply).

(c) We will maintain the System Website, including your webpage, and may use the System Development Fund's assets to develop, maintain and update the System Website. We periodically may update and modify the System Website (including your webpage). You must notify us whenever any information on your webpage changes or is not accurate. We will update or add information that we approve to your webpage at reasonable intervals. You acknowledge that we have final approval rights over all information on the System Website (including your webpage). We may implement and periodically modify System Standards relating to the System Website.

(d) We will maintain your webpage on the System Website only while you are in full compliance with this Agreement and all System Standards (including those relating to the System Website). If you are in default of any obligation under this Agreement or the System Standards, then we may, in addition to our other remedies, temporarily remove your webpage from the System Website until you fully cure the default. We will permanently remove your webpage from the System Website upon this Agreement's expiration or termination. We also may, at our option, discontinue any or all System Websites at any time.

(e) You acknowledge and understand that the registration for the System Website domain name is and shall be maintained exclusively in our name or the name of our designee. You acknowledge our or our designee's exclusive right, title and interest in and to the domain name for the System Website. You further acknowledge that nothing herein will give you any right, title or interest in such domain name. You will not, at any time, challenge our or our designee's ownership of the System Website domain name, challenge the validity of the system Website domain name, or impair any right, title or interest of us or our designee in the System Website domain name.

(f) You further acknowledge and agree that we may, at any time in our sole discretion, cease to make the Subpage available to you or the public. You agree that we will have no liability for filing to make the Subpage available to you or the public. ADDITIONALLY, TO THE MAXIMUM EXTEND PERMITTED BY LAW, WE HEREBY EXPRESSLY DISCLAIM ALL WARRANTIES (WHETHER EXPRESS, IMPLIED OR STATUTORY) RELATED TO THE AVAILABILITY AND PERFORMANCE OF THE WEBSITE AND THE SUBPAGE, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. TO THE MAXIMUM EXTENT PERMITED BY LAW, WE SHALL NOT BE LIABLE FOR ANY DIRECT OR INDIRECT DAMAGES (INCLUDING, WITHOUT LIMITATION, ANY CONSEQUENTIAL, PUNITIVE OR INCIDENTAL DAMAGES OR DAMAGES FOR LOST PROFITS OR LOSS OF BUSINESS) RELATED TO THE USE, OEPRATION, AVAILABILITY OR FAILURE OF THE WEBSITE OR SUBPAGE. Upon the termination or expiration of this Agreement for any reason or your default under this Agreement for any reason, all of your right to upload content onto, or otherwise use, the Subpage will immediately cease and we may cease to make the

Subpage available to you.

(g) We also may maintain one or more social media sites (e.g., www.twitter.com, www.facebook.com, www.instagram.com, www.pinterest.com or such other social media sites). You may not establish any social media sites utilizing any user names, or otherwise associating with the Marks, without our advance written consent. We may designate from time to time regional or Designated Area/Designated Area specific user names/handles that you must maintain. You will adhere to any social media policies that we establish from time to time and will require all of your employees to do so as well. You must ensure that none of your owners, managers or employees use our Marks on the Internet or World Wide Web, except in strict compliance with these social media policies. Use of social media, including any pictures that may be posted on, using or through one or more social media sites, must be in compliance with the Manuals and System Standards, including our then-current take-down policy.

(h) All advertising, marketing and promotional materials that you develop for your Gym must contain notices of the System Website's domain name in the manner we designate. You and your employees may not develop, maintain or authorize any other website, other online presence or other electronic medium that mentions or describes you or the Gym or displays any of the Marks. You may not conduct commerce or directly or indirectly offer or sell any products or services using any website, another electronic means or medium, or otherwise over the Internet.

(i) Nothing in this Section will limit our right to maintain websites other than the System Website or to offer and sell merchandise bearing the Marks from the System Website, another website or otherwise over the Internet without payment or obligation of any kind to you.

(j) You may not create a website for your 30 MINUTE HIT® Gym and you may not advertise or sell Products or Services using e-commerce, unless previously approved by us. We require that you provide information to us via e-commerce and order Products and Supplies via e-commerce. We may require you to coordinate your e-commerce activities with the Business Management System. You recognize and agree that between you and us, we own all rights to all interest in and to any data collected via e-commerce related to the System or the Marks, including any customer data, click-stream data, cookies, user data, hits and the like: such information is deemed by us to be and constitutes our Confidential Information. You must not use any Mark as part of any domain name, Internet or "E-mail" address, or any other identification of you in any electronic medium or with any prefix, suffix or other modifying words, terms, designs, or symbols, or in any modified form, without our written consent. If you breach the terms of the Franchise Agreement, as a method to encourage cure, we can suspend your e-mail, website, leads and social media services.

12.9 **Signage**. All exterior and interior signs at the 30 MINUTE HIT® Gym (the "**Signs**") must comply with the standard sign plans and specifications established by us and provided to you. You will, at its expense, prepare or cause the preparation of complete and detailed plans and specifications for the Signs and will submit them to us for written approval. We will have the absolute right to inspect, examine, videotape and photograph the Signs at the 30 MINUTE HIT® Gym during the term of this Agreement. You will be responsible for any and all installation costs, sign costs, architectural fees, engineering costs, construction costs, permits, licenses, repairs, maintenance, utilities, insurance, taxes, assessments and levies in connection with the construction, erection, maintenance or use of the Signs including, if applicable, all electrical work, construction

of the base and foundation, relocation of power lines and all required soil preparation work. You will comply with all federal, state and local laws, regulations, building codes and ordinances relating to the construction, erection, maintenance and use of the Signs. You may not alter, remove, change, modify, or redesign the Signs unless approved by us in writing. We will have the right to redesign the specifications for the Signs without the approval or consent of you. Within 90 days after receipt of written notice from us, you will, at your expense, either modify or replace the Signs so that the Signs displayed at the 30 MINUTE HIT® Gym will comply with the new specifications. You will not be required to modify or replace the Signs more than once every five years. At no time during or after the expiration of the Term may you "drape", obscure, paint over, remove or modify approved signage bearing our Marks without our express prior written consent and without complying with our instructions on how to do so.

12.10 **Identification of Franchise**. You will not use the names "30 Minute Hit®" or any derivative thereof in the name of your entity that owns or operates your 30 MINUTE HIT® Gym or in any name of your affiliated or controlled entity in any incorporation, organization or other legal formation documents filed with any state government or agency. You will hold yourself out to the public as an independent contractor operating your 30 MINUTE HIT® Gym pursuant to a Franchise from us. You will file for a certificate of assumed name in the manner required by applicable state law to notify the public that you are operating your 30 MINUTE HIT® Gym as an independent contractor.

## 13. RECORDS, REPORTS AND FINANCIAL STATEMENTS.

13.1 **Accounting System**. You agree to establish and maintain at your own expense a bookkeeping, accounting and recordkeeping system conforming to the requirements and formats we prescribe. You must use the chart of accounts, income statement and balance sheet formats we prescribe in our Manuals. You will maintain all of your books and records in accordance with generally accepted accounting principles. You must report Gross Sales and other business information to us using the format, reporting system and accounting system that we require from time to time. We may require you to use approved computer hardware and software in order to maintain certain sales data and other information we require you to keep. You agree that we may have access to such sales data and other information through the Information Technology System at all times and that you must deliver to us the financial and operating reports in the form, manner and content we specify.

13.2 **Reports**. You agree to furnish to us on such forms that we prescribe from time to time:

(a) at our request, within five (5) days after their filing: (i) copies of all sales tax returns for the Gym; and (ii) copies of the canceled checks for the required sales taxes and surtaxes;

(b) on Friday of each calendar week: a report on the Gym's Gross Sales during the immediately preceding calendar week (Monday through Sunday) with the Royalty payment;

(c) within ten (10) days after the end of each calendar month: (i) a profit and loss statement for the Gym for the immediately preceding calendar month and for the year-to-date; and (ii) a balance sheet as of the end of the immediately preceding calendar month;

(d) within thirty (30) days after the end of the calendar year: (i) annual profit and loss and source and use of funds statements; and (ii) a balance sheet for the Gym as of the end of such calendar year;

(e) within ten (10) days after our request: (i) exact copies of federal and state income and other tax returns; and (ii) such other forms, records, books and other information we may

periodically require; and

(f) such other reconciliation reports or membership reports as we may designate on a monthly basis.

13.3 **Access to Information**. You agree to verify and sign each report and financial statement in the manner we prescribe. We have the right to disclose data derived from such reports without identifying you or the location of the Gym. We also have the right to require you to have reviewed or audited financial statements prepared on an annual basis if we reasonably believe that the reports are incorrect. Moreover, we have the right, as often as we deem appropriate (including on a daily basis), to access all computer registers and other Information Technology Systems that you are required to maintain in connection with the operation of the Gym and to retrieve all information relating to the Gym's operations.

13.4 **Copies of Reports**. You agree to furnish us with a copy of all sales, income and other tax returns relating to your 30 MINUTE HIT® Gym, at our request. You will also send us copies of any sales or other reports sent to any landlord or governmental agency, at our request.

## 14. INSPECTIONS AND AUDITS.

14.1 **Our Right to Inspect the Gym**. To determine whether you and the Gym are complying with this Agreement and all System Standards, we and our designated agents have the right at any time during your regular business hours, and with five (5) days prior notice to you (but without prior notice if we have reason to believe the Gym is not operating in compliance), to:

(a) inspect the Gym;

(b) observe, photograph and videotape and/or view the operations of the Gym for such consecutive or intermittent periods as we deem necessary;

(c) remove samples of any products, materials or supplies for testing and analysis;

(d) interview personnel and customers of the Gym; and

(e) inspect and copy any books, records, websites (or other forms of e-commerce) and documents relating to your operation of the Gym.

You agree to cooperate with us fully in connection with any such inspections, observations, photographing, videotaping, product removal and interviews. You agree to present to your customers such evaluation forms that we periodically prescribe and to participate and/or request your customers to participate in any surveys performed by us or on our behalf. You agree to correct or repair any unsatisfactory conditions we specify within five (5) days.

14.2 **Our Right to Audit**. We have the right at any time during your business hours, and with three (3) days prior notice to you, to inspect and audit, or cause to be inspected and audited, your (if you are a Business Entity) and the Gym's business, bookkeeping and accounting records, sales and income tax records and returns and other records. You agree to cooperate fully with our representatives and independent accountants we hire to conduct any such inspection or audit. If our inspection or audit is made necessary by your failure to furnish reports, supporting records or other information we require, or to furnish such items on a timely basis, or if the information is not accurate (i.e., your Gross Sales are understated by

two percent (2%) or more), you agree to reimburse us for the cost of such inspection or audit, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board and compensation of our employees. You also must pay us any shortfall in the amounts you owe us, including late fees and interest, within ten (10) days of our notice. The foregoing remedies are in addition to our other remedies and rights under this Agreement and applicable law.

## 15. **TRANSFER**.

15.1 **By Us**. This Agreement is fully transferable by us, and inures to the benefit of any transferee or other legal successor to our interests, as long as such transferee or successor agrees to be bound by, and assumes all of our continuing obligations under, this Agreement.

15.2 **By You**. You understand and acknowledge that the rights and duties created by this Agreement are personal to you (or, if you are a Business Entity, to your owners) and that we have granted the Franchise to you in reliance upon our perceptions of your (or your owners') individual or collective character, skill, aptitude, attitude, business ability and financial capacity. Accordingly, neither this Agreement (or any interest in it) nor any ownership or other interest that would reduce your voting or equity interest to less than fifty-one percent (51%) in you or the Gym may be transferred without our prior written approval. Any transfer without such approval constitutes a breach of this Agreement and is void and of no effect. As used in this Agreement, the term "**transfer**" includes your (or your owners') voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in: (a) this Agreement; (b) you; or (c) the Gym.

An assignment, sale, gift or other disposition includes the following events:

(a) transfer of ownership of capital stock or a partnership interest;

(b) merger or consolidation or issuance of additional securities or interests representing an ownership interest in you;

(c) any issuance or sale of your stock or any security convertible to your stock;

(d) transfer of an interest in you, this Agreement or the Gym in a divorce, insolvency or corporate or partnership dissolution proceeding or otherwise by operation of law;

(e) transfer of an interest in you, this Agreement or the Gym, in the event of your death or the death of one of your owners, by will, declaration of or transfer in trust or under the laws of intestate succession; or

(f) pledge of this Agreement (to someone other than us) or of an ownership interest in you as security, foreclosure upon the Gym or your transfer, surrender or loss of possession, control or management of the Gym.

15.3 **Conditions for Approval of Transfer**. If you (and your owners) are in full compliance with this Agreement, then subject to the other provisions of this Section 15, we will approve a transfer that meets all the applicable requirements of this Section. The proposed transferee and its direct and indirect owners must be individuals of good character and otherwise meet our then applicable standards for 30 MINUTE HIT® Gym franchisees. We charge you and you are required to pay $1,000 per transfer we evaluate to determine if the Transferee meets our requirements. It is due when you request the transfer evaluation. A transfer of ownership, possession or control of the Gym may be made only in conjunction with a transfer of this Agreement. If the transfer is of this Agreement or a controlling interest in you, or is one of a series

of transfers which in the aggregate constitute the transfer of this Agreement or a controlling interest in you, all of the following conditions must be met prior to or concurrently with the effective date of the transfer:

(a) the transferee has sufficient business experience, aptitude and financial resources to operate the Gym;

(b) you have paid all Royalties, System Fund Fees, contributions, amounts owed for purchases from us and all other amounts owed to us or to third-party creditors and have submitted all required reports and statements;

(c) the transferee (or its manager) and its managerial employee (if different from your manager) have agreed to complete our then current Owner Training program or any other additional training we require. You or the transferee must also pay for the travel and living expenses to attend the training;

(d) the transferee has agreed to be bound by all of the terms and conditions of this Agreement;

(e) you or the transferee pay us (x) a transfer fee in the amount of 50% of the sum of our then current Franchise Fee, Initial Equipment Fee and Training Fee, plus (y) any franchise broker fees;

(f) you (and your transferring owners) have executed a general release, in form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees and agents;

(g) we have approved the material terms and conditions of such transfer and determined that the price and terms of payment will not adversely affect the transferee's operation of the Gym;

(h) if you or your owners finance any part of the sale price of the transferred interest, you and/or your owners have agreed that all of the transferee's obligations pursuant to any promissory notes, agreements or security interests that you or your owners have reserved in the Gym are subordinate to the transferee's obligation to pay Royalties, System Fund Fees, contributions and other amounts due to us and otherwise to comply with this Agreement;

(i) you and your transferring owners have executed a non-competition covenant in favor of us and the transferee agreeing to be bound, commencing on the effective date of the transfer, by the restrictions contained in Section 17.4 of this Agreement; and

(j) you and your transferring owners have agreed that you and they will not directly or indirectly at any time or in any manner (except with respect to other 30 MINUTE HIT® Gyms you own and operate) identify yourself or themselves or any business as a current or former 30 MINUTE HIT® Gym, or as one of our licensees or franchisees, use any Mark, any colorable imitation of a Mark, or other indicia of a 30 MINUTE HIT® Gym in any manner or for any purpose or utilize for any purpose any trade name, trade or service mark or other commercial symbol that suggests or indicates a connection or association with us.

If the proposed transfer is among your owners, Section 15.3(e) will not apply, although the transferee is required to reimburse us for any administrative costs we incur in connection with the transfer.

15.4 **Transfer to a Business Entity**. Notwithstanding Section 15.3, if you are in full compliance with this Agreement, you may transfer this Agreement to a Business Entity that conducts no business other than the Gym and, if applicable, other 30 MINUTE HIT® Gyms so long as you own, control and have the right to vote fifty-one percent (51%) or more of its issued and outstanding ownership interests (like stock or partnership interests) and you guarantee its performance under this Agreement. All other owners are subject to our approval. The organizational or governing documents of the Business Entity must recite that the issuance and transfer of any ownership interests in the Business Entity are restricted by the terms of this Agreement, are subject to our approval, and all certificates or other documents representing ownership interests in the Business Entity must bear a legend referring to the restrictions of this Agreement. As a condition of our approval of the issuance or transfer of ownership interests to any person other than you, we may require (in addition to the other requirements we have the right to impose) that the proposed owner execute an agreement, in a form provided or approved by us, agreeing to be bound jointly and severally by, to comply with, and to guarantee the performance of, all of your obligations under this Agreement.

15.5 **Transfer Upon Death or Disability**. Upon your death or disability or, if you are a Business Entity, the death or disability of the owner of a controlling interest in you, your or such owner's executor, administrator, conservator, guardian or other personal representative must transfer your interest in this Agreement or such owner's interest in you to a third party. Such disposition of this Agreement or the interest in you (including, without limitation, transfer by bequest or inheritance) must be completed within a reasonable time, not to exceed six (6) months from the date of death or disability, and will be subject to all of the terms and conditions applicable to transfers contained in this Section. A failure to transfer your interest in this Agreement or the ownership interest in you within this period of time constitutes a breach of this Agreement. For purposes of this Agreement, the term "**disability**" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent you or an owner of a controlling interest in you from managing and operating the Gym.

15.6 **Operation Upon Death or Disability**. If, upon your death or disability or the death or disability of the owner of a controlling interest in you, the Gym is not being managed by a trained Manager, your or such owner's executor, administrator, conservator, guardian or other personal representative must, within a reasonable time not to exceed fifteen (15) days from the date of death or disability, appoint a Manager to operate the Gym. Such Manager will be required to complete training at your expense. Pending the appointment of a Manager as provided above or if, in our judgment, the Gym is not being managed properly any time after your death or disability or after the death or disability of the owner of a controlling interest in you, we have the right, but not the obligation, to appoint a Manager for the Gym. All funds from the operation of the Gym during the management by our appointed Manager will be kept in a separate account, and all expenses of the Gym, including compensation, other costs and travel and living expenses of our Manager, will be charged to this account. We also have the right to charge a reasonable management fee (in addition to the Royalty and System Fund Fees and contributions payable under this Agreement) during the period that our appointed Manager manages the Gym. Operation of the Gym during any such period will be on your behalf, provided that we only have a duty to utilize our best efforts and will not be liable to you or your owners for any debts, losses or obligations incurred by the Gym or to any of your creditors for any products, materials, supplies or services the Gym purchases during any period it is managed by our appointed Manager.

15.7 **Effect of Consent to Transfer**. Our consent to a transfer of this Agreement and the Gym or any interest in you does not constitute a representation as to the fairness of the terms of any contract between you and the transferee, a guarantee of the prospects of success of the Gym or transferee or a waiver of any claims we may have against you (or your owners) or of our right to demand the transferee's exact compliance with any of the terms or conditions of this Agreement.

15.8 **Our Right of First Refusal**. You must not Assign or otherwise dispose of any interest in or any part of the Major Assets to any purchaser without first offering the same to us in a written offer that contains the purchase price, payment terms, and all other material terms and conditions of the proposed transaction (the "**Franchisee's Offer**"). We will have 30 business days after receipt of the Franchisee's Offer to give the you written notice which will either waive our option to purchase (the "**Waiver Notice**") or will state that we intend to exercise our rights to purchase or acquire the Major Assets according to the terms contained in the Franchisee's Offer (the "**Letter of Intent**"). The "**Major Assets**" are all or substantially all of the assets of the 30 MINUTE HIT® Gym, including but not limited to the Operating Assets and Gym Materials necessary to sustain operations or enable another to be able to, alone or in conjunction with other assets, operate a competing business. We have the sole right to determine if any assets are Major Assets. Therefore, if you (or any of your owners) at any time determine to sell, assign or transfer for consideration an interest in this Agreement and/or the 30 MINUTE HIT® Gym or an ownership interest in you, you (or such owner) agree to obtain a bona fide, executed written offer and earnest money deposit (in the amount of five percent (5%) or more of the offering price) from a responsible and fully disclosed offeror (including lists of the owners of record and all beneficial owners of any corporate or limited liability company offeror and all general and limited partners of any partnership offeror) and immediately submit to us a true and complete copy of such offer, in the form of the Franchisee's Offer, which includes details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be denominated in a dollar amount. The offer must apply only to an interest in you or in this Agreement and the 30 MINUTE HIT® Gym and may not include an offer to purchase any of your (or your owners') other property or rights. However, if the offeror proposes to buy any other property or rights from you (or your owners) under a separate, contemporaneous offer, such separate, contemporaneous offer must be disclosed to us, and the price and terms of purchase offered to you (or your owners) for the interest in you or in this Agreement and the 30 MINUTE HIT® Gym must reflect the bona fide price offered and not reflect any value for any other property or rights.

We have the right, exercisable by our Letter of Intent within thirty (30) days from the date of the delivery to us of both an exact copy of Franchisee's Offer and all other information we request, to purchase such interest for the price and on the terms and conditions contained in the Franchisee's Offer, provided that:

(a) we may substitute cash for any form of payment proposed in such offer (with a discounted amount if an interest rate will be charged on any deferred payments);

(b) our credit will be deemed equal to the credit of any proposed purchaser;

(c) we will have not less than sixty (60) days after the Notice Date of our election to purchase to prepare for closing; and

(d) we are entitled to receive, and you and your owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the capital stock of an incorporated business, as applicable, including, without limitation, representations and warranties as to:

(i) ownership and condition of and title to stock or other forms of ownership interest and/or assets;

(ii) liens and encumbrances relating to the stock or other ownership interest and/or assets; and

(iii) validity of contracts and the liabilities, contingent or otherwise, of the corporation whose stock is being purchased.

The date we provide you our Letter of Intent is the "**Notice Date**." We will have the absolute and unconditional right to terminate our decision to purchase and any obligations in the Letter of Intent and any obligation to purchase the Major Assets from you for any reason and at any time during the due diligence review period by giving you written notice. You will have the right to complete the transaction for the sale of the Major Assets to a purchaser according to the terms and conditions contained in the Franchisee's Offer to us if: (a) we deliver the Waiver Notice to you, (b) we fail to deliver either the Waiver Notice or the Letter of Intent to the Franchisee within 30 business days after receiving the Franchisee's Offer, (c) we terminate our Letter of Intent during the due diligence period pursuant to the provisions of this Section, or (d) you and we fail to agree on the terms and conditions for the definitive agreement or agreements for the purchase of the Major Assets by us from you (other than those objective terms and conditions contained in the Franchisee's Offer) on or before the 60th day after the Notice Date.

If we exercise our right of first refusal, you and your selling owner(s) agree that, for a period of two (2) years commencing on the date of the closing, you and they will be bound by the non-competition covenant contained in Section 17.4 of this Agreement. You and your selling owner(s) further agree that you and they will, during this same time period, abide by the restrictions of Section 15.3(j) of this Agreement.

If we do not exercise our right of first refusal, you or your owners may complete the sale to such purchaser pursuant to and on the exact terms of Franchisee's Offer, subject to our approval of the transfer as provided in Sections 15.3 and 15.4, provided that, if the sale to such purchaser is not completed within one hundred twenty (120) days after delivery of Franchisee's Offer to us, or if there is a material change in the terms of the sale (which you agree promptly to communicate to us), we will have an additional right of first refusal during the thirty (30) day period following either the expiration of such one hundred twenty (120) day period or notice to us of the material change(s) in the terms of the sale, either on the terms originally offered or the modified terms, at our option. Our option to purchase in this Section will not apply to the Assignment of any of the Major Assets (with the exception of this Agreement) by you to a bank, financial institution or other lender in connection with the your financing of (a) the real estate or leasehold improvements for Gym, b) the FF&E for the Gym, (c) inventory or supplies for the 30 MINUTE HIT® Gym, or (d) working capital required by the 30 MINUTE HIT® Gym.

## 16. **TERMINATION OF AGREEMENT**.

16.1 **Generally**. We have the right to terminate this Agreement in the event of your material default and as set forth below in Section 16.2. You are obligated to operate the Gym for the duration of the Term and do not have the right to terminate this Agreement.

16.2 **By Us**. We have the right to terminate this Agreement, effective upon delivery of written notice of termination to you, if:

(a) you, in writing or verbally, threaten to breach, terminate or abandon the Franchise Agreement and/or Gym, and do not recant such statement within 5 business days of making the statement, or you indicate your intent to terminate operations of the Gym or that you will terminate the Franchise Agreement prior to the expiration of the term and in breach of this Agreement;

(b) you (or any of your owners) have made any material misrepresentation or omission in connection with your purchase of the Franchise;

(c) you or the required number of your personnel fail to successfully complete Owner Training to our satisfaction or you have not fulfilled all of the conditions for management of the Gym described in Section 23.4(e) and 11.11;

(d) you fail to complete construction of and open the Gym within the earlier of nine (9) months of our approval of the Site or within twelve (12) months of the Agreement Date (and no extensions described in Section 5.1 are granted by us);

(e) you abandon or fail to actively operate the Gym for two (2) or more consecutive business days, unless the Gym has been closed for a purpose we have approved or because of casualty or government order;

(f) you surrender or transfer control of the operation of the Gym without our prior written consent;

(g) you (or any of your owners) are or have been convicted by a trial court of, or plead or have pleaded no contest, or guilty, to, a felony or other serious crime or offense that is likely to adversely affect your reputation, our reputation or the reputation of any other 30 MINUTE HIT® Gym;

(h) you (or any of your owners) engage in any dishonest or unethical conduct which may adversely affect the reputation of the Gym or another 30 MINUTE HIT® Gym or the goodwill associated with the Marks;

(i) you (or any of your owners) make an unauthorized assignment of this Agreement or of an ownership interest in you or the Gym;

(j) in the event of your death or disability or the death or disability of the owner of a controlling interest in you, this Agreement or such owner's interest in you is not assigned as required under this Agreement;

(k) you lose the right to possession of the Site;

(l) you (or any of your owners) make any unauthorized use or disclosure of any Confidential Information or use, duplicate or disclose any portion of the Manuals in violation of this Agreement;

(m) you violate any health, safety or sanitation law, ordinance or regulation and do not begin to cure the non-compliance or violation immediately, and correct such non-compliance or violation within five (5) days, after written notice is delivered to you;

(n) you fail to make payments of any amounts due to us and do not correct such failure within ten (10) days after written notice of such failure is delivered to you;

(o) you fail to make payments of any amounts due to approved suppliers of products or services and do not correct such failure within ten (10) days after written notice of such failure is delivered to you by such supplier;

(p) you fail to pay when due any federal or state income, service, sales or other taxes due on the operations of the Gym, unless you are in good faith contesting your liability for such taxes;

(q) you (or any of your owners) fail to comply with any other provision of this Agreement or any System Standard and do not correct such failure within thirty (30) days after written notice of such failure to comply is delivered to you;

(r) you (or any of your owners) fail on two (2) or more separate occasions within any

period of twelve (12) consecutive months or on three (3) occasions during the term of this Agreement to submit when due reports or other data, information or supporting records, to pay when due any amounts due to us or otherwise to comply with this Agreement, whether or not such failures to comply were corrected after written notice of such failure was delivered to you; or

(s) you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee or liquidator of all or the substantial part of your property; the Gym is attached, seized, subjected to a writ or distress warrant or levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within thirty (30) days; or any order appointing a receiver, trustee or liquidator of you or the Gym is not vacated within thirty (30) days following the entry of such order.

## 17. RIGHTS AND OBLIGATIONS UPON TERMINATION.

17.1 **Payment of Amounts Owed To Us**. You agree to pay us within fifteen (15) days after the effective date of termination or expiration of this Agreement, or on such later date that we determine amounts are due to us, all amounts due for Royalties, System Fund Fees, contributions, amounts owed for purchases from us, interest due on any of the foregoing, and any and all other amounts owed to us which are then unpaid.

17.2 **Marks**. Upon the termination or expiration of this Agreement:

(a) to allow us sufficient time (up to sixty (60) days) to determine if we will exercise a right to purchase and/or to confirm you are in compliance with all other post-termination obligations, you will not, without our express written permission, sell, transfer, encumber, lease, convey, gift, or make available to use to any other person or entity the furniture, fixtures, equipment, lease, real property, inventory or personal property owned by or used by your 30 MINUTE HIT® Gym;

(b) for a period of 60 days, you will not transfer, encumber, lease, pledge, convey or gift any ownership interest in you, or your parent company, if any;

(c) without limiting any other rights in law or equity, you and your owners consent to our obtaining injunctive relief to enforce (a) and (b) hereof;

(d) you will, immediately upon demand at our direction, and to our sole satisfaction, cover, drape, remove or obscure all signage, trade dress and other identifiable aspects of the 30 MINUTE HIT® Gym;

(e) you may not directly or indirectly at any time or in any manner (except with respect to other 30 MINUTE HIT® Gyms you own and operate) identify yourself or any business as a current or former 30 MINUTE HIT® Gym, or as one of our licensees or franchisees, use any Mark, any colorable imitation of a Mark or other indicia of a 30 MINUTE HIT® Gym in any manner or for any purpose or utilize for any purpose any trade name, trade or service mark or other commercial symbol that indicates or suggests a connection or association with us;

(f) you agree to take such action as may be required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark;

(g) if we do not have or do not exercise an option to purchase the Gym pursuant to Section 17.5, you agree to deliver to us within thirty (30) days after, as applicable, the effective date of expiration of this Agreement or the Notification Date (as defined in Section 17.5(a)) all signs,

sign-faces, sign-cabinets, marketing materials, forms and other materials containing any Mark or otherwise identifying or relating to a 30 MINUTE HIT® Gym and allow us, without liability to you or third parties, to remove all such items from the Gym;

(h) if we do not have or do not exercise an option to purchase the Gym pursuant to Section 17.5, you agree that after the effective date of expiration of this Agreement or the Notification Date (whichever is applicable), you will promptly and at your own expense make such alterations we specify to distinguish the Gym clearly from its former appearance and from other 30 MINUTE HIT® Gyms so as to prevent confusion by the public;

(i) if we do not have or do not exercise an option to purchase the Gym pursuant to Section 17.5 you agree that after the effective date of expiration of this Agreement or the Notification Date (whichever is applicable), you will notify the telephone company and all telephone directory publishers of the termination or expiration of your right to use any telephone, telecopy or other numbers and any regular, classified or other telephone directory listings associated with any Mark, authorize the transfer of such numbers and directory listings to us or at our direction and/or instruct the telephone company to forward all calls made to your telephone numbers to numbers we specify;

(j) you agree to furnish us, within thirty (30) days after the effective date of expiration of this Agreement or the Notification Date (whichever is applicable), with evidence satisfactory to us of your compliance with the foregoing obligations;

(k) within 30 days after the date of the expiration or termination of this Agreement, you will, at your expense, alter, modify and change both the exterior and interior appearance of the building and the 30 MINUTE HIT® Gym so that it will be clearly distinguished from the standard appearance of a 30 MINUTE HIT® Gym and/or prevent public confusion; and

(l) we will have the absolute right to notify the telephone company and all listing agencies of the termination or expiration of your right to use all telephone numbers and all classified and other directory listings for the 30 MINUTE HIT® Gym and to authorize the telephone company and all listing agencies to transfer to us or its assignee all telephone numbers and directory listings of the 30 MINUTE HIT® Gym. You acknowledge and agree that we have the absolute right and interest in and to all telephone numbers and directory listings associated with the Marks, and you hereby authorize us to direct the telephone company and all listing agencies to transfer the Franchisee's telephone numbers and directory listings to us or to an assignee of ours, if this Agreement expires or is terminated or if we acquire the 30 MINUTE HIT® Gym. The telephone company and all listing agencies may accept the Conditional Assignment of Telephone Numbers and Listings Agreement attached as an exhibit to our Franchise Disclosure Document as evidence of our exclusive rights to such telephone numbers and directory listings. You will execute the Conditional Assignment of Telephone Numbers and Listings Agreement and such other documents as we may require to complete the transfer of the telephone numbers as contemplated herein.

17.3 **Confidential Information**. You agree that, upon termination or expiration of this Agreement, you will immediately cease to use any of our Confidential Information in any business or

otherwise and return to us all copies of the Manuals and any other confidential materials that we have loaned to you.

17.4 **Competitive Restrictions**. Upon termination or expiration of this Agreement for any reason whatsoever (and you have not acquired a successor franchise), you and your owners agree that for a period of two (2) years commencing on the effective date of termination or expiration neither you nor any of your owners will have any direct or indirect interest (e.g. through a spouse or child) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, member, Manager, representative or agent or in any other capacity in any Competitive Business operating:

(a) at the Site;

(b) within twenty-five (25) miles of the Site;

(c) at the Site of any other 30 MINUTE HIT® Gym in operation or under construction on the later of the effective date of the termination or expiration of this Agreement; or

(d) within twenty-five (25) miles of any other 30 MINUTE HIT® Gym or Designated Area in operation or under construction on the later of the effective date of the termination or expiration of this Agreement.

If any person restricted by this Section refuses voluntarily to comply with the foregoing obligations, the two (2) year period will commence with the entry of an order of an arbitrator, or court if necessary, enforcing this provision. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living.

17.5 **Our Right to Purchase**.

(a) **Exercise of Option**. Upon our termination of this Agreement in accordance with its terms and conditions or your termination of this Agreement without cause, we have the option, exercisable by giving written notice to you within sixty (60) days from the date of such termination, to purchase the Gym from you, including the leasehold rights to the Site. (The date on which we notify you whether or not we are exercising our option is referred to in this Agreement as the "**Notification Date**"). We have the unrestricted right to assign this option to purchase the Gym. We will be entitled to all customary warranties and representations in connection with our asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise.

(b) **Leasehold Rights**. You agree at our election:

(i) to assign your leasehold interest in the Site to us;

(ii) to enter into a sublease for the remainder of the lease term on the same terms (including renewal options) as the prime lease; or

(iii) to lease to us if you own the Site in accordance with the Agreement to Lease and our Standard Lease Agreement.

(c) **Purchase Price**. The purchase price for the Gym will be its fair market value, determined in a manner consistent with reasonable depreciation of the Gym's equipment, signs,

inventory, materials and supplies, provided that the Gym will be valued as an independent business and its value will not include any value for:

(i) the Franchise or any rights granted by this Agreement;

(ii) the Marks or copyrights; or

(iii) participation in the network of 30 MINUTE HIT® Gyms.

The Gym's fair market value will include the goodwill you developed in the market of the Gym that exists independent of the goodwill of the Marks and the System. The length of the remaining term of the lease for the Site will also be considered in determining the Gym's fair market value.

We may exclude from the assets purchased cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the Gym's operation or that we have not approved as meeting standards for 30 MINUTE HIT® Gyms, and the purchase price will reflect such exclusions.

(d) **Appraisal**. If we and you are unable to agree on the Gym's fair market value, its fair market value will be determined by three (3) independent appraisers who collectively will conduct one (1) appraisal. We will appoint one (1) appraiser, you will appoint one (1) appraiser and the two (2) party-appointed appraisers will appoint the third (3rd) appraiser. You and we agree to select our respective appraisers within fifteen (15) days after we notify you that we are exercising our option to purchase the Gym, and the two (2) appraisers so chosen are obligated to appoint the third (3rd) appraiser within fifteen (15) days after the date on which the last of the two (2) party-appointed appraisers was appointed. You and we will bear the cost of our own appraisers and share equally the fees and expenses of the third (3rd) appraiser chosen by the two (2) party-appointed appraisers. The appraisers are obligated to complete their appraisal within thirty (30) days after the third (3rd) appraiser's appointment.

The purchase price will be paid at the closing of the purchase, which will take place not later than ninety (90) days after determination of the purchase price. We have the right to set off against the purchase price, and thereby reduce the purchase price by, any and all amounts you or your owners owe to us. At the closing, you agree to deliver instruments transferring to us:

(i) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and other transfer taxes paid by you; and

(ii) all licenses and permits of the Gym which may be assigned or transferred; and

(iii) the leasehold interest and improvements in the Site.

(e) **Delivery of Title and Escrow**. If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, the closing of the sale will be accomplished through an escrow. You and your owners further agree to execute general releases, in form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, agents, successors and assigns.

17.6 **Continuing Obligations**. All of our and your (and your owners' and affiliates')

obligations which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire. Examples include indemnification, payment, identification and dispute resolution provisions.

17.7 **Additional Competitive Restrictions.** Without limiting anything in this Section 17, during the term of this Agreement and upon termination or expiration of this Agreement for any reason whatsoever (and you have not acquired a Successor Franchise), except if another Franchise Agreement with us is in good standing, you and your owners agree that for a period of two (2) years commencing on the effective date of termination or expiration neither you nor any of your owners will have any direct or indirect interest (e.g. through a spouse or child) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, member, Manager, representative or agent or in any other capacity in any Competitive Business operating in the areas indicated in Section 17.4.

If any person restricted by this Section refuses voluntarily to comply with the foregoing obligations, the two (2) year period will commence with the entry of an order of an arbitrator, or court if necessary, enforcing this provision. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living. You and we agree that if any court or arbitrator were to determine that this Section 17.7 is not enforceable, the remaining in-term and post-termination provisions of this Agreement will stand along and will remain enforceable.

17.8 **Assumption of Gym's Management.** We or our designee have the right (but not the obligation), under the circumstances described in the paragraph below, to enter the Site and assume the Gym's management for any period of time that we deem appropriate. All funds from the Gym's operation during the period of our (or our designee's) management will be kept in a separate account and all Gym expenses will be charged to such account. In addition to all other fees and payments owed hereunder, we may charge you a reasonable management fee that we specify, not to exceed 20% of the Gym's Gross Sales.

We or our designee may assume the Gym's management under the following circumstances: (a) if you abandon or fail to actively operate the Gym for any period; (b) you breach any of our System Standards (including without limitation any of our customer service standards) and we provide you with a notice, in the form specified in Subsection 17, of your violation of this Agreement, within the applicable cure period (if any). Our exercise of our rights under this Section will not affect our right to terminate this Agreement.

17.9 **Memberships**. Upon termination or expiration, you must notify all members of your 30 MINUTE HIT® Gym immediately that your 30 MINUTE HIT® Gym will cease to operate under or using the Marks, the Confidential Information and System. If this Agreement is being terminated or expiring without renewal, we may contact members of your 30 MINUTE HIT® Gym and offer such members continued rights to use one or more 30 MINUTE HIT® Gyms on such terms and conditions we deem appropriate, which in no event will include assumption of any then existing liability arising out of or relating to any Membership Agreement or act or failure to act by you or your 30 MINUTE HIT® Gym. In the event that, upon expiration or termination of this Agreement, members of your 30 MINUTE HIT® Gym are legally entitled to full or partial refund of any monies paid to you, you will refund such monies promptly and in full and will cooperate with us to preserve customer goodwill with such members.

## 18. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.

18.1 **Independent Contractors**. You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that we and you are and will be independent contractors and that nothing in this Agreement is intended to make either you or us a general or special

agent, joint venturer, partner or employee of the other for any purpose. You agree to conspicuously identify yourself in all dealings with customers, suppliers, public officials, Gym personnel and others as the owner of the Gym under a Franchise we have granted and to place such notices of independent ownership on such forms, business cards, stationery and advertising and other materials as we may require from time to time. If you do not do so, we may place the notices and accomplish the foregoing as we see fit, and you must reimburse us for doing so.

18.2 **No Liability for Acts of Other Party**. You agree not to employ any of the Marks in signing any contract or applying for any license or permit, or in a manner that may result in our liability for any of your indebtedness or obligations, and that you will not use the Marks in any way we have not expressly authorized. Neither we nor you will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name or on behalf of the other, represent that our respective relationship is other than franchisor and franchisee or be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized in writing. We will not be obligated for any damages to any person or property directly or indirectly arising out of the Gym's operation or the business you conduct pursuant to this Agreement.

18.3 **Taxes**. We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, payroll, property or other taxes, whether levied upon you or the Gym, in connection with the business you conduct (except any taxes we are required by law to collect from you with respect to purchases from us). Payment of all such taxes are your responsibility.

18.4 **Indemnification**. You agree to indemnify, defend and hold harmless us, our affiliates and our respective shareholders, directors, officers, employees, agents, successors and assignees (the "**Indemnified Party(ies)**") against and to reimburse any one or more of the Indemnified Parties for all claims, obligations and damages described in this Section, any and all taxes described in Section 18.3 and any and all claims and liabilities directly or indirectly arising out of the Gym's operation (even if our negligence is alleged, but not proven) or your breach of this Agreement. For purposes of this indemnification, "**claims**" includes all obligations, damages (actual, consequential or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, reasonable accountants', arbitrators', attorneys', paralegals' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. We have the right to defend any such claim against us. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

Under no circumstances will we, or any other Indemnified Party, be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover from you.

## 19. INSURANCE.

19.1 **Types Required**. During the term of this Agreement, you must maintain in force, at your expense and under policies of insurance issued by carriers approved by us, the following types of insurance coverage:

(a) comprehensive, public and product liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of your Gym;

(b) general casualty and property insurance including fire, flood, hurricane, vandalism and malicious mischief, and extended coverage insurance with a full replacement value of your

inventory and contents of your Gym, covering such risks as are covered in the Standard Extended Coverage Endorsement;

(c) comprehensive motor vehicle insurance (including personal injury protection, uninsured motorist protection, and "umbrella" coverage) for any motor vehicles operated by your Gym;

(d) workers' compensation in the amounts required by applicable law for your Gym;

(e) "umbrella" liability insurance;

(f) liability insurance against liability for personal services care and negligence;

(g) business interruption insurance;

(h) comprehensive crime and blanket employee dishonesty insurance; and

(i) cyber security insurance; and

(j) such other insurance as is required under the Equipment Lease Agreement and any lease or other financing document (if any) for the Gym.

19.2 **Coverage Requirements**. You must maintain the insurance coverages in the minimum amounts we prescribe from time to time in the Manuals. We may periodically increase or decease the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes and circumstances.

19.3 **Policy Terms**. All insurance policies must:

(a) contain no provision which in any way limits or reduces coverage for us in the event of any claim by us or any of our affiliates, directors, officers or agents;

(b) extend to provide indemnity for all obligations assumed by you under this Agreement and all items for which you are required to indemnify us under the provisions of this Agreement or otherwise;

(c) name us and 30 Minute Hit LTD as an additional insured;

(d) contain a waiver of the insurance company's right of subrogation against us;

(e) provide that the coverage afforded applies separately to each insured against whom a claim is brought as though a separate policy had been issued to each insured;

(f) provide that the insurance company will provide us with at least thirty (30) days' prior written notice of termination, expiration, cancellation or material modification of any policy; and

(g) provide that you cannot reduce the policy limits, restrict coverage, cancel or otherwise alter or amend the policies without our prior written consent.

19.4 **Evidence of Coverage**. Before the expiration of the term of each insurance policy, you must furnish us with a copy of each new, renewal or replacement policy you have obtained to extend your

coverage, along with evidence of the premium payment. If you do not maintain the required insurance coverage, or do not furnish us with satisfactory evidence of insurance coverage and premium payments, we may obtain, at our option and in addition to our other rights and remedies under this Agreement, any required insurance coverage on your behalf. If we do so, you must fully cooperate with us in our effort to obtain the insurance policies and must promptly sign all forms required to obtain or maintain the insurance. You must also allow any inspections of your Gym required to obtain or maintain the insurance. Finally, you must pay us, on demand, any costs and premiums we incur in obtaining insurance on your behalf. Neither your obligation to maintain insurance coverage nor our maintenance of insurance on your behalf, will reduce or absolve you of any obligations of indemnification described in this Agreement.

## 20. **ENFORCEMENT.**

20.1 **Severability; Substitution of Valid Provisions**. Except as otherwise stated in this Agreement, each term of this Agreement, and any portion of any term, are severable. The remainder of this Agreement will continue in full force and effect. To the extent that any provision restricting your competitive activities is deemed unenforceable, you and we agree that such provision will be enforced to the fullest extent permissible under governing law. This Agreement will be deemed automatically modified to comply with such governing law if any applicable law requires: (a) a greater prior notice of the termination of or refusal to renew this Agreement; or (b) the taking of some other action not described in this Agreement; or (c) if any System Standard is invalid or unenforceable. We may modify such invalid or unenforceable provision to the extent required to be valid and enforceable. In such event, you will be bound by the modified provisions.

20.2 **Waivers**. We will not be deemed to have waived our right to demand exact compliance with any of the terms of this Agreement, even if at any time: (a) we do not exercise a right or power available to us under this Agreement; or (b) we do not insist on your strict compliance with the terms of this Agreement; or (c) if there develops a custom or practice which is at variance with the terms of this Agreement; or (d) if we accept payments which are otherwise due to us under this Agreement. Similarly, our waiver of any particular breach or series of breaches under this Agreement or of any similar term in any other agreement between you and us or between us and any other franchise owner, will not affect our rights with respect to any later breach by you or anyone else.

20.3 **Limitation of Liability**. Neither of the parties will be liable for loss or damage or deemed to be in breach of this Agreement if failure to perform obligations results from:

(a) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state or municipal government or any department or agency thereof;

(b) acts of God;

(c) acts or omissions of a similar event or cause.

However, such delays or events do not excuse payments of amounts owed at any time.

20.4 **Approval and Consents**. Whenever this Agreement requires our advance approval, agreement or consent, you agree to make a timely written request for it. Our approval or consent will not be valid unless it is in writing. Except where expressly stated otherwise in this Agreement, we have the absolute right to refuse any request by you or to withhold our approval of any action or omission by you. If we provide to you any waiver, approval, consent, or suggestion, or if we neglect or delay our response or deny any request for any of those, we will not be deemed to have made any warranties or guarantees which you may rely on, and will not assume any liability or obligation to you.

## 21. DISPUTES SUBJECT TO MEDIATION/ARBITRATION.

21.1 **Agreement to Mediate**. You and we acknowledge that resolving disputes prior to commencing arbitration hearings or court proceedings is in the best interests of both parties, all other franchisees and the Business System. The parties have reached this Agreement in good faith and in belief that it is advantageous to each of them. In recognition of the enormous strain on time, unnecessary expense and wasted resources potentially associated with litigation and/or arbitration, and in the spirit of cooperation, the parties pledge to try to resolve any dispute amicably, without litigation or arbitration. Therefore, the parties agree that they will seek to settle any dispute between them prior to mediation or arbitration. If not settled internally, other than an Excluded Action (as defined in Section 21.7 of this Agreement), before beginning any legal action or arbitration, the parties agree to mediate any dispute, controversy or claim between you and/or any of your owners, affiliates, officers, directors, shareholders, guarantors, employees, owners or members (each a "Franchisee Related Party"), on the one hand, and us, and/or any of our affiliates, officers, directors, shareholders, members, guarantors, employees, representatives, independent contractors or owners (each a "Franchisor Related Party"), on the other hand, including, without limitation, in connection with any dispute, controversy or claim arising under, out of, in connection with or in relation to: (a) this Agreement; (b) any lease or sublease for your Franchised Business; (c) any loan or other finance arrangement between us and our affiliates and you; (d) the parties' relationship; (e) events occurring prior to the entry into this Agreement; (f) the Business; and/or (g) any System standard, in accordance with the procedures set forth in this Section 21.1, inclusive of all subparts. Good faith participation in these procedures to the greatest extent reasonably possible, despite lack of cooperation by one or more of the other parties, is a precondition to maintaining any arbitration or legal action, including any action to interpret or enforce this Agreement. The Mediation shall be conducted in accordance with the following provisions:

(a) Initiation Procedure. The party seeking mediation (the "Initiating Party") must commence mediation by sending the other party/parties a written notice of its request for mediation (the "Dispute Notice"). The Dispute Notice will specify, to the fullest extent possible, the nature of the dispute, the Initiating Party's version of the facts surrounding the dispute, the amount of damages, and the nature of any injunctive or other relief such party claims, and must identify one or more persons with authority to settle the dispute for the Initiating Party.

(b) Direct Negotiations. Upon receipt of a Dispute Notice, the parties will endeavor, in good faith, to resolve the dispute outlined in the Dispute Notice. If the parties have been unable to resolve any such dispute(s) outlined in a Dispute Notice within twenty (20) days after the issuance of the Dispute Notice, either party may initiate a mediation procedure in accordance with the American Arbitration Association ("AAA"), pursuant to its Commercial Mediation Procedures, and unless otherwise agreed by the parties will take place in Dade County, Florida. We reserve the right to require virtual mediation in lieu of holding an in-person mediation in Dade County, Florida.

(c) Selection of the Mediator. If the parties cannot mutually agree upon a mediator, the parties shall submit to one another written lists of acceptable mediators who are not associated with either of the parties. Each party must rank all the mediators in numerical order of preference and exchange the rankings. If one or more names are on both lists, the highest ranking one of these will be designated the mediator.

(d) Time and Place for Mediation. In consultation with the parties, the mediator shall promptly designate a mutually acceptable time and place located in Dade County, Florida for the mediation (or virtually, if we elect to require virtual mediation). Unless the circumstances make it impossible, the time may not be later than thirty (30) days after the selection of the mediator.

(e) Summary of Views. At least seven (7) days before the first scheduled mediation session, each party must deliver to the mediator and to the other party a concise written summary of its views on the matter in dispute and on any other matters that the mediator asks them to include. The mediator may also request that each party submit a confidential paper on relevant legal issues, which may be limited in length by the mediator, to him or her.

(f) Representatives. In the mediation, each party must be represented by a person with requisite authority to settle the dispute (each an "Authorized Person") and may be represented by counsel. In addition, each party may, with permission of the mediator, bring with him, her, or it any additional persons who are needed to respond to questions, contribute information, and participate in the negotiations.

(g) Conduct of Mediation. The mediator shall advise the parties in writing of the format for the meeting or meetings. If the mediator believes it will be useful after reviewing the position papers, the mediator shall give both himself or herself and the Authorized Persons an opportunity to hear an oral presentation of each party's views on the matter in dispute. The mediator shall assist the Authorized Persons to negotiate a resolution of the matter in dispute, with or without the assistance of counsel or others. To this end, the mediator is authorized both to conduct joint meetings and to attend separate private caucuses with the parties. All mediation sessions will be strictly private. The mediator must keep confidential all information learned unless specifically authorized by the party from which the information was obtained to disclose the information to the other party. The parties commit to participate in the proceedings in good faith with the intention of resolving the dispute if at all possible.

(h) Termination of Procedure. The parties agree to participate in the mediation procedure to its conclusion, as set forth in this section. The mediation may be concluded (1) by the signing of a settlement agreement by the parties, (2) by the mediator's declaration that the mediation is terminated, or (3) by a written declaration of either party, no earlier than at the conclusion of a full day's mediation, that the mediation is terminated. Even if the mediation is terminated without resolving the dispute, the parties agree not to terminate negotiations and not to begin any arbitration or legal action or seek another remedy before the expiration of five (5) days following the mediation. A party may begin arbitration within this period only if the arbitration might otherwise be barred by an applicable statute of limitations or in order to request an injunction from a Court of competent jurisdiction to prevent irreparable harm.

(i) Fees of Mediator; Disqualification. The fees and expenses of the mediator must be shared equally by the parties. The mediator may not later serve as a witness, consultant, expert or counsel for any party with respect to the dispute or any related or similar matter in which either of the parties is involved.

(j) Confidentiality. The mediation procedure is a compromise negotiation or settlement discussion for purposes of federal and state rules of evidence. The parties agree that no stenographic, visual or audio record of the proceedings may be made. Any conduct, statement, promise, offer, view or opinion, whether oral or written, made in the course of the mediation by the parties, their agents or employees, or the mediator is confidential and shall be treated as privileged. No conduct, statement, promise, offer, view or opinion made in the mediation procedure is discoverable or admissible in evidence for any purpose, not even impeachment, in any proceeding involving either of the parties. However, evidence that would otherwise be discoverable or admissible will not be excluded from discovery or made inadmissible simply because of its use in the mediation.

21.2 **Agreement to Arbitrate**. You and we acknowledge that resolving disputes prior to commencing arbitration hearings or court proceedings is in the best interests of both parties, all other franchisees and the Business System. Therefore, the parties agree that they will seek to settle any dispute between them prior to arbitration. However, if the parties are unable to settle the dispute or controversy internally or through the mediation procedures set forth in 21.1 above, then with the exception of Excluded Claims, all disputes and controversies between you and we, including allegations of fraud, misrepresentation and violation of any state or federal laws, rules or regulations, arising under, as a result of, or in connection with this Agreement, the 30 MINUTE HIT® Gym or the Franchisee's Gym are subject to and will be resolved exclusively by arbitration conducted according to the then current commercial arbitration rules of the American Arbitration Association.

21.3 **Notice of Dispute**. The party alleging the dispute must provide the other party with written notice setting forth the alleged dispute in detail. The party who receives written notice alleging the dispute will have 30 days after receipt of the written notice to correct, settle or compromise the dispute specified in the written notice. If the written notice alleges that the Franchisee is delinquent in the payment of any fees or other payments payable to us, the Franchisee will have 10 days to make full payment (including interest and Administrative Fees as provided for herein) to us.

21.4 **Demand for Arbitration**. If the dispute alleged by either party has not been corrected, settled or compromised pursuant to Section 21.1 or within the time period provided for in Section 21.12, then either party may demand arbitration in accordance with the Code of Procedure of the National Arbitration Forum. Unless agreed otherwise by the parties, three Arbitrators will be selected to hear the matter, one of which must be a retired judge. You and we will each fully perform their obligations under this Agreement during the entire arbitration process.

21.5 **Venue and Jurisdiction**. All arbitration hearings will take place exclusively in North Miami Beach, Florida, and will be held no later than 90 days after the Arbitrators have been selected. Notwithstanding the foregoing, we may require arbitration hearings to be held virtually, effective on notice to you. Unless we require virtual arbitration, you and we and its officers, directors, Owners and the Personal Guarantors do hereby agree and submit to personal jurisdiction in the State of Florida in connection with any arbitration hearings hereunder and any suits brought to enforce the decision of the Arbitrators, and do hereby waive any rights to contest venue and jurisdiction in the State of Florida and any claims that venue and jurisdiction are invalid.

21.6 **Powers of Arbitrators**. The authority of the Arbitrators will be limited to making a finding, judgment, decision and award relating to the interpretation of or adherence to the written provisions of this Agreement. The Federal Rules of Evidence (the "**Rules**") will apply to all arbitration hearings and the introduction of all evidence, testimony, records, affidavits, documents and memoranda in any arbitration hearing must comply in all respects with the Rules and legal precedents interpreting the Rules. Both parties will have the absolute right to cross-examine any person who testified against them or in favor of the other party. The Arbitrators will have no authority to add to, delete or modify in any manner the terms and provisions of this Agreement. All findings, judgments, decisions and awards of the Arbitrators will be limited to the dispute set forth in the written demand for arbitration, and the Arbitrators will have no authority to decide any other issues. We and you further agree that, in any arbitration proceeding, except for the Excluded Claims, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us and will not have the right to declare any Mark generic or otherwise invalid. Except as provided in Section 21.11, the Arbitrators will not have the right or authority to award punitive damages to either

us or you, our or your officers, directors, Owners and the Personal Guarantors, and you and we and their officers, directors, Owners and the Personal Guarantors expressly waive their rights to plead or seek punitive damages. All findings, judgments, decisions and awards by the Arbitrators will be in writing, will be made within 60 days after the arbitration hearing has been completed, and will be final and binding on you and us. The written decision of the Arbitrators will be deemed to be an order, judgment and decree and may be entered as such in any court of competent jurisdiction by either party. If, during the course of arbitration, either party fails to appear at a meeting or hearing duly scheduled in accordance with the Code of Procedure of the NAF, the Arbitrators will have the absolute right to enter a default judgment and resulting order against the party failing to appear.

21.7 **Disputes Not Subject to Mediation or Arbitration**. Notwithstanding Section 21.1 or Section 21.2, or anything to the contrary in this Agreement, we shall be entitled, without bond, to the entry of temporary, preliminary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement in any court of competent jurisdiction relating to: (a) your, and/or any of your owners, employees, officers, directors, and/or agent's use of the Marks; (b) the covenants not to compete and confidentiality covenants set forth in this Agreement; (c) your obligations upon termination or expiration of the franchise; (d) and/or transfer or assignment of you or the Gym. Further, the mediation and arbitration provisions set forth in this Agreement shall **not** apply to any of the following (each an "Excluded Claim" and collectively, the "Excluded Claims"): (i) any claim by us relating to your failure to pay any fee due to us under this Agreement; (ii) any claim by us relating to your or your owners', officers', directors', employees' or agents' failure to comply with the confidentiality and/or non-competition covenants set forth in this Agreement; (iii) any claim by us or any of our affiliates relating to your or your owners', employees', officers', directors' or agents' use of the System, Marks or Copyrights; and/or (iv) your obligations upon termination or expiration of this Agreement.

21.8 **No Collateral Estoppel or Class Actions**. All arbitration findings, conclusions, orders and awards made by the Arbitrators will be final and binding on you and we; however, such arbitration findings, conclusions, orders and awards may not be used to collaterally estop either you or we from raising any like or similar issue or defense in any subsequent arbitration, litigation, court hearing or other proceeding involving third parties, including other franchisees. You and we agree that no person or entity except you and we, and your and our respective officers, directors, owners and/or personal guarantors will have the right to join in, become a party, litigate or participate in any arbitration proceeding arising under this Agreement, and therefore, you and we specifically agree that the NAF and the Arbitrators appointed under the NAF procedural rules will not be authorized to permit class actions or to permit any other person or entity to be involved, participate, or be named as a litigating party in any arbitration proceeding or matter brought under this Agreement by you or we or your and our respective officers, directors, owners and/or personal guarantors.

21.9 **Confidentiality.** All evidence, testimony, records, documents, findings, decisions, judgments and awards pertaining to any arbitration hearing between you and us will be secret and confidential in all respects. Except as provided for in Section 21.6 or as may be required by law, You and we will not disclose the decision or award of the Arbitrators and will not disclose any evidence, testimony, records, documents, findings, orders, or other matters from the arbitration hearing to any person or entity except as required by law. Nothing herein will prevent either party from disclosing or using any information presented in any arbitration proceeding in any subsequent court hearing brought by either you or we pursuant to this Agreement.

21.10 **Federal Arbitration Act**. Any issue regarding arbitration will be governed by the Federal Arbitration Act and the federal common law of arbitration.

21.11 **Waiver of Punitive Damages. EXCEPT FOR YOUR OBLIGATIONS TO**

**INDEMNIFY US PURSUANT TO SECTION 18.4 OF THIS AGREEMENT AND CLAIMS FOR UNAUTHORIZED USE OF OUR MARKS, COPYRIGHTS OR CONFIDENTIAL INFORMATION OR YOU OR YOUR OWNERS', OFFICERS', DIRECTORS', EMPLOYEES' OR AGENTS' VIOLATION OF THE NONCOMPETITION COVENANTS, YOU AND WE EACH WAIVE TO THE FULL EXTENT PERMITTED BY LAW ANY RIGHT TO, OR CLAIM FOR, ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER. YOU AND WE ALSO AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN YOU AND US THAT ARE SUBJECT TO THE LIMITATION OR EXEMPTION OF PUNITIVE DAMAGES, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.**

21.12 **Limitations of Claims. ANY AND ALL CLAIMS ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP AMONG YOU AND US MUST BE MADE BY WRITTEN NOTICE TO THE OTHER PARTY WITHIN ONE (1) YEAR FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM (REGARDLESS OF WHEN IT BECOMES KNOWN); EXCEPT FOR CLAIMS ARISING FROM: (A) UNDER-REPORTING OF GROSS REVENUES; (B) UNDER-PAYMENT OF AMOUNTS OWED TO US OR OUR AFFILIATES; (C) CLAIMS FOR INDEMNIFICATION; AND/OR (D) UNAUTHORIZED USE OF THE MARKS OR COPYRIGHTS. HOWEVER, THIS PROVISION DOES NOT LIMIT THE RIGHT TO TERMINATE THIS AGREEMENT IN ANY WAY.**

21.13 **Governing Law**. **EXCEPT TO THE EXTENT THIS AGREEMENT OR ANY PARTICULAR DISPUTE IS GOVERNED BY THE U.S. TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §1051 AND THE SECTIONS FOLLOWING IT) OR OTHER FEDERAL LAW, THIS AGREEMENT AND THE FRANCHISE ARE GOVERNED BY FLORIDA LAW, EXCLUDING ANY LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP BETWEEN A FRANCHISOR AND FRANCHISEE, UNLESS THE JURISDICTIONAL REQUIREMENTS OF SUCH LAWS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION. ALL MATTERS RELATING TO ARBITRATION ARE GOVERNED BY THE FEDERAL ARBITRATION ACT.** References to any law or regulation also refer to any successor laws or regulations and any impending regulations for any statute, as in effect at the relevant time. References to a governmental agency also refer to any successor regulatory body that succeeds to the function of such agency.

21.14 **Jurisdiction. YOU AND WE CONSENT AND IRREVOCABLY SUBMIT TO THE JURISDICTION AND VENUE OF ANY STATE COURT OF COMPETENT JURISDICTION LOCATED IN DADE COUNTY, FLORIDA (FEDERAL COURT – SOUTHERN DISTRICT OF FLORIDA) AND WAIVE ANY OBJECTION TO THE JURISDICTION AND VENUE OF SUCH COURTS. THE EXCLUSIVE CHOICE OF JURISDICTION DOES NOT PRECLUDE ARBITRATION AS DESCRIBED IN THIS AGREEMENT OR THE BRINGING OF ANY ACTION BY THE PARTIES OR THE ENFORCEMENT BY THE PARTIES IN ANY JUDGMENT OBTAINED IN ANY SUCH JURISDICTION, IN ANY OTHER APPROPRIATE JURISDICTION OR THE RIGHT OF THE PARTIES TO CONFIRM OR ENFORCE ANY ARBITRATION AWARD IN ANY APPROPRIATE JURISDICTION.**

21.15 **Waiver of Jury Trial. YOU AND WE EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER YOU OR US.**

21.16 **Cumulative Remedies.** The rights and remedies provided in this Agreement are cumulative and neither you nor we will be prohibited from exercising any other right or remedy provided under this Agreement or permitted by law or equity.

21.17 **Costs and Attorneys' Fees.** If a claim for amounts owed by you to us or any of our affiliates is asserted in any legal or arbitration proceeding or if either you or we are required to enforce this Agreement in a judicial or arbitration proceeding, the party prevailing in such proceeding will be entitled to reimbursement of its costs and expenses, including reasonable accounting and attorneys' fees. Attorneys' fees will include, without limitation, reasonable legal fees charged by attorneys, paralegal fees, and costs and disbursements, whether incurred prior to, or in preparation for, or contemplation of, the filing of written demand or claim, action, hearing, or proceeding to enforce the obligations of the parties under this Agreement.

21.18 **Binding Effect.** This Agreement is binding on and will inure to the benefit of our successors and assigns. Except as otherwise provided in this Agreement, this Agreement will also be binding on your successors and assigns, and your heirs, executors and administrators.

21.19 **Entire Agreement.** This Agreement, including the introduction, addenda and exhibits to it, constitutes the entire agreement between you and us. There are no other oral or written understandings or agreements between you and us concerning the subject matter of this Agreement. Except as expressly provided otherwise in this Agreement, this Agreement may be modified only by written agreement signed by both you and us; except that this Agreement may be modified at our request regardless of your signature to such modifications if 60% of the then existing franchisees in our system vote in favor of the change we request. In such each, each 30 MINUTE HIT® Gym location will have one vote and any 30 MINUTE HIT® Gym locations owned by us or our affiliates will have one vote. If the vote is tied, we have cast the deciding vote. Upon the vote passing, the requested change becomes immediately binding on all 30 MINUTE HIT® Gym franchisees. However, nothing contained in this Section will limit your right to rely on statements made in our Franchise Disclosure Document.

21.20 **No Liability to Others; No Other Beneficiaries.** We will not, because of this Agreement or by virtue of any approvals, advice or services provided to you, be liable to any person or legal entity who is not a party to this Agreement. Except as specifically described in this Agreement, no other party has any rights because of this Agreement. The Franchisee acknowledges that other 30 MINUTE HIT® Gym franchisees have or will be granted franchises at different times, different locations, under different economic conditions and in different situations, and further acknowledges that the economics and terms and conditions of such other franchises may vary substantially in form and in substance from those contained in this Agreement.

21.21 **Construction.** The headings of the sections are for convenience only. If two or more persons are at any time Franchise owners hereunder, whether or not as partners or joint venturers, their obligations and liabilities to us are joint and several. This Agreement may be signed in multiple copies, each of which will be an original. "**A or B**" means "**A**" or "**B**" or both.

21.22 **Certain Definitions.** The term "**family member**" refers to parents, spouses, off-spring and siblings, and the parents and siblings of spouses. The term "**affiliate**" means any Business Entity directly or indirectly owned or controlled by a person, under common control with a person or controlled by a person. The terms "**franchisee, franchise owner, you and your**" are applicable to one or more persons, a Business Entity, as the case may be. The singular use of any pronoun also includes the plural and the masculine and neuter usages include the other and the feminine. The term "**person**" includes individuals and Business Entities. You and we are sometimes referred to

individually as a "**party**" and collectively as "**parties**." The term "**section**" refers to a section or subsection of this Agreement. The word "**control**" means the power to direct or cause the direction of management and policies. The word "**owner**" means any person holding a direct or indirect, legal or beneficial ownership interest or voting rights in another person (or a transferee of this Agreement or an interest in you), including any person who has a direct or indirect interest in you or this Agreement and any person who has any other legal or equitable interest, or the power to vest in himself any legal or equitable interest, in the revenue, profits, rights or assets. Where a measure of distance is indicated, the distance is measured as a straight-line shortest measure from such two points.

21.23 **Timing is of the Essence.** It will be a material breach of this Agreement to fail to perform any obligation within the time required or permitted by this Agreement. In computing time periods from one date to a later date, the words "**from**" and "**commencing on**" (and the like) mean "**from and including**"; and the words "**to**," "**until**" and "**ending on**" (and the like) mean "**to but excluding**." Indications of time of day mean Michigan time.

21.24 **Exercise of our Business Judgment.** We have the right, in our sole judgment to operate, develop and change the System in any manner that is not specifically prohibited by this Agreement. Whenever we have reserved in this Agreement a right to take or withhold an action, or to grant or decline to grant you a right to take or omit an action, we may, except as otherwise specifically provided in this Agreement, make our decision or exercise our rights based on the information readily available to us and our judgment of what is in our and/or our franchise network's best interests at the time our decision is made, regardless of whether we could have made other reasonable or even arguably preferable alternative decisions or whether our decision or the action we take promotes our financial or other individual interest.

21.25 **Electronic Mail.** You acknowledge and agree that exchanging information with us by e-mail is efficient and desirable for day-to-day communications and that we and you may utilize e-mail for such communications. You authorize the transmission of e-mail by us and our employees, vendors, and Affiliates ("**Official Senders**") to you during the Term. You further agree that (a) Official Senders are authorized to send e-mails to those of your employees as you may occasionally authorize for the purpose of communicating with us; (b) you will cause your officers, directors, and employees to give their consent to Official Senders' transmission of e-mails to them; (c) you will require such persons not to opt out or otherwise ask to no longer receive e-mails from Official Senders during the time that such person works for or is affiliated with you; and (d) you will not opt out or otherwise ask to no longer receive e-mails from Official Senders during the Term. The consent given in this Subsection will not apply to the provision of notices by either party under this Agreement using e-mail unless the parties otherwise agree in a written document manually signed by both parties.

## 22. NOTICES AND PAYMENTS.

All written notices and reports permitted or required under this Agreement or by the Manuals will be deemed delivered:

(a) two (2) business days after being placed in the hands of a commercial airborne courier service for next business day delivery; or

(b) three (3) business days after placement in the United States mail by certified mail, return receipt requested, postage prepaid.

All such notices must be addressed to the parties as follows:

If to Us: 30 MINUTE HIT USA, LLC
2221 North East 164th Street, Suite 252
North Miami Beach, Florida 33160
Attention: Jackson Loychuk
Franchise Department

If to You: _____
_____
_____
Attention: _____

Either you or we may change the address for delivery of all notices and reports and any such notice will be effective within ten (10) business days of any change in address. Any required payment or report not actually received by us during regular business hours on the date due (or postmarked by postal authorities at least two (2) days prior to such date, or in which the receipt from the commercial courier service is not dated prior to two (2) days prior to such date) will be deemed delinquent.

You have applied for a franchise to own and operate a 30 MINUTE HIT® Gym. We are willing to grant you the right to operate a 30 Minute Hit® Gym under the terms of this Agreement.

## 23. REPRESENTATIONS AND WARRANTIES

23.1 **Acknowledgments.** You acknowledge and agree that:

(a) you have read this Agreement and its exhibits, and our Franchise Disclosure Document and its exhibits;

(b) you understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain our high standards of quality and service and the uniformity of those standards at each 30 MINUTE HIT® Gym and to protect and preserve the System, Copyrights and goodwill of the Marks;

(c) you have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that, like any other business, the nature of the business conducted by a 30 MINUTE HIT® Gym may evolve and change over time;

(d) an investment in a 30 MINUTE HIT® Gym involves business risks and that your business abilities and efforts are vital to the success of the venture;

(e) any information you acquire from other 30 MINUTE HIT® Gym franchisees relating to their sales, profits or cash flows does not constitute information obtained from us, nor do we make any representation as to the accuracy of any such information;

(f) in all of their dealings with you, our officers, directors, employees and agents act only in a representative, and not in an individual capacity. All business dealings between you and such persons as a result of this Agreement are solely between you and us; and

(g) we have advised you to have this Agreement reviewed and explained to you by an attorney.

23.2 **Representations.** You represent to us, as an inducement to our entry into this Agreement,

(a) all statements you have made and all materials you have submitted to us in connection with your purchase of the franchise are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the franchise;

(b) you will comply with and/or assist us to the fullest extent possible in our efforts to comply with Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war (the "**Anti-Terrorism Laws**");

(c) neither you nor any of your owners, employees, agents, property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that neither you nor they are otherwise in violation of any of the Anti-Terrorism Laws; and

(d) you have read, in their entirety, this Agreement and its exhibits, and the Franchise Disclosure Document and its exhibits.

We have approved your request to purchase a Franchise to operate a 30 MINUTE HIT® Gym in reliance on all of your representations.

23.3 **No Warranties**. We expressly disclaim the making of, and you acknowledge that you have not received or relied upon, any warranty or guaranty, express or implied, as to the revenues, sales, profits or success of the business venture contemplated by this Agreement or the extent to which we will continue to develop and expand the network of 30 MINUTE HIT® Gyms. You acknowledge and understand the following:

(a) any statement regarding the potential or probable revenues, sales or profits of the business venture are made solely in the Franchise Disclosure Document delivered to you prior to signing this Agreement;

(b) any statement regarding the potential or probable revenues, sales or profits of the business venture or statistical information regarding any existing 30 MINUTE HIT® Gym owned by us or our affiliates, or that is not contained in our Franchise Disclosure Document, is unauthorized, unwarranted and unreliable and should be reported to us immediately; and

(c) you have not received or relied on any representations about us or our franchising program or policies made by us, or our officers, directors, employees or agents, that are contrary to the statements made in our Franchise Disclosure Document or to the terms of this Agreement. If there are any exceptions to any of the foregoing, you agree to: (i) immediately notify our President; and (ii) note such exceptions by attaching a statement of exceptions to this Agreement prior to signing it.

23.4 **Business Organization.** If you are, at any time, a business organization (like a corporation, limited liability company or partnership) ("**Business Entity**"), you agree and represent that:

(a) you have the authority to execute, deliver and perform your obligations under this Agreement and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation;

(b) your organizational or governing documents will recite that the issuance and transfer of any ownership interests in you are restricted by the terms of this Agreement, and all

certificates and other documents representing ownership interests in you will bear a legend referring to the restrictions of this Agreement;

(c) the Principal Owner's Statement will completely and accurately describe all of your owners and their interests in you (a copy of our current form of Principal Owner's Statement is attached as an exhibit to our Franchise Disclosure Document);

(d) you and your owners agree to revise the Principal Owner's Statement, as may be necessary, to reflect any ownership changes and to furnish such other information about your organization or formation as we may request (no ownership changes that reduce your ownership below fifty-one percent (51%) may be made without our approval);

(e) a Principal Owner of the Business Entity (defined as a person with ownership of at least ten percent (10%) of its voting securities) must: (i) have a sufficient amount of experience in managing and operating full service Gyms (in terms of duration, operational responsibilities, previous training, etc.) as a Gym Manager or in a similar supervisory position to demonstrate to us that he/she is capable of managing a Gym; (ii) have management responsibility and authority over the "**Gym"** (defined as your 30 MINUTE HIT® Gym) on a day-to-day basis; (iii) be actively employed on a full-time basis to manage the Gym's operations; (iv) be bound by our then-current form of Confidentiality, Non-Solicitation and Non-Competition Agreement (See Exhibit "B"); and (v) satisfactorily complete our Owner Training program and any other training programs we request during the Term (defined in Section 2.3);

(f) each of your Principal Owners, during the term of this Agreement, will sign and deliver to us our standard form of Principal Owner's Guaranty ("**Owner's Guaranty**") undertaking to be bound jointly and severally by all provisions of this Agreement and any other agreements between you and us. A copy of our current form of Principal Owner's Guaranty is attached as an exhibit to our Franchise Disclosure Document; and

(g) at our request, you will furnish true and correct copies of all documents and contracts governing the rights, obligations and powers of your owners and agents, These documents and contracts include, but are not limited to, Articles of Incorporation or organization and partnership, operating or shareholder agreements and the like.

***The next page is the signature page.***

Intending to be bound, you and we sign and deliver this Agreement in two (2) counterparts effective on the Agreement Date, regardless of the actual date of signature.

"**US**":

**30 MINUTE HIT USA, LLC**

By:_____
Name: Deanna Loychuk
Title:_____
Date:_____

"**YOU**":

_____

By:_____
Name:_____
Title:_____
Date:_____

_____
[*Business Entity Name*]

By:_____
Name:_____
Title:_____
Date:_____

**EXHIBIT "A"**
**TO THE**
**30 MINUTE HIT USA, LLC FRANCHISE AGREEMENT**
**DATED _____, 20___**
**WITH**

**_____**
**(Name of Franchise Owner)**

**Grand Opening Advertising Fees**. You must spend at least $3,000 in Grand Opening Advertising Fees on your grand opening advertising and promotional program.

**Designated Area**. The Designated Area for your 30 MINUTE HIT® Gym is as follows:

_____

_____

☐ To be designated after selection of Site.

**Site Selection Area**. The Site Selection Area for your 30 MINUTE HIT® Gym (as referenced in Section 2.1) is as follows:

_____

_____

☐ To be designated within 30 days of signing the Franchise Agreement.

**Site**. The address of your approved Site is:

_____

_____

☐ To be designated within 12 months of signing the Franchise Agreement.

**Royalty**. Currently, your Royalty is based on your Gross Sales "Tier" (not the percentage based formula in Section 6.2 of the Franchise Agreement): Tier 1: under $100,000 = $500/month; Tier 2: $100,001 to $200,000 = $600/month; Tier 3: $200,001 to $300,000 = $700/month; Tier 4: $300,001 to $400,000 = $800/month; and Tier 5: $400,001+ = $900/month.

**Current System Fund Fees**. $0 per month.

**Initial Equipment**. ☐ List of Initial Equipment items to be attached)

**FRANCHISE OWNER:**

By:_____
Name:_____
Title:_____
Date:_____

**30 MINUTE HIT USA, LLC:**

By:_____
Name:_____
Title:_____
Date:_____

**LIST OF INITIAL EQUIPMENT**

- 900 square feet of interlock mats - sent directly from wholesaler
- 5 #7 kicking shields mounted onto boards
- 1 rectangular kicking shield mounted onto board
- 1 rectangular kicking shield
- 2 exercise mats 1.5"x 24" x48"
- 2 Fitness exercise balls 65cm
- 1 inflating pump 12"
- 1 leather medicine ball 6-8lbs
- 1 leather medicine ball 9-11lbs
- 1 leather medicine ball 15-18lbs
- 1 short heavy bag 60lb
- 5 skipping ropes
- 1 BOB with base
- 1 roundhouse bag with base and foam collar
- Laminated level signs for the circuit
- 5 Powder Coated Steel Stands and one pole for roundhouse

**EXHIBIT "B" TO THE**
**30 MINUTE HIT USA, LLC FRANCHISE AGREEMENT DATED _, 20___ WITH**

**_____**
**(Name of Franchise Owner)**

**CONFIDENTIALITY, NON-SOLICITATION AND NON-COMPETITION AGREEMENT**

**THIS CONFIDENTIALITY,NON-SOLICITATION AND NON-COMPETITION AGREEMENT** (this "**Agreement**") is effective as of _____, 20___, between_____, a ___ (**we**," "**us**," "**our**" or "**Franchisee**") and contractor of ours, and _____ ("**you**" or "**your**"), an employee or independent

**BACKGROUND INFORMATION**:

We have entered into a Franchise Agreement (the "**Franchise Agreement**") with 30 MINUTE HIT USA, LLC, a Florida Limited Liability Company (the "**Franchisor**") to operate a 30 MINUTE HIT® Gym (the "Gym") at _____ (the "Site"). The Gym specializes in offering a high intensity circuit training program known as the "30 Minute Hit" program, which includes high intensity circuit training workouts comprised of boxing, kickboxing, and core strengthening exercises, in a distinctive and innovative environment and is operated pursuant to formats, specifications, standards methods and procedures prescribed or approved by the Franchisor (the "**System**"). We possess or have access to certain confidential information, consisting of location selection criteria; the System; the operations manuals; other proprietary materials; the sales and marketing techniques used, knowledge of and experience in developing and operating a 30 MINUTE HIT® Gym; customer information; marketing and advertising programs; knowledge of specifications for and suppliers of certain goods, services, furniture, fixtures, equipment, software, furnishings and signs, materials and supplies, certain of which the Franchisor licenses to us or which are developed by us under the Franchise Agreement but are owned by the Franchisor (the "**Confidential Information**").

You understand that the System and Confidential Information are the Franchisor's proprietary, trade secrets and are confidential. You acknowledge that we and the Franchisor have provided you with specialized and extensive training regarding the Gym and that we have developed extensive customer goodwill. We have an obligation under our Franchise Agreement to maintain the Confidential Information as secret and confidential. You represent to us and the Franchisor that you have other skills that you can utilize if, for any reason, your relationship with us ends.

**OPERATIVE TERMS**:

Accordingly, you and we agree as follows:

1. **Confidentiality.** You will (a) not use the Confidential Information in any other Gym or capacity; (b) maintain the absolute confidentiality of the Confidential Information during and after the term of the Franchise Agreement and your employment by, or association with, us; (c) not make unauthorized copies of any portion of the Confidential Information disclosed in written form; and (d) comply with all procedures we prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information.

2. **Competitive Restrictions.** During the time that you are associated with us, as an employee or independent contractor and for 2 years afterwards, unless we and the Franchisor otherwise permit in writing and except on our behalf, neither you nor any of your owners will:

(a) have any direct or indirect interest (e.g., through a spouse or child) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, member, manager, representative or agent or in any other capacity in any business or facility owning, operating, managing, or granting franchises or licenses to others to do so, or in any business (other than a 30 MINUTE HIT® Gym operated under a franchise agreement with Franchisor) (a "**Competitive Business**") operating:

(i) at the Site;

(ii) within 25 miles of the Site;

(iii) at any other site for any other 30 MINUTE HIT® Gym in operation or under construction on the later of the effective date of the termination or expiration of your employment or the date on which you comply with such restrictions; or

(iv) within 25 miles of any other 30 MINUTE HIT® Gym in operation or under construction on the later of the effective date of the termination or expiration of your employment or the date on which you comply with such restrictions (see Section 5 below).

(b) on behalf of yourself or any other person, or in any capacity associated with any other person or entity, solicit, divert, take away, or interfere with any of the business, customers, clients, vendors, suppliers, franchisees or contractors of ours or the Franchisor, our or its affiliates or any of its franchisees as may exist during the term of this Agreement or thereafter.

3. **Severability and Substitution.** You acknowledge and agree that these competitive restrictions will not unreasonably deprive you of your ability to earn a living or engage other business activities. You and we agree that: (a) the time period, geographic area, and scope of the competitive restrictions contained in this Agreement are reasonably necessary to protect our localized efforts and the Franchisor's efforts to develop 30 MINUTE HIT® Gyms throughout the U.S.; and (b) to the extent that any portion of this Agreement is deemed unenforceable by virtue of its scope, area, 30 MINUTE HIT® Gym activity, or duration, but may be made enforceable by modifying any or all thereof; this Agreement will be enforced to the fullest extent permissible under the laws or public policies of the jurisdiction in which enforcement is sought, and such modified provision will be enforced to the fullest extent.

4. **Extension of Time Period.** The time period during which you are to refrain from any of the activities listed in this Agreement will be automatically extended by any length of time during which you or any of your affiliates, successors or assigns are in breach of any provision of this Agreement. This Agreement will continue through the duration of the extended time periods.

5. **Suspension of Compensation.** We will not be required to pay any other compensation to you during any period of time in which you are in breach of this Agreement. Upon such breach, you forfeit payment of such amounts without limitation on any other remedies available to us for redress.

6. **No Defense or Setoff.** You must not assert, by way of defense or setoff, any alleged breach or damage caused by you if we must enforce this Agreement against you.

7. **Injunctive Relief.** You and we agree that the breach of this Agreement will result in irreparable harm to us or the Franchisor, and that no monetary award can fully compensate us or the Franchisor if you violate it. Thus, if you breach this Agreement, you agree that we will be entitled to an injunction restraining you from any further breach. Such injunctive relief may be obtained without bond, but upon due notice, in addition to such other and further remedies or relief as may be available to us or the Franchisor at equity or law.

8. **Relationship.** This Agreement governs only certain aspects of your relationship with us. The terms and conditions of your employment or provision of services for us remain the same as they have been prior to the date of this Agreement, or as established afterwards. By entering into this Agreement, neither you nor we are committing to employ or engage the other, or to work for the other for any period of time or under any new or different terms and conditions. If you are an employee, this Agreement does not change your status as "at will."

9. **Miscellaneous.**

(a) **Complete Agreement:** This Agreement contains the complete agreement between the parties concerning this subject matter. This Agreement supersedes any prior or contemporaneous agreement, representation or understanding, oral or written, between them. The continued relationship between the parties described in this Agreement constitutes full and sufficient consideration for the binding commitment of the parties to this Agreement.

(b) **Waiver and Amendment:** A waiver or amendment of this Agreement, or any provision of it, will be valid and effective only if it is in writing and signed by all parties or the party waiving such provision. No waiver of any term of this Agreement will operate as a waiver of any other term of this Agreement or of that same term at any other time.

(c) **Rights Cumulative:** No right or remedy available to any party is exclusive of any other remedy. Each and every remedy will be cumulative to any other remedy given under this Agreement, or otherwise legally existing upon the occurrence of a breach of this Agreement.

10. **Certain Definitions:** As used throughout this Agreement, the following terms have the following meanings:

(a) The term "**Competitive Business**" as used in this Agreement "Competitive Business" is any business or facility owning, operating or managing, or granting franchises or licenses to others to do so, any physical fitness, self-defense, kickboxing, mixed martial arts, martial arts products or services, or any similar products or services to those then offered by a 30 MINUTE HIT® Gym (other than a 30 MINUTE HIT® Gym operated under a Franchise Agreement with us).

(b) The term "**person**" means any corporation, professional corporation or association, partnership (limited or general), joint venture, trust, association or other entity or enterprise or any natural person.

(c) The term "**affiliate**" means, with respect to any person, any other person that directly, indirectly, or through one or more intermediaries, controls, is controlled by or is under common control with, such person, and includes any subsidiaries or other entities that are beneficially owned by such person or its affiliates.

(d) The term "**attorney's fees**" means any and all charges levied by an attorney for his services, including time charges, expenses and other reasonable fees including paralegal fees and legal assistant fees, and includes fees earned in settlement, at trial, on appeal or in bankruptcy proceedings.

11. **Attorneys' Fees.** In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Agreement, the prevailing party will be entitled to full reimbursement of its litigation or arbitration expenses from the other party. Litigation or arbitration expenses include attorneys' fees, costs, arbitration fees, expert witness fees and other related expenses including paralegal fees, travel and lodging expenses and court and arbitration filing costs. Reimbursement is due within 30 days of written notice after determination.

12. **Governing Law.** This Agreement is governed by the law of the state where the 30 MINUTE HIT® GYM is located.

13. **Third Party Beneficiary.** The parties understand and acknowledge that the Franchisor is a third-party beneficiary of the terms of this Agreement and, at its option, may enforce the provisions of this Agreement against you. Your obligations under this Agreement will continue for the benefit of our and the Franchisor's successors and assigns.

14. **Survival.** The provisions of this Agreement survive any termination of the Franchise Agreement or the relationship between you and us.

15. **Background Information.** The background information is true and correct and is

incorporated into this Agreement. This Agreement will be interpreted with reference to the background information,

Intending to be bound, the parties sign below:

**THE "FRANCHISEE":** **"YOU":**

_____ _____

By:_____
Name:_____ Name:_____
Its: _____ Date:_____
Date:_____

**EXHIBIT "C" TO THE**
**30 MINUTE HIT USA, LLC FRANCHISE AGREEMENT**
**DATED _____, 20___ WITH**

**_____**
**(Name of Franchise Owner)**

**ADDENDUM TO FRANCHISE AGREEMENT**

**THIS ADDENDUM** ("Addendum") is made and entered into on _____, 20____, by and between 30 MINUTE HIT USA, LLC ("Franchisor") located at 2221 NORTH EAST 164TH STREET, NORTH MIAMI BEACH, FL 33160, and _____ ("Franchisee"), located at _____.

Franchisor and Franchisee entered into a Franchise Agreement on _____, 20____ (such Agreement, together with any amendments, the "Franchise Agreement"). Franchisee is applying for financing(s) from a lender in which funding is provided with the assistance of the U.S. Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge the parties agree that notwithstanding any other terms in the Franchise Agreement or any other document Franchisor requires Franchisee to sign:

**CHANGE OF OWNERSHIP**

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor's consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee Franchisee.

**FORCED SALE OF ASSETS**

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchisee location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the franchise term (excluding additional renewals) for fair market value.

[1] While relationships established under license, jobber, dealer and similar agreements are not generally described as "franchise" relationships, if such relationships meet the Federal Trade Commission's (FTC's) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).

**COVENANTS**

- If the Franchisee owns the real estate where the franchisee location is operating, Franchisor has not and will not during the term of the Franchise agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Franchisee's real estate, they must be removed in order for the Franchisee to obtain SBA-assisted financing.

**EMPLOYMENT**

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees. For temporary personnel franchises, the temporary employees will be employed by the Franchisee not the Franchisor.

As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 – 3733.

**Authorized Representative of FRANCHISOR**

By:_____

Print Name:_____

Title:_____

**Authorized Representative of FRANCHISEE**

By:_____

Print Name:_____

Title:_____

**Note to Parties**: This Addendum only addresses "affiliation" between the Franchisor and Franchisee. Additionally, the applicable Franchisee and the franchise system must meet all SBA requirements.

**EXHIBIT C TO THE DISCLOSURE DOCUMENT**

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**CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS**

**AND LISTINGS**

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## CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS

THIS CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS (this "**Assignment**") is effective as of 20, between 30 Minute Hit USA, LLC, a Florida limited liability company, with its principal place of business _____ ("**we**," "**us**" or "**our**") and _____whose current place of business is _____ ("**you**" or "**your**"). You and we are sometimes referred to collectively as the "parties" or individually as a "party".

## BACKGROUND INFORMATION:

We have simultaneously entered into the certain Franchise Agreement (the "**Franchise Agreement**") dated as of with you, pursuant to which you plan to own and operate a 30 MINUTE HIT® Gym (the "**Gym**"). 30 MINUTE HIT® Gyms use certain proprietary knowledge, procedures, formats, systems, forms, printed materials, applications, methods, specifications, standards and techniques authorized or developed by us (collectively the "**System**"). We identify 30 MINUTE HIT® Gyms and various components of the System by certain trademarks, trade names, service marks, trade dress and other commercial symbols (collectively the "**Marks**"). In order to protect our interest in the System and the Marks, we will have the right to control the telephone numbers and listings of the Gym if the Franchise Agreement is terminated.

## OPERATIVE TERMS:

You and we agree as follows:

1. **Background Information.** The background information is true and correct. This Assignment will be interpreted by reference to the background information. Terms not otherwise defined in this Assignment will have the meanings as defined in the Franchise Agreement.

2. **Conditional Assignment.** You assign to us, all of your right, title and interest in and to those certain telephone numbers and regular, classified or other telephone directory listings (collectively, the "**Numbers and Listings**") associated with the Marks and used from time to time in connection with the operation of the Gym. We will have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment, unless we notify the telephone company and/or the listing agencies with which you have placed telephone directory listings (collectively, the "**Telephone Company**") to effectuate the assignment of the Numbers and Listings to us. Upon termination or expiration of the Franchise Agreement we will have the right and authority to ownership of the Numbers and Listings. In such event, you will have no further right, title or interest in the Numbers and Listings and will remain liable to the Telephone Company for all past due fees owing to the Telephone Company on or before the date on which the assignment is effective. As between us and you, upon termination or expiration of the Franchise Agreement, we will have the sole right to and interest in the Numbers and Listings.

3. **Power of Attorney.** You irrevocably appoint us as your true and lawful attorney-in-fact to: (a) direct the Telephone Company to effectuate the assignment of the Numbers and Listings to us; and (b) sign on your behalf such documents and take such actions as may be necessary to effectuate the assignment. Notwithstanding anything else in the Assignment, however, you will immediately notify and instruct the Telephone Company to effectuate the assignment described in this Assignment to us when, and only when: (i) the Franchise Agreement is terminated or expires; and (ii) we instruct you to so notify the Telephone Company. If you fail to promptly direct the Telephone Company to effectuate the assignment of the Numbers and Listings to us, we will direct the Telephone Company to do so. The Telephone Company may accept our written direction, the Franchise Agreement or this Assignment as conclusive proof of our exclusive rights in and to the Numbers and Listings upon such termination or expiration. The assignment will become immediately and automatically effective upon Telephone Company's receipt of such notice from you or us. If the Telephone Company requires that you and/or we sign the Telephone Company's assignment forms or other documentation

at the time of termination or expiration of the Franchise Agreement, our signature On such forms or documentation on your behalf will effectuate your consent and agreement to the assignment. At any time, you and we will perform such acts and sign and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Agreement. The power of attorney conferred upon us pursuant to the provisions set forth in this Assignment is a power coupled with an interest and cannot be revoked, modified or altered without our consent.

4. **Indemnification.** You will indemnify and hold us and our affiliates, stockholders, directors, officers and representatives (collectively, the "**Indemnified Parties**") harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys' fees, costs and expenses that any of the Indemnified Parties incur as a result of any claim brought against any of the Indemnified Parties or any action which any of the Indemnified Parties are named as a party or which any of the Indemnified Parties may suffer, sustain or incur by reason of, or arising out of, your breach of any of the terms of any agreement or contract or the nonpayment of any debt you have with the Telephone Company.

5. **Binding Effect.** This Assignment is binding upon and inures to the benefit of the parties and their respective successors-in-interest, heirs, and successors and assigns.

6. **Assignment to Control.** This Assignment will govern and control over any conflicting provision in any agreement or contract which you may have with the Telephone Company.

7. **Attorney's Fees, Etc..** In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Assignment or the enforcement thereof, the prevailing party will be entitled to reimbursement of its attorneys' fees, costs and expenses from the non-prevailing party. The term "attorneys' fees" means any and all charges levied by an attorney for his or her services including time charges and other reasonable fees including paralegal fees and legal assistant fees and includes fees earned in settlement, at trial, appeal or in bankruptcy proceedings and/or in arbitration proceedings.

8. **Severability.** If any of the provisions of this Assignment or any section or subsection of this Assignment is held invalid for any reason, the remainder of this Assignment or any such section or subsection will not be affected, and will remain in full force and effect in accordance with its terms.

9. **Governing Law and Forum**. This Assignment is governed by Florida law. The parties will not institute any action against any of the other parties to this Assignment except in the state or federal courts of general jurisdiction in Dade County, Florida, and they irrevocably submit to the jurisdiction of such courts and waive any objection they may have to either the jurisdiction or venue of such court.

| **ASSIGNOR:** | **ASSIGNEE:** |
|---|---|
| **FRANCHISEE** | **30 Minute Hit USA, LLC** |
| By:_____ | By:_____ |
| Name:_____ | Name:_____ |
| Title:_____ | Title:_____ |
| Date:_____ | Date:_____ |

THIS CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS is accepted and agreed to by:

_____
(TELEPHONE COMPANY)

By:_____ Name:
Its:_____ Date:

**EXHIBIT D TO THE DISCLOSURE DOCUMENT**

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**FORM OF**

**CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE**

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## CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE

THIS CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE (this "**Assignment**") is made, entered into and effective as of the effective date of the Lease (as defined hereinbelow), by, between and among 30 Minute Hit USA, LLC, with its principal business address located at 2221 North East 164th Street, Suite 252, North Miami Beach, Florida 33160 (the "**Franchisor**"), and _____, whose current principal place of business is _____ (the "**Franchisee**").

## BACKGROUND INFORMATION

The Franchisor entered into that certain Franchise Agreement (the "**Franchise Agreement**") dated as of _____, 20____ with the Franchisee, pursuant to which the Franchisee plans to own and operate a 30 MINUTE HIT® Gym (the "**Gym**") located at _____ _____ (the "**Site**"). In addition, pursuant to that certain Lease Agreement (the "**Lease**"), the Franchisee has leased or will lease certain space containing the Gym described therein from _____ _____(the "**Lessor**"). The Franchise Agreement requires the Franchisee to deliver this Assignment to the Franchisor as a condition to the grant of a franchise.

## OPERATIVE TERMS

The Franchisor and the Franchisee agree as follows:

1. **Background Information**. The background information is true and correct. This Assignment will be interpreted by reference to, and construed in accordance with, the background information.

2. **Incorporation of Terms**. Terms not otherwise defined in this Assignment have the meanings as defined in the Lease.

3. **Indemnification of Franchisor**. The Franchisee agrees to indemnify and hold the Franchisor and its affiliates, stockholders, directors, officers and representatives harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys' fees, costs and expenses, that they incur resulting from any claim brought against any of them or any action which any of them are named as a party or which any of them may suffer, sustain or incur by reason of, or arising out of, the Franchisee's breach of any of the terms of the Lease, including the failure to pay rent or any other terms and conditions of the Lease.

4. **Assignment**. The Franchisee grants to the Franchisor a security interest in and to the Lease, all of the furniture, fixtures, inventory and supplies located in the Site and the franchise relating to the Gym, and all of the Franchisee's rights, title and interest in and to the Lease as collateral for the payment of any obligation, liability or other amount owed by the Franchisee or its affiliates to the Lessor arising under the Lease and for any default or breach of any of the terms and provisions of the Lease, and for any default or breach of any of the terms and provisions of the Franchise Agreement. In the event of a breach or default by the Franchisee under the terms of the Lease, or, in the event the Franchisor makes any payment to the Lessor as a result of the Franchisee's breach of the Lease, then such payment by the Franchisor, or such breach or default by the Franchisee, shall at Franchisor's option be deemed to be an immediate default under the Franchise Agreement, and the Franchisor shall be entitled to the possession of the Site and to all of the rights, title and interest of the Franchisee in and to the Lease and to all other remedies described

herein or in the Franchise Agreement or at law or in equity, without prejudice to any other rights or remedies of the Franchisor under any other Agreements or under other applicable laws or equities. This Assignment shall constitute a lien on the interest of the Franchisee in and to the Lease until satisfaction in full of all amounts owed by the Franchisee to the Franchisor. In addition, the rights of the Franchisor to assume all obligations under the Lease provided in this Assignment are totally optional on the part of the Franchisor, to be exercised in its sole discretion. Franchisee agrees to execute any and all Uniform Commercial Code financing statements and all other documents and instruments deemed necessary by Franchisor to perfect or document the interests and assignments granted herein.

5. **No Subordination**. The Franchisee shall not permit the Lease to become subordinate to any lien without first obtaining Franchisor's written consent, other than the lien created by this Assignment, the Franchise Agreement, the Lessor's lien under the Lease, liens securing bank financing for the operations of Franchisee on the Site and the agreements and other instruments referenced herein. The Franchisee will not terminate, modify or amend any of the provisions or terms of the Lease without the prior written consent of the Franchisor. Any attempt at termination, modification or amendment of any of the terms without such written consent is null and void.

6. **Exercise of Remedies**. In any case of default by the Franchisee under the terms of the Lease or under the Franchise Agreement, the Franchisor shall be entitled to exercise any one or more of the following remedies in its sole discretion:

(a) to take possession of the Site, or any part thereof, personally, or by its agents or attorneys;

(b) to, in its discretion, without notice and with or without process of law, enter upon and take and maintain possession of all or any part of the Site, together with all furniture, fixtures, inventory, books, records, papers and accounts of the Franchisee;

(c) to exclude the Franchisee, its agents or employees from the Site;

(d) as attorney-in-fact for the Franchisee, or in its own name, and under the powers herein granted, to hold, operate, manage and control the Gym and conduct the business, if any, thereof, either personally or by its agents, with full power to use such measures, legally rectifiable, as in its discretion may be deemed proper or necessary to cure such default, including actions of forcible entry or detainer and actions in distress of rent, hereby granting full power and authority to the Franchisor to exercise each and every of the rights, privileges and powers herein granted at any and all times hereafter;

(e) to cancel or terminate any unauthorized agreements or subleases entered into by the Franchisee, for any cause or ground which would entitle the Franchisor to cancel the same;

(f) to disaffirm any unauthorized agreement, sublease or subordinated lien, to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements to the Site or the Site that may seem judicious, in the sole discretion of the Franchisor; and

(g) to insure and reinsure the same for all risks incidental to the Franchisor's possession, operation and management thereof; and/or

(h) notwithstanding any provision of the Franchise Agreement to the contrary, to declare all of the Franchisee's rights but not obligations under the Franchise Agreement to be immediately terminated as of the date of the Franchisee's default under the Lease.

7. **Power of Attorney**. The Franchisee does hereby appoint irrevocably the Franchisor as its true and lawful attorney-in-fact in its name and stead and hereby authorizes it, upon any default under the Lease or under the Franchise Agreement, with or without taking possession of the Site, to rent, lease, manage and operate the Site to any person, firm or corporation upon such terms and conditions in its discre- tion as it may determine, and with the same rights and powers and immunities, exoneration of liability and rights of recourse and indemnity as the Franchisor would have upon taking possession of the Site pursuant to the provisions set forth in the Lease. The power of attorney conferred upon the Franchisor pursuant to this Assignment is a power coupled with an interest and cannot be revoked, modified or altered without the written consent of the Franchisor.

8. **Election of Remedies**. It is understood and agreed that the provisions set forth in this Assignment are deemed a special remedy given to the Franchisor and are not deemed to exclude any of the remedies granted in the Franchise Agreement or any other agreement between the Franchisor and the Franchisee, but are deemed an additional remedy and shall be cumulative with the remedies therein and elsewhere granted to the Franchisor, all of which remedies are enforceable concurrently or successively. No exercise by the Franchisor or any of the rights hereunder will cure, waiver or affect any default hereunder or default under the Franchise Agreement. No inaction or partial exercise of rights by the Franchisor will be construed as a waiver of any of its rights and remedies and no waiver by the Franchisor of any such rights and remedies shall be construed as a waiver by the Franchisor of any future rights and remedies.

9. **Binding Agreements**. This Assignment and all provisions hereof shall be binding upon the Franchisor and the Franchisee, their successors, assigns and legal representatives and all other persons or entities claiming under them or through them, or either of them, and the words “Franchisor” and “Franchisee” when used herein shall include all such persons and entities and any others liable for payment of amounts under the Lease or the Franchise Agreement. All individuals executing on behalf of corporate entities hereby represent and warrant that such execution has been duly authorized by all necessary corporate and shareholder authorizations and approvals.

10. **Assignment to Control**. This Assignment governs and controls over any conflicting provisions in the Lease.

11. **Attorney's Fees, Etc**. In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Assignment, the prevailing party will be entitled to recover its attorneys' fees, costs and expenses relating to any trial or appeal (including, without limitation, paralegal fees) or arbitration or bankruptcy proceeding from the non-prevailing Party.

12. **Severability**. If any of the provisions of this Assignment or any section or subsection of this Assignment shall be held invalid for any reason, the remainder of this Assignment or any such section or subsection will not be affected thereby and will remain in full force and effect in accordance with its terms.

IN WITNESS WHEREOF, the Parties have caused this Assignment to be executed as of the day and year first above written.

**THE "FRANCHISEE":**

_____

**THE "FRANCHISOR":**

**30 Minute Hit USA, LLC**

By:_____
Name:_____
Title:_____
Date:_____

By:_____
Name:_____
Title:_____
Date:_____

**EXHIBIT E TO THE DISCLOSURE DOCUMENT**

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**FORM OF**

**AGREEMENT TO LEASE**

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## AGREEMENT TO LEASE

THIS AGREEMENT TO LEASE (this "**Agreement**") is made, entered into and effective on _____, 20_____ (the "**Effective Date**") by: _____, a _____ _____ , whose current business address is _____ (the "**Franchisee**"), for the benefit of 30 Minute Hit USA, LLC, a Florida limited liability company, whose current business address is 2221 North East 164th Street, Suite 252, North Miami Beach, Florida 33160 (the "**Franchisor**").

## BACKGROUND INFORMATION:

The Franchisee entered into that certain Franchise Agreement (the "**Franchise Agreement**") dated as of _____, 20_____, with the Franchisor, pursuant to which the Franchisee will own and operate a 30 MINUTE HIT® Gym (the "**Gym**"). The Gym is, or will be, located at _____ the ("**Premises**"). The Franchisee, or _____, its affiliate (the "**Affiliate**"), owns the Premises.

## OPERATIVE TERMS:

The Franchisee and the Franchisor agree as follows:

1. **Background Information**. The background information is true and correct, and is incorporated in this Agreement by reference.

2. **Lease**. If the Franchise Agreement is terminated, assigned, or transferred in any manner whatsoever (or deemed to have been under the Franchise Agreement) (a "**Triggering Event**"), then, at the Franchisor's option, the Franchisee or the Affiliate will enter into a written lease with the Franchisor (in substantially the form attached as Exhibit "A" (the "**Lease**"). Any changes to the form of the Lease or any addendum or modification to it will not be effective unless it has been previously approved by the Franchisor.

3. **Binding Agreements**. This Agreement and all its provisions are binding upon the Franchisor, the Affiliate and the Franchisee; and their successors, assigns and legal representatives. The words "Affiliate," "Franchisor" and "Franchisee" when used in this Agreement include all such persons and entities and any others liable for payment of amounts under the Lease or the Franchise Agreement. All individuals signing on behalf of corporate entities represent and warrant that such signatures are duly authorized by all necessary corporate and shareholder authorizations and approvals.

4. **Severability**. If any part(s) of this Agreement are held invalid for any reason, the remainder of this Agreement will not be affected and will remain in full force and effect in accordance with its terms.

5. **Governing Law**. This Agreement is governed by Florida law.

6. **Dispute Resolution**. All parties agree that all unresolved disputes concerning this Agreement must be submitted to mediation and/or arbitration as required by the Franchise Agreement. All terms concerning the resolution of disputes contained in the Franchise Agreement are incorporated into this Agreement (including reimbursement of attorneys' fees, jurisdiction and venue, etc.).

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

WITNESSES:

_____
Print Name: _____

_____
Print Name: _____

_____
Print Name: _____

_____
Print Name: _____

_____
Print Name: _____

**FRANCHISEE**:

_____,
a _____

By: _____
Name: _____
Title: _____

AFFILIATE:

_____,
a _____

By: _____
Name: _____
Title: _____

**FRANCHISOR**:

30 Minute Hit USA, LLC,
a Florida limited liability company

By: _____
Name: _____
Title: _____

**RELEASE -- RENEWAL**

THIS RELEASE is given by _____ and all of its predecessors, parent company, affiliates, owners, officers, employees, legal representatives and agents, directors, successors and assigns, and their employees, owners, officers, directors, heirs, beneficiaries, executors and administrators (individually and collectively, "**Franchisee**") to 30 Minute Hit USA, LLC, and their owners, officers, directors, members, predecessors, affiliates, subsidiaries, parents, legal representatives, agents, successors, assigns, heirs, beneficiaries, executors and administrators and each's owners, officers, directors, members, agents, affiliates, successors and assigns (individually and collectively, "**Released Parties**").

Franchisee is a party to that certain _____ Agreement dated effective _____ (the "**Prior Agreement**"). Franchisee seeks to enter into a successor _____ Agreement (the "**Successor Agreement**") pursuant to the terms for closing under the Prior Agreement. The Prior Agreement requires Franchisee to provide this release to Released Parties as a condition to entering into the Successor Agreement. For good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, Franchisee hereby agrees as follows:

1. Effective on the date of this Release, and subject to the exceptions set forth in Paragraph 5 below, Franchisee forever releases and discharges Released Parties from any and all claims, causes of action, suits, debts, agreements, promises, damages, losses, demands, liabilities, contractual rights and/or obligations, of whatever nature or kind, in law or in equity, known or unknown, fixed or contingent, past or present, which Franchisee now has or ever had against Released Parties, including without limitation, anything arising out of that certain relationship under which Franchisee was sold training, products or services to enable Franchisee to operate or begin a business of operating a _____ _____ **[insert either Franchise]** business, the business relationship between Released Parties and Franchisee and any other relationships between Franchisee and Released Parties; except Released Parties' obligations under the Successor Agreement dated effective _____ _____ to which this release is an Exhibit. Subject to the foregoing, this Release is intended by the parties to be unqualifiedly general in scope and effect and effective for: (a) any and all claims and obligations, including those of which Franchisee is not now aware; and (b) all claims Franchisee has from anything which has happened up to now.

2. Franchisee is bound by this Release. Franchisee freely and voluntarily gives this Release to Released Parties for good and valuable consideration and Franchisee and Released parties acknowledge its receipt and sufficiency. The parties are executing this Release after independent investigation and without fraud, duress, or undue influence.

3. For the purpose of implementing a full and complete release and discharge of all known and unknown claims, Franchisee expressly acknowledges that this Release is intended to include and does include in its effect, without limitations, any and all rights which Franchisee does not know or suspect to exist in Franchisee's favor, as of the date of execution of this Release and that this Release expressly provides for the extinguishment of all such claims, including but not limited to, any and all rights or claims under any applicable federal, state or local statute, regulation or common law.

4. Franchisee expressly acknowledges that if Franchisee is located in California or is a resident of California, it has been fully advised by its attorney of the contents of Section 1542 of the Civil Code of California, and that that section and the benefits thereof are hereby expressly waived. Section 1542 reads as follows:

Section 1542. (General Release--Claims Extinguished.) A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Notwithstanding the provisions of Section 1542, and for the purpose of implementing a full and complete release and discharge of Claims, the Parties expressly acknowledge that this Agreement is intended to include in its effect, without limitations, all Claims which the Parties do not know or suspect to exist in their favor at the time of execution hereof, and that the settlement agreed upon contemplates the extinguishment of any and all such Claims.

5. Franchisee represents and warrants to Released Parties that Franchisee has not assigned or transferred to any other person any claim or right Franchisee had or now has relating to or against the Released Parties.

6. In this Release, each pronoun includes the singular and plural as the context may require.

7. This Release is governed by Florida law or [ ] _____ law (if box checked).

This Release is effective _____ 20_____ notwithstanding the actual date of signatures.

IN WITNESS WHEREOF, the undersigned FRANCHISEE executes this Release:

_____
By:_____ Name:
Title:_____ Date:

STATE OF _____)
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 20_____, by _____, on behalf of _____ _____ who is personally known to me or has produced _____ as identification.

_____
Signature of Notary
Printed Name of Notary_____
Notary Public, State of _____ Serial Number of Notary_____

# EXHIBIT F TO THE DISCLOSURE DOCUMENT

# AREA DEVELOPMENT AGREEMENT

**30 MINUTE HIT USA, LLC**

**AREA DEVELOPMENT AGREEMENT**

_____

**DEVELOPER**

_____

**DATE**

# AREA DEVELOPMENT AGREEMENT

## 30 MINUTE HIT USA, LLC

**This Area Development Agreement** (the "Agreement') is made and entered into on ____ _____, 20_____ (the "Effective Date") by and between 30 Minute Hit USA, LLC, a Florida limited liability company with an address at 2221 North East 164th Street, Suite 252, North Miami Beach, 33160 ("we", "us", "our", "30 Minute Hit" or "Franchisor") and _____, a _____with an address at ____ _____("you", "your" or "Franchisee") on the date this Agreement is executed by us below (the "Effective Date"). Franchisor and Franchisee are sometimes hereinafter collectively referred to as the "parties".

## BACKGROUND

A. 30 Minute Hit, as the result of the expenditure of time, skill, effort and money, owns and continues to develop a franchise system (the "System") involving the establishment and operation of franchised Gyms (each, a "Gym" or "Franchised Business"), which offer the high intensity circuit training program known as "30 Minute Hit" program, which includes high intensity circuit training comprised on boxing, kickboxing, and core strengthening exercises under the mark 30 Minute Hit® and such other marks as designated by Franchisor (the "Marks").

B. The characteristics of the System may include, without limitation, sales and operating methods; interior and exterior Gym design; décor; layout; fixtures and furnishings; equipment; class structure and instruction; customer service and development techniques; uniform standards and procedures for efficient business operations; training and assistance; Brand Funds; pricing specifications; all of which may, at times, be changed, improved and further developed from time to time by 30 Minute Hit.

C. 30 Minute Hit identifies the System by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the mark 30 Minute Hit® and the 30 Minute Hit® logo, and/or such other different and/or additional trade names, trademarks, and service marks as are now designated and may hereafter be designated by 30 Minute Hit in writing for use in connection with the System (the "Proprietary Marks" or "Marks").

D. 30 Minute Hit has the right to establish System "Standards and Specifications" for various aspects of the System, including, without limitation, standards and specifications related to location selection, the Gym's physical characteristics, operating procedures, products and services offered, supplier qualifications, training, marketing and other aspects that affect and/or relate to the experience of System customers. You are required to comply with 30 Minute Hit Standards and Specifications, which 30 Minute Hit has the right to (and expects to) change and modify over time.

E. You have had a full and adequate opportunity to be thoroughly advised of the terms and conditions of this Agreement and have had sufficient time and opportunity to evaluate and investigate the business concept and the procedure and financial requirement associated with the business as well as the competitive market in which it operates.

F. You have expressed an interest in obtaining the right to open multiple Gyms within a specific geographic area, and we are willing to grant such right upon the terms and conditions set forth in this Agreement.

## AGREEMENT

In consideration of the above recitals, the covenants, agreements and conditions set forth below and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

## 1. APPOINTMENT, DEVELOPMENT TERRITORY AND MINIMUM DEVELOPMENT OBLIGATION

### 1.1 Development Area

Subject to your strict compliance with the terms and conditions of this Agreement, we grant to you, and you accept, the right during the term of this Agreement to open and operate the number of Gyms designated in Exhibit A within the "Development Area" described in Exhibit A. All of your Gyms must be located within the Development Area. Except as otherwise set forth in this Agreement, including, without limitation, as set forth in Section 1.4 below, for so long as you are in compliance with your obligations under this Agreement, we will not open or operate, and will not license any other person or entity the right to open or operate, one or more Gyms within the Development Area.

This grant is upon the terms and subject to the conditions of this Agreement. You acknowledge and agree that our initial service under this Agreement is solely to identify the Development Area, and that we have no ongoing obligations such as training or operational assistance to you under this Agreement. All ongoing and further obligations to you in opening the Gyms shall be provided pursuant to the applicable Franchise Agreement between you and us for each Gym you are required to open under this Agreement.

### 1.2 Minimum Development Obligations

1.2.1 You shall comply with the terms and conditions of this Agreement and you shall comply with the following "Minimum Development Obligations": (i) secure a site and enter into a lease agreement for each Gym you are required to develop under this Agreement on or before the lease execution deadline set forth in Exhibit A attached hereto (the "Lease Execution Deadlines"), (ii) develop and open each Gym you are required to develop under this Agreement on or before the opening deadline set forth in Exhibit A attached hereto (the "Opening Deadlines"), and (iii) have open and in operation within the Development Area, not less than the cumulative number of Gyms identified in Exhibit A to this Agreement; (collectively, "the Minimum Development Obligation"). **YOU ACKNOWLEDGE AND AGREE THAT TIME IS OF THE ESSENCE UNDER THIS AGREEMENT AND THAT YOUR RIGHTS UNDER THIS AGREEMENT ARE SUBJECT TO TERMINATION IF YOU DO NOT STRICTLY COMPLY WITH THE MINIMUM DEVELOPMENT OBLIGATIONS.**

1.2.2 For each Gym you are required to develop under this Agreement, you shall enter into our then-current form of Franchise Agreement and pay to us our then-current initial franchise fee, within the time periods set forth in this Agreement. You may form newly established, separate affiliate entities that share the identical ownership structure as Developer, to enter into the lease agreements and franchise agreements for each Gym you are required to open under this Agreement (each a "Developer Affiliate"). You, each of your owners, and each owner of each Developer Affiliate, as applicable, shall enter into a personal guaranty agreement in the form attached to the applicable Franchise Agreement, which form may be materially different from the form attached to the FDD you received prior to entering into this Agreement. You also acknowledge and agree that the estimated initial investment figures presented in the FDD you received prior to entering into this Agreement are estimates only and are subject to modification, including increases related to modifications to specifications and requirements to develop Gyms. You shall designate one (1) individual who shall be designated in Exhibit A attached hereto, who has the authority to, and does in fact, actively direct your business affairs related to your obligations under this Agreement and has the authority to sign on your behalf all contracts and commercial documents (your "Responsible Owner"). Your Responsible Owner shall exert his or her best efforts to the development of the Gyms pursuant to this Agreement and, absent our prior approval, may not engage in any other business or activity that requires substantial management responsibility or time commitments.

1.2.3 You have no right to sublicense or subfranchise your rights under this Agreement.

### 1.3 Force Majeure

If you are unable to meet the Minimum Development Obligation requirement solely as the result of force majeure, including, but not limited to, war, riot, strikes, material shortages, floods, earthquakes, and other acts of God, or by governmental action or force of law, which results in the inability of you to construct or operate Gyms in the Development Area, and which you could not, by the exercise of due diligence, have avoided, the Development Periods will be extended by the amount of time the force majeure exists, provided that if any force majeure continues for a period in excess of six months, we may terminate this Agreement upon written notice to you.

### 1.4 Reservation of Rights

You acknowledge and agree that we have the right to open and operate, and to grant others the right to open and operate Gyms anywhere outside of the Development Area as we deem appropriate in our sole and absolute discretion. This Agreement is not a franchise agreement and you do not have any right to use the Marks in any manner by virtue of this Agreement. You have no right under this Agreement to subfranchise or sublicense others to operate a Gym or use the System or the Marks. Without limiting the foregoing, we reserve all rights to do anything within the Development Area, including, without limitation, the following: (i) offer and sell, and authorize others to offer and sell, any goods and services in, at or from any location outside of the Development Area; (ii) manufacture, distribute, offer and sell, and authorize others to manufacture, distribute, offer and sell, any goods and/or services in, at or from any location, including any location within the Development Area either: (a) through alternative channels of distribution, including sales on the Internet, through kiosk locations,

through print and online catalogs, and in retail locations; or (b) under any names or trademarks other than the Marks. For the purposes of this provision, alternative channels of distribution include any channels not explicitly authorized for use by Developer under any franchise agreement executed pursuant to this Agreement; (iii) merge with, acquire, or be acquired by, including through purchase or sale of substantially all assets, any other person or entity, including any competitor of Franchisor or Developer (each an "M&A Transaction"), and continue to conduct in any location any business engaged in by the merging, acquiring, or acquired person or entity, including any business directly competitive with Gyms developed by Developer under this Agreement regardless of where the business is located and to permit the business to operate under the Marks or any other name; (iv) use the Marks and System in connection with services and products, promotional and marketing efforts or related items, or in alternative channels of distribution, including the sale of products through retail stores and via the internet, without regard to location; (v) develop, or become associated with, other concepts (either directly or through affiliate entities) and grant franchises under such concepts for locations anywhere, including in the Development Area; and (vi) use and license to engage in any other activities not expressly prohibited in this Agreement. In the event of an M&A Transaction, Franchisor has the right to require you to convert the Gyms developed pursuant to this Agreement to a different name and Developer hereby agrees to: (a) participate, at Developer's expense in any such conversion; and (b) waive any and all claims, demands or damages arising from or related to the loss of the Mark, the System or any association or affiliation with the Marks or the System.

**1.5 Non-Public Access Venues.** We also have the right to develop, open and operate, and to license others the right to develop, open and operate, Gyms located in Non-Public Access Venues, including within the Development Area. For purposes of this Agreement, the term Non-Public Access Venues shall mean private businesses, military bases, government institutions, private clubs, and other Gyms that are not accessible to the general public.

## 2. DEVELOPMENT FEE.

**2.1 Development Fee.** You shall pay to us a "Development Fee" in the amount designated in Exhibit A immediately upon execution of this Agreement. The Development Fee is paid to us in consideration of the rights we grant you pursuant to this Agreement. Accordingly, the Development Fee is deemed fully earned by us upon execution of this Agreement and is non-refundable, even if you fail to develop one or more of the Gyms.

## 3. GYM SITE SELECTION; FRANCHISE AGREEMENT EXECUTION PROCEDURES.

**3.1 Gym Site Selection.** You must, on your own initiative and at your sole cost and expense, locate and secure an acceptable site for each Gym you are required to develop under this Agreement, and enter into a valid, binding lease agreement on or before the applicable Lease Execution Deadline. You must advise us in writing of your proposed site for each Gym and you must submit to us a complete site report and application (containing demographic, commercial and other information that we or our designee may require). We are relying on your knowledge of the real estate market in your Development Area. Our prior approval is required in writing for each Gym location. Each site must meet our confidential site evaluation criteria. In accepting or rejecting a proposed site, we will consider such matters as we deem material, including

demographic characteristics, traffic patterns, parking, the predominant character of the neighborhood, competition from other businesses providing similar services within the area, the proximity to other businesses (including other System Gyms), the nature of other businesses in proximity to the site and other commercial characteristics and the size of the premises, appearance, and other physical characteristics of the premises. We will approve or disapprove your proposed site within thirty (30) days after we receive all of the materials you are required to provide to us. Our approval of a site will be by delivery of written notice to you. If you do not receive a written notice of approval within thirty (30) days after receipt of the requisite materials to approve or disapprove a proposed site, your proposed site is considered disapproved. We will not unreasonably withhold approval of any proposed site if it meets our then-current site criteria. ***You acknowledge and agree that our approval of a proposed site does not constitute a representation or warranty of any kind, express or implied, of the suitability of the site for a Gym or any other purpose. Our approval of a site indicates that we believe that the site meets our then acceptable criteria. Without limiting the foregoing, you acknowledge and agree that we are not responsible of the site fails to meet your or our expectations or if the Gym you develop at the site fails.*** We have the right to require you to use our designated suppliers for site selection and real estate development services. We will notify you in writing of any such requirement, and, you shall, immediately upon your receipt of such written notification, comply with any and all such requirements at your sole cost and expense.

**3.2 Lease Approval/Execution Procedures**.

3.2.1 You must present to us for our approval the lease for each premises from which you will operate each Gym you are required to develop under this Agreement **before you sign the lease for such Gym**. You must cause your landlord to include the provisions we require in your lease agreement for each Gym. For each Gym you are required to develop under this Agreement, both you, and the landlord for the applicable leased premises, must enter into our then-current form of Collateral Assignment of Lease. The Collateral Assignment of the Lease includes important provisions that protect our interests. If your landlord refuses to sign the Collateral Assignment of the Lease in the form we require, we have the right to reject your proposed site for the applicable Gym.

3.2.2 Each lease for each Gym must provide that we (or our designee) may, at our sole option, upon the termination, expiration or proposed transfer of the Franchise Agreement for such location, take an assignment of your interest in the lease, without the payment of additional consideration (other than a reasonable assignment fee), and without liability for obligations you accrued as of the date of the assignment of the lease. Our review of any lease prior to its execution will not be for the purpose of approving the legal aspects, economics, or rental terms of such lease. Accordingly, we will have no responsibility to you with regard to the economics, legality or enforceability of any lease. At all times during the term of this Agreement, you will promptly pay all rents and charges required by the lease for the Gym and shall not be in default under the terms of the lease. You are required to provide us with a copy of your fully executed lease for each Gym immediately upon your receipt of a fully executed copy thereof, and any amendments or renewals to the lease, to ensure that at all times we have a complete copy of the then-current lease for each Gym.

### 3.3 Franchise Agreement Execution Requirements.

For each Gym you are required to develop under this Agreement, you (or a Developer Affiliate approved by us) shall sign our then-current form of franchise agreement, which agreement may contain materially different terms and conditions as compared to the form of franchise agreement attached to the FDD provided to you prior to your execution of this Agreement, no later than the earlier to occur of (a) the date you execute the lease agreement for the Gym; or (b) five (5) calendar days after you receive our written approval of the proposed site for the Gym. Upon the execution of each Franchise Agreement, the terms and conditions of such Franchise Agreement shall control the establishment and operation of the Gym that is the subject of such Franchise Agreement.

## 4. RELATIONSHIP OF PARTIES

### 4.1 Relationship of Parties

4.1.1 You will function as an independent party and not as our agent or representative, but rather as a franchisee under our Franchise Agreements. You and we are not and will never be considered joint ventures, partners, employees, employer or agents one for the other. Neither will have the power to bind or obligate the other except as otherwise outlined in this Agreement and/or the Franchise Agreements. No representation will be made by either party to anyone that would create any apparent agency, employment or partnership except as otherwise outlined in this Agreement.

4.1.2 In all public and private records, documents, relationships, and dealings, you will indicate that you are an independent contractor operating pursuant to this Agreement.

4.1.3 You will maintain your records and accounts to clearly indicate that you and your employees are not our employees. You will be solely responsible to hire your own employees, including determinations about a prospective person's background, experience, character and immigration status. You shall provide written notification to each person you intent to hire as an employee advising such person that the Franchisor is not their employer.

4.1.4 You will pay all of your development, travel, tax, operating, sales, and other costs and expenses directly or indirectly incurred in fulfilling your obligations under this Agreement. You will hold us harmless for all such costs and expenses.

## 5. TERM AND TERMINATION

### 5.1 Term

Unless sooner terminated, the term of this Agreement ("the Term") will begin on the Effective Date and will end on the earlier to occur of: (a) the date the final Gym you are required to develop under this Agreement has opened; or (b) the Opening Deadline for the last Gym you are required to open under this Agreement. You do not have any right to renew this Agreement.

### 5.2 Termination

We have the right to terminate this Agreement, effective immediately upon delivery of written notice to you, if you commit a Material Default under this Agreement.

Each of the following events shall be deemed a "Material Default" under this Agreement:

(a) Your failure to meet any of your Minimum Development Obligations.

(b) Any conduct on your part that impairs the goodwill associated with the marks or otherwise causes harm to us or the reputation of the brand or System.

(c) The termination of any Franchise Agreement entered into by and between Franchisor, its successors or assigns, and you and/or any Developer Affiliate.

(d) If you or any Developer Affiliate commits a default under any Franchise Agreement or other agreement between us and you or any Developer Affiliate, which default remains uncured beyond all applicable notice and cure periods.

(e) If you violate any of your confidentiality or non-competition obligations under this Agreement.

(f) If you default under any other obligation under this Agreement and such default is not cured before the expiration of fifteen (15) calendar days following your receipt of a written notice of default from us.

A termination of this Agreement is not deemed to be a termination of any Franchise Agreement entered into by and between you and us, or any Developer Affiliate and us. You shall not be entitled to any refund of any of the Development Fee if we terminate this Agreement in accordance with the terms hereof.

### 5.3 Effects of Termination

Upon the expiration of the term, or upon termination of this Agreement, regardless of the cause for termination, you will have no further right to open or operate additional Gyms 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 in full force and effect. You acknowledge that during and after the expiration or earlier termination of this Agreement, we may open and operate, and license others the right to open and operate one or more Gyms anywhere in the Development Area, subject to any territorial rights granted to you or any Developer Affiliate, as applicable, under any Franchise Agreement then in effect.

## 6. TRANSFER AND SUCCESSION

### 6.1 Assignment by Us

We may assign this Agreement, or any of our rights and privileges to any other person, firm or corporation without your prior consent; provided that, in respect to any assignment

resulting in the subsequent performance by the assignee of our functions, the assignee will expressly assume and agree to perform our obligations.

### 6.2 Assignment by You

Your rights and obligations under this Agreement are personal to you and are not assignable at all. Without our prior written permission, you will not voluntarily or involuntarily sell, transfer, assign, encumber, give or otherwise alienate the whole or any part of this Agreement, your assets, or the ownership of any of your rights under this Agreement. We have entered this Agreement in reliance upon and in consideration of the singular personal skill, qualifications and trust and confidence we repose in you or your principal officers or partners who will actively and substantially participate in the development and operation of the Gyms you are required to develop under this Agreement.

## 7. COVENANTS: NON COMPETITION/CONFIDENTIALITY/COMPLIANCE WITH LAWS

### 7.1 Non-Compete

7.1.1 You and each of your owners, officers and agents will not, during the Term of this Agreement, directly, indirectly or through, on behalf of, or in conjunction with any person or legal entity:

(a) participate as an owner, director, partner, officer, franchisee, employee, consultant, advisor, salesperson, distributor, or agent or serve in any other capacity in any Competitive Business (as defined below); or

(b) divert, or attempt to divert any present or prospective business or customer of any Gym 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.

For purposes of this Agreement, the term "Competitive Business" shall mean any (i) business offering or providing physical fitness, self-defense, kickboxing, mixed martial arts, martial arts products or services, (ii) any other business offering products and services offered or authorized for sale by System franchisees, or (iii) any business offering or granting licenses or franchises for the right to operate a business of the type identified in (i) or (ii) of this paragraph; provided, however, that this Section does not apply to Franchisee's operation of any other 30 Minute Hit Gym pursuant to a license or franchise agreement with Franchisor.

7.1.2 During the two (2) year period after expiration or termination of this Agreement, you and your owners, officers and agents **will not** directly or indirectly participate as an owner, director, partner, officer, franchisee, employee, consultant, advisor, salesperson, distributor, or agent or serve in any other capacity in any Competitive Business that is located: (a) anywhere in the Development Area; (b) within a twenty-five (25) mile radius of the Development Area; or (c) within a 25 mile radius of any Gym in operation, under lease, or under construction as of the date of termination or expiration, as applicable. During the two (2) year period after expiration or termination of this Agreement, you and your owners, officers and agents **will not** directly or indirectly participate as an owner, director, partner, officer, franchisee,

employee, consultant, advisor, salesperson, distributor, or agent or serve in any other capacity in any franchise system that is offering or selling the right to develop, open or operate Competitive Businesses anywhere in the United States. The covenants not to compete are in addition to and not in lieu of your express agreements set forth above to not use any trade secrets, confidential information or personal contacts except as authorized by us.

7.1.3 You acknowledge and agree that the restricted periods set forth in Section 7.1 (inclusive of all subparts) shall be tolled during any time in which you are in violation of your obligations. We may require you to obtain written agreements from your owners, officers, directors, employees and agents to not compete against us and to not disclose our trade secrets and confidential information. These agreements will be in a form we approve.

7.1.4 If for any reason, any provision of any of the covenants not to compete set forth in Section 7.1 (inclusive of all subparts) is determined to exceed any lawful scope and limit as to duration, geographic coverage, or otherwise, it is agreed that provision will nevertheless be binding to the full scope or limit allowed by applicable laws or by a court of law. The duration, geographic coverage and scope allowable by law or court of law shall apply to this Agreement.

7.1.5 You agree that damages alone cannot adequately compensate us if there is a violation of any of your non-competition covenants and that injunctive relief is essential for our protection. You therefore agree that in any case of any alleged breach or violation of this section, we may seek injunctive relief without posting any bond or security, in addition to all other remedies that may be available to us at equity or law.

### 7.2 Communication of Information

During the Term of this Agreement and thereafter, you will not communicate or divulge to any person or entity the contents of the System Manuals, or any other non-public information related to the System or the operation of the Gyms. Under no circumstances will you or your agents communicate or divulge to any person or entity any trade secrets, confidential information or personal contacts relating to the System or Gyms operating under the System during the Term of this Agreement or thereafter.

### 7.3 You to Cease Using Names and Marks

Except to the extent permitted under then current Franchise Agreements, upon expiration or termination of this Agreement, whatever the cause for termination, you will immediately cease using the Marks and our names, logos, service marks, trademarks and other marks, symbols or materials suggesting that you were related to us or the System in any way. You acknowledge that all of these are our exclusive property and that you are allowed to use them only in connection with your work as our sales and service agent or franchisee. You may use them only pursuant to the provisions of any relevant franchise agreements between the parties.

### 7.4 Compliance with Applicable Laws.

You shall, at your sole cost and expense, comply with all federal, state, city, municipality and local laws, ordinances, rules and regulations applicable to your obligations under this Agreement. You must, at your expense, be absolutely and exclusively responsible for determining all licenses and permits required by law for your Gyms, for qualifying for and

obtaining all such licenses and permits, and maintaining all such licenses and permits in full force and effect.

## 8. DISPUTE RESOLUTION

### 8.1 Mediation.

8.1.1 The parties have reached this Agreement in good faith and with the belief that it is advantageous to each of them. In recognition of the strain on time, unnecessary expense and wasted resources potentially associated with litigation and/or arbitration, and in the spirit of cooperation, the parties pledge to try to resolve any dispute amicably, without litigation or arbitration. Other than an action brought by us under Section 8. 3 of this Agreement, and with the exception of injunctive relief or specific performance actions, before the filing of any arbitration, you and we agree to mediate any dispute, controversy or claim between us and/or any of our affiliates, officers, directors, managers, shareholders, members, owners, guarantors, employees or agents (each a "Franchisor Related Party"), on the one hand, and you and/or any of your affiliates, officers, directors, managers, shareholders, members, owners, guarantors, employees or agents (each a "Developer Related Party"), including without limitation, in connection with any dispute, controversy or claim arising under, out of, in connection with or in relation to: (a) this Agreement; (b) the parties' relationship; or (c) the events occurring prior to the entry into this Agreement. Good faith participation in these procedures to the greatest extent reasonably possible, despite lack of cooperation by one or more of the other parties, is a precondition to maintaining any arbitration or legal action, including any action to interpret or enforce this Agreement.

8.1.2 Mediation will be conducted Dade County, Florida (or, if Franchisor's corporate headquarters is no longer in Dade County, Florida, the county where Franchisor's corporate headquarters is then-located). Persons authorized to settle the dispute must attend each mediation session in person. The party seeking mediation (the "Initiating Party") must commence mediation by sending the other party/parties a written notice of its request for mediation (the "Mediation Notice"). The Mediation Notice must specify, to the fullest extent possible, the nature of the dispute, the Initiating Party's version of the facts surrounding the dispute, the amount of damages and the nature of any injunctive or other such relief such party claims, and must identify one or more persons with authority to settle the dispute for the Initiating Party. Upon receipt of the Mediation Notice, the parties will endeavor, in good faith, to resolve the dispute outlined in the Dispute Notice. If the parties have been unable to resolve any such dispute within twenty (20) days after the date the Mediation Notice is provided by the Initiating Party to the other party, either party may initiate a mediation procedure in accordance with this provision. The parties agree to participate in the mediation proceedings in good faith with the intention of resolving the dispute if at all possible within thirty (30) days of the notice from the party seeking to initiate the mediation procedures. The parties agree to participate in the mediation procedure to its conclusion, as set forth in this section.

The mediator shall advise the parties in writing of the format for the meeting or meetings. If the mediator believes it will be useful after reviewing the position papers, the mediator shall give both himself or herself and the authorized person designated by each party an opportunity to hear an oral presentation of each party's views on the matter in dispute. The mediator shall assist the authorized persons to negotiate a resolution of the matter in dispute, with or without the

assistance of counsel or others. To this end, the mediator is authorized both to conduct joint meetings and to attend separate private caucuses with the parties. All mediation sessions will be strictly private. The mediator must keep confidential all information learned unless specifically authorized by the party from which the information was obtained to disclose the information to the other party.

The parties commit to participate in the proceedings in good faith with the intention of resolving the dispute if at all possible. The mediation may be concluded: (a) by the signing of a settlement agreement by the parties; (b) by the mediator's declaration that the mediation is terminated; or (c) by a written declaration of either party, no earlier than at the conclusion of a full day's mediation, that the mediation is terminated. Even if the mediation is terminated without resolving the dispute, the parties agree not to terminate negotiations and not to begin any arbitration or legal action or seek another remedy before the expiration of five (5) days following the mediation. A party may begin arbitration within this period only if the arbitration might otherwise be barred by an applicable statute of limitations or in order to request an injunction from a Court of competent jurisdiction to prevent irreparable harm.

8.1.3 The fees and expenses of the mediator shall be shared equally by the parties. The mediator may not later serve as a witness, consultant, expert or counsel for any party with respect to the dispute or any related or similar matter in which either of the parties is involved. The mediation procedure is a compromise negotiation or settlement discussion for purposes of federal and state rules of evidence. The parties agree that no stenographic, visual or audio record of the proceedings may be made. Any conduct, statement, promise, offer, view or opinion, whether oral or written, made in the course of the mediation by the parties, their agents or employees, or the mediator is confidential and shall be treated as privileged. No conduct, statement, promise, offer, view or opinion made in the mediation procedure is discoverable or admissible in evidence for any purpose, not even impeachment, in any proceeding involving either of the parties. However, evidence that would otherwise be discoverable or admissible shall not be excluded from discovery or made inadmissible simply because of its use in the mediation.

### 8.2 Arbitration

8.2.1 Except as qualified below and in Section 8.3, and if not resolved by the negotiation and mediation procedures set forth in Section 8.1, any dispute, controversy or claim between Developer and/or a Developer Related Party, on the one hand, and Franchisor and/or any Franchisor Related Party, on the other hand, including, without limitation, any dispute, controversy or claim arising under, out of, in connection with or in relation to: (a) this Agreement, (b) the parties' relationship, (c) the events leading up to the entry into this Agreement, (d) the Development Area, (e) the scope or validity of the arbitration obligation under this Agreement, (f) any System standard; (g) any claim based in tort or any theory of negligence; and/or (h) any lease or sublease for any Gym, shall be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be determined by arbitration administered by the American Arbitration Association pursuant to its then-current commercial arbitration rules and procedures.

8.2.2 Any arbitration must be on an individual basis and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action,

associational claim, or otherwise to join or consolidate any claim with any other claim or any other proceeding involving third parties. In the event a court determines that this limitation on joinder of or class action certification of claims is unenforceable, then this entire commitment to arbitrate shall become null and void and the parties shall submit all claims to the jurisdiction of the courts. The arbitration must take place in Dade County, Florida (or, if our corporate headquarters is no longer in Dade County, Florida, the county where our corporate headquarters is then-located). The arbitration will be heard before one arbitrator. The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator must have at least five (5) years of significant experience in franchise law. Any issue as to whether a matter is subject to arbitration will be determined by the arbitrator. A judgment may be entered upon the arbitration award by any state or federal court in Dade County, Florida.

8.2.3 In connection with any arbitration proceeding, each party will submit or file any claim which would constitute a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding will be forever barred. The decision of the arbitrator will be final and binding on all parties to the dispute; however, the arbitrator may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; (2) assess punitive or exemplary damages; (3) certify a class or a consolidated action; or (3) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. The arbitrator shall have the right to make a determination as to any procedural matters that court of competent jurisdiction would be permitted to make in the state in which our main office is located. Further, the arbitrator shall decide all factual, procedural, or legal questions relating in any way to the dispute between the parties, including, without limitation, questions relating to whether Section **8.2** is applicable and enforceable as against the parties; the subject matter, timeliness, and scope of the dispute; any available remedies; and the existence of unconscionability and/or fraud in the inducement.

8.2.4 The arbitrator can issue summary orders disposing of all or part of a claim and provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships, and other equitable and/or interim/final relief. Each party consents to the enforcement of such orders, injunctions, etc., by any court having jurisdiction.

8.2.5 The arbitrator shall have subpoena powers limited only by the laws of the State of Florida. The parties ask that the arbitrator limit discovery to the greatest extent possible consistent with basic fairness in order to minimize the time and expense of arbitration. The parties to the dispute shall otherwise have the same discovery rights as are available in civil actions under the laws of the State of Florida. All other procedural matters shall be determined by applying the statutory, common laws, and rules of procedure that control a court of competent jurisdiction in the State of Florida.

8.2.6 Other than as may be required by law, the entire arbitration proceedings (including, without limitation, any rulings, decisions or orders of the arbitrator), shall remain confidential and shall not be disclosed to anyone other than the parties to this Agreement.

8.2.7 The judgment of the arbitrator on any preliminary or final arbitration award shall be final and binding and may be entered in any court having jurisdiction.

8.2.8 We reserve the right, but have no obligation, to advance your share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so shall not be deemed to have waived or relinquished our right to seek recovery of those costs against you.

### 8.3 Exceptions to Arbitration

Notwithstanding Section 8.1 or Section 8.2, the parties agree that the following claims will not be subject to mediation or arbitration:

(a) any action for declaratory or equitable relief, including, without limitation, seeking preliminary or permanent injunctive relief, specific performance, other relief in the nature of equity to enjoin any harm or threat of harm to such party's tangible or intangible property, brought at any time, including, without limitation, prior to or during the pendency of any arbitration proceedings initiated hereunder;

(b) any action in ejectment or for possession of any interest in real or personal property; or

(c) any claim by us: (a) relating to your failure to pay any fee due to us under this Agreement; (b) relating to your failure to comply with the confidentiality and non-competition covenants set forth in this Agreement; and/or (c) and/or our affiliates relating to your use of the Marks and/or the System, including, without limitation, claims for violations of the Lanham Act.

## 9. MISCELLANEOUS PROVISIONS

### 9.1 Choice of Law and Venue; Limitation of Claims; Jury Trial Waiver; Class Action Waiver; Waiver of Damages

9.1.1 You acknowledge that we have appointed and intend to appoint many franchisees on terms and conditions similar to those set forth in this Agreement and the Franchise Agreement. It mutually benefits those franchisees, you and us if the terms and conditions of these license agreements are uniformly interpreted. This Agreement shall take effect upon its acceptance and execution by Franchisor. All matters relating to mediation or arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1, et. seq.). Except to the extent governed by the Federal Arbitration Act or other federal law, this Agreement, the franchise and all claims arising from or in any way related to the relationship between Franchisor, and/or any of its affiliates, on the one hand, and Developer, and any of Developer's owners, guarantors and/or affiliates, on the other hand, shall be interpreted and construed under the laws of the state of Florida, which laws shall prevail in the event of any conflict of law, except that any law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless jurisdictional requirements are met independently without reference to this paragraph.

9.1.2 In the event the arbitration clause set forth in Section 8.2 is inapplicable or unenforceable, and subject to Franchisor's right to obtain injunctive relief in any court of competent jurisdiction, the following provision shall govern: The parties hereby expressly agree that the United States District Court for Southern District of Florida (or, if our corporate headquarters is no longer in Dade County, Florida, the applicable District Court where our corporate headquarters is then-located), or if such court lacks subject matter jurisdiction, the State Superior Court in Dade County, Florida (or, if our corporate headquarters is no longer in Dade County, Florida, the county where our corporate headquarters is then-located), shall be the exclusive venue and exclusive proper forum in which to adjudicate any case or controversy arising out of or related to, either directly or indirectly, this Agreement, ancillary agreements, or the business relationship between the parties. The parties further agree that, in the event of such litigation, they will not contest or challenge the jurisdiction or venue of these courts. Developer acknowledges and agrees that this Agreement has been entered into in the State of Florida and that Developer is to receive valuable and continuing services emanating from Franchisor's headquarters. Without limiting the generality of the foregoing, the parties waive all questions of jurisdiction or venue for the purposes of carrying out this provision. Developer acknowledges and agrees that this location for venue is reasonable and the most beneficial to the needs of and best meets the interest of all of the members of the System.

9.1.3 Except for claims arising from your non-payment or underpayment of amounts you owe to us, or claims related to your unauthorized use of the Marks, any and all claims arising out of or related to this Agreement or the relationship of the parties will be barred unless a judicial or arbitration proceeding, as required under this Agreement, is commenced within one (1) year from the date on which the party asserting such claim knew or should have known of the facts giving rise to such claims, and that any action not so brought shall be barred, whether as a claim, counterclaim, defense or setoff. You hereby acknowledge and agree that you may not maintain any action against us or any of our principals, officers, directors, agents, employees, parents, subsidiaries, affiliates, successors or assigns (each a "30 Minute Hit Related Party") unless (a) you deliver written notice of any claim to the other party within one hundred eighty (180) days after the event complained of becomes known to you, (b) you strictly adhere to the negotiation and mediation procedures set forth in this Agreement, and (c) you file an arbitration within one (1) year after the notice is delivered.

9.1.4 **Waiver of Rights.** **THE PARTIES HERETO AND EACH OF THEM KNOWINGLY, VOLUNTARILY AND INTENTIONALLY AGREE AS FOLLOWS:**

9.1.5 Jury Trial. **The parties hereto and each of them EXPRESSLY WAIVE(S) THE RIGHT ANY MAY HAVE TO A TRIAL BY JURY IN ANY ARBITRATION, ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INCLUDING, WITHOUT LIMITATION, FOR ANY CLAIMS RELATING DIRECTLY OR INDIRECTLY TO THIS AGREEMENT, THE NEGOTIATION OF THIS AGREEMENT, THE EVENTS LEADING UP TO THE SIGNING OF THIS AGREEMENT, OR THE BUSINESS RELATIONSHIP RELATING TO THIS AGREEMENT OR THE FRANCHISE, WHETHER BROUGHT IN STATE OR FEDERAL COURT, WHETHER BASED IN CONTRACT THEORY, NEGLIGENCE OR TORT, AND REGARDLESS OF WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING. This waiver is effective even if a court of competent jurisdiction decides that the arbitration provision in this Agreement is**

**unenforceable. Each party acknowledges that it has had full opportunity to consult with counsel concerning this waiver, and that this waiver is informed, voluntary, intentional, and not the result of unequal bargaining power.**

9.1.6 Damage Waiver. The parties hereto and each of them EXPRESSLY WAIVE(S) ANY CLAIM FOR PUNITIVE, MULTIPLE AND/OR EXEMPLARY DAMAGES; ***except that*** this waiver and limitation shall not apply with respect to (a) your obligation to indemnify us pursuant to any provision of this Agreement, or (b) any claims we bring against you and/or your guarantors and/or your owners for unauthorized use of the Marks, unauthorized use or disclosure of any Confidential Information, unfair competition, breach of your confidentiality or non-competition covenants under this Agreement, and/or any cause of action under the Lanham Act, and we shall be entitled to receive an award of multiple damages, attorneys' fees and all damages as provided by law.

9.1.7 The parties hereto and each of them EXPRESSLY AGREE(S) THAT IN THE EVENT OF ANY FINAL DETERMINATION, ADJUDICATION OR APPLICABLE ENACTMENT OF LAW THAT PUNITIVE, MULTIPLE AND/OR EXEMPLARY DAMAGES MAY NOT BE WAIVED, ANY RECOVERY BY ANY PARTY IN ANY ARBITRATION OR OTHER FORUM SHALL NEVER EXCEED TWO (2) TIMES ACTUAL DAMAGES, except that we may recover more than two (2) times its actual damages if you commit acts of willful trademark infringement or otherwise violate the Lanham Act, as provided by law.

9.1.9 No Class or Collective Actions. You agree that any arbitration, or, if applicable, litigation, between you (or any of your owners or guarantors), on the one hand, and us or any 30 Minute Hit Related Party, on the other hand, will be on such party's individual claim and that the claim or claims subject to arbitration and/or litigation shall not be arbitrated or litigated on a class-wide, associational or collective basis.

**9.2 Enforcement**

9.2.1 Either party may seek to obtain in any court of competent jurisdiction specific performance and injunctive relief to restrain a violation by the other party of any term or covenant of this Agreement. No right or remedy conferred upon us is exclusive of any other right or remedy in this Agreement or provided by law or equity. Each will be cumulative of every other right or remedy.

9.2.2 We shall be entitled to recover from you all of our costs and expenses, including attorneys' fees, accounting fees, expert witness fees, and any other reasonably incurred fees, if we are the prevailing party in any action, including arbitration, litigation, any motion to compel arbitration, and/or any action on appeal, with you and/or any of your owners or Guarantors, including, without limitation, any action: (a) to enforce the terms of this Agreement; (b) for violation of this Agreement; or (c) for violation of the Lanham Act or other state or federal statutes. Without limiting the generality of the foregoing, if we incur costs and expenses due to your failure to pay when due amounts owed to us our affiliates, to submit when due any reports, information, or supporting records, or otherwise comply with this Agreement, you agree, whether or not we initiate a formal arbitration or legal proceeding, to reimburse us for all of the

costs and expenses that we incur including, without limitation, reasonable accounting, attorneys' and related fees and costs.

### 9.3 Relationship of You to Us

The parties intend by this Agreement to establish the relationship of franchisor and developer and/or independent contractors. 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 behalf of us for any purpose whatsoever. Neither party is the employer, employee, agent, partner 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. All employees hired by or working for you will be your employees and will not, for any purpose, be deemed our employees or subject to our control. You must provide written notification to each of your employees that each such employee is employed by you, and not us. You shall file your own tax, regulatory and payroll reports with respect to your employees and operations.

### 9.4 Your Indemnification

9.4.1 You agree to protect, defend and indemnify us, and all of our past, present and future shareholders, direct and indirect parent companies, subsidiaries, affiliates, officers, directors, employees, attorneys and designees (the "Indemnified Parties") and hold each of the Indemnified Parties harmless from and against any and all damages, costs and expenses, including attorneys' fees, court costs, losses, liabilities, damages, claims and demands of every kind or nature on account of any actual or alleged loss, injury or damage to any person, firm or corporation or to any property arising out of or related to your rights or obligations under this Agreement.

9.4.2 You represent and warrant that you have full and legal capacity to enter into this Agreement and into the Franchise Agreements and that they will not violate any provision or restriction in any contractual relationship you or your owners have with any third party.

### 9.5 Waiver and Delay

9.5.1 The following will not constitute a waiver of the provisions of this Agreement with respect to any subsequent breach or a waiver by us of our right at any time to require exact and strict compliance with the provisions of this Agreement or of the franchise agreements:

(a) Waiver by us of any breach or series of breaches or defaults in your performance,

(b) Our failure, refusal or neglect to exercise any right, power or option given to us under this Agreement or under any franchise agreement between us and you, or

(c) Our failure, refusal or neglect to insist upon strict compliance with or performance of your obligations under this Agreement or any other franchise agreement between you and us.

This applies to this Agreement and to any franchise agreement between the parties whether entered into before, after or contemporaneously with the execution of this Agreement and whether or not related to the Gyms.

**9.6 Survival of Covenants**

The covenants contained in this Agreement which, 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.

**9.7 Successors and Assigns**

This Agreement will be binding upon and inure to the benefit of our successors and assigns and will be binding upon and inure to your benefit and your heirs, executors, administrators, successors and assigns, subject to the prohibitions against assignment contained above.

**9.8 Joint and Several Liability**

If you 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.

**9.9 Agreements with Other Developers.** You acknowledge that other 30 Minute Hit® franchisees and/or developers have or may be granted franchises or development rights at different times and in different situations, and further acknowledge that the provisions of such agreements may vary substantially from those contained in this Agreement.

**9.10 Entire Agreement**

Except for the Franchise Agreements that may be executed between the parties, this Agreement expresses the sole and complete understanding between the parties concerning the subject matter hereof. This Agreement, including the Exhibits attached hereto, is the entire agreement between the parties with respect to the subject matter hereof. No other prior agreements concerning the subject matter hereof, written or oral, will be deemed to exist or to bind the parties, and all prior agreements, understandings and representations, are merged into this Agreement and superseded by it. Nothing in this Agreement is intended to disclaim the representations we made in the FDD provided to you prior to your execution of this Agreement. You represent that there are no contemporaneous agreements or understandings between the parties relating to the subject matter of this Agreement that are not contained in this Agreement. No officer, employee, or agent of ours has any authority to make any representation or promise not contained in this Agreement or in the FDD. You agree that you have executed this Agreement without reliance upon any such representation or promise. This Agreement cannot be modified or changed except by written instrument signed by all of the parties. **Time is of the essence for this Agreement.**

### 9.11 Titles for Convenience

Section and paragraph titles used in this Agreement are for convenience only and will not affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement.

### 9.12 Gender

All terms used in any 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 or paragraph may require.

### 9.13 Severability

Nothing contained in this Agreement will require the commission of any act contrary to law. Whenever there is any conflict between any provisions of this Agreement and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter will prevail. In such event the provisions of this Agreement thus affected will be curtailed and limited only to the extent necessary to bring it within the requirements of the law. If any part, section, paragraph, sentence or clause of this Agreement is held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision will be deemed deleted, and the remaining part of this Agreement will continue in full force and effect.

### 9.14 Counterparts

This Agreement may be executed in any number of counterparts; each of which will be deemed an original and all of which together will be deemed the same instrument.

### 9.15 Notices

Except as otherwise provided in this Agreement, any notice, demand or communication provided for herein must be in writing and signed by the party serving the same and either delivered personally, by email, or by a reputable overnight service or deposited in the United States mail, service or postage prepaid, and addressed as follows:

Notices to Franchisor: 30 Minute Hit USA, LLC
2221 North East 164th Street, Suite 252
North Miami Beach, Florida 33160

With a copy to: _____
_____
_____
Attention:_____
Facsimile:_____

Notices to Developer: _____
_____
_____
Attention:_____
Facsimile:_____

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of email, upon transmission, or, in the case of expedited delivery service or registered or certified mail, three (3) business days after the date and time of mailing.

**9.16 Submission of Agreement**

The submission of this Agreement does not constitute an offer and this Agreement will become effective only upon the execution by you and us. **THIS AGREEMENT WILL NOT BE BINDING ON FRANCHISOR UNLESS AND UNTIL IT WILL HAVE BEEN ACCEPTED AND SIGNED BY FRANCHISOR.**

**9.17 Acknowledgments & Representations**

9.17.1 You, and your shareholders, members and partners, as applicable, jointly and severally acknowledge that they have carefully read this Agreement and all other related documents to be executed concurrently or in conjunction with the execution of this Agreement. You and they have obtained the advice of counsel concerning entering this Agreement. You and they understand the nature of this Agreement and intend to comply with and to be bound by it. You acknowledge that you have conducted an independent investigation of the System, the Franchisor and the Gyms, and recognize that, like any other business, the business venture contemplated by this Agreement involves business risks. Your success in this business is not guaranteed, is speculative and depends, to an important extent, upon your ability as an independent businessperson. We do not represent or warrant that any Gym will achieve any certain level of sales or be profitable. We expressly disclaim the making of, and you acknowledge that you have not received, any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement. By signing this Agreement, you acknowledge that you have entered into it after making an independent investigation of the System.

9.17.2 You represent to us, as an inducement to our entry into this Agreement, that all statements you have made and all materials you have submitted to us in connection with your purchase of this franchise are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the franchise. We have approved of your entering into this Agreement and granting you the rights under this Agreement in reliance upon all of your representations.

9.17.3 You understand that neither we, nor any of our representatives or agents with whom you have met have made, and are not making, any guarantees, express or implied, as to whether or not the Gyms you develop under this Agreement will break even, be successful or profitable. You acknowledge that the franchise opportunity is a newly offered opportunity with a limited track record and a limited operating history. You accept all risks, including the risk of

loss of your entire investment. You acknowledge that neither we nor any of our representatives and/or agents with whom you have met or corresponded with, have, in any way, represented or promised any specific amounts of earnings or profits in association with any of any Gym, including the Gyms you are obligated to develop under this Agreement.

9.17.4 You will exert your best efforts and full time to carrying out the terms, covenants and conditions of this Agreement in good faith.

9.17.5 You acknowledge that you received our FDD at least 14 calendar days prior to the date on which this Agreement was executed and that you have read the FDD. You acknowledge that the FDD is a disclosure document, not a contract, and that this Agreement embodies the entire contractual agreement between the parties.

**IN WITNESS WHEREOF**, this Agreement has been executed on the day and date first set forth above.

**DEVELOPER:**
***If an entity:]***

_____

By: _____
Name: _____
Title: _____
Date: _____

***[If an individual or individuals:]***

Signature: _____
Name: _____
Date: _____

Signature: _____
Name: _____
Date: _____

Signature: _____
Name: _____
Date: _____

**FRANCHISOR:**
30 MINUTE HIT USA, LLC

By: _____
Name:
Title:

## EXHIBIT A TO DEVELOPMENT AGREEMENT

### 1. DEVELOPMENT AREA

The Development Area is defined as the entire territory encompassed by _____ _____ __ in the State of _____. If the Development Area is identified by city or other political subdivisions, political boundaries will be considered fixed as of the Agreement Date, notwithstanding any political reorganization or change to the boundaries. The Development Area is depicted on the map attached to this Exhibit A. However, if there is an inconsistency between the language in this Exhibit A and the attached map, the language in this Exhibit A shall control. All street boundaries will be deemed to end at the street center-line unless otherwise specified.

### 2. MINIMUM DEVELOPMENT OBLIGATIONS

Developer agrees to open _____ (__) Gyms within the Development Area according to the following Schedule:

| Column A | Column B | Column C | Column D |
|---|---|---|---|
| **Gym #** | **Lease Execution Deadline** | **Opening Deadline** | **Cumulative Number of Gyms To Be Opened and Operating By Opening Deadline Designated in Column C** |
| | | | |
| | | | |
| | | | |
| | | | |

3. **DEVELOPMENT FEE**. The Development Fee is $_____.

4. **RESPONSIBLE OWNER:**

Responsible Owner Name:_____
Responsible Owner Address:_____
Telephone Number & Email Address:_____
Percentage Ownership Interest:_____

5. **DEVELOPER INFORMATION:**

**____ Individual _____ Legal Entity**

**Name of Individual(s) or Legal Entity (as applicable):** _____

**If Legal Entity:**
**State of formation/incorporation:**_____
**Date of formation:** _____
**Ownership Information:**

| **Owner Name** | **Owner Address** | **Percentage Ownership Interest** |
|---|---|---|
| | | |
| | | |
| | | |

| | |
|---|---|
| **DEVELOPER:**<br>***[If an entity:]***_____<br><br>By: _____<br>Name: _____<br>Title: _____<br>Date: _____<br><br>***[If an individual or individuals:]***<br><br>Signature: _____<br>Name: _____<br>Date: _____ | **FRANCHISOR:**<br>30 Minute Hit USA, LLC<br><br>By: _____<br>Name:<br>Title: |

| | |
|---|---|
| Signature: _____<br>Name: _____<br>Date: _____ | |

**EXHIBIT G TO THE DISCLOSURE DOCUMENT**

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**FORM OF**
**RELEASE-ASSIGNMENT**

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**RELEASE -- ASSIGNMENT**

THIS RELEASE is given by _____ and all of its predecessors, parent company, affiliates, owners, officers, employees, legal representatives and agents, directors, successors and assigns, and their employees, owners, officers, directors, heirs, beneficiaries, executors and administrators (individually and collectively, "**Franchisee**") to 30 Minute Hit USA, LLC, and their owners, officers, directors, members, predecessors, affiliates, subsidiaries, parents, legal representatives, agents, successors, assigns, heirs, beneficiaries, executors and administrators and each's owners, officers, directors, members, agents, affiliates, successors and assigns (individually and collectively, "**Released Parties**").

Franchisee is a party to that certain _____ Agreement dated effective _____ (the "**Prior Agreement**"). Franchisee seeks to, pursuant to the terms of the Prior Agreement, transfer its rights under the Prior Agreement to _____ ("Transferee"). As a result of such transaction (the "**Transfer**"), Franchisee and Transferee will engage in a transaction that constitutes a "transfer" under the terms of the Prior Agreement. The Prior Agreement requires Franchisee to provide this release to Released Parties as a condition to entering into the Transfer. For good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, Franchisee hereby agrees as follows:

1. Effective on the date of this Release, and subject to the exceptions set forth in Paragraph 5 below, Franchisee forever releases and discharges Released Parties from any and all claims, causes of action, suits, debts, agreements, promises, damages, losses, demands, liabilities, contractual rights and/or obligations, of whatever nature or kind, in law or in equity, known or unknown, fixed or contingent, past or present, which Franchisee now has or ever had against Released Parties, including without limitation, anything arising out of that certain Prior Agreement, the relationship under which Franchisee was sold training, products or services to enable it to operate or begin a business of operating a _____ _____ **[insert either Franchise]** business, the business relationship between Released Parties and FRANCHISEE and any other relationships between FRANCHISEE and Released Parties; except Released Parties' obligations under the to which this release is an Exhibit. This Release is intended by the parties' agreements effectuating the Transfer. Subject to the foregoing, this release is intended by the parties to be unqualifiedly general in scope and effect and effective for: (a) any and all claims and obligations, including those of which Franchisee is not now aware; and (b) all claims Franchisee has from anything which has happened up to now.

2. Franchisee is bound by this Release. Franchisee freely and voluntarily gives this Release to Released Parties for good and valuable consideration and Franchisee and Released parties acknowledge its receipt and sufficiency. The parties are executing this License after independent investigation and without fraud, duress, or undue influence

3. For the purpose of implementing a full and complete release and discharge of all such known and unknown claims, Franchisee expressly acknowledges that this Release is intended to include and does include in its effect, without limitations, any and all rights and claims except Released Parties', which Franchisee does not know or suspect to exist in Franchisee's favor, as of the date of execution of this Release and that this Release expressly provides for the extinguishment of all such claims, including but not limited to, any and all rights or claims under any applicable federal, state or local statute, regulation or common law.

4. Franchisee expressly acknowledges that if Franchisee is located in California or is a resident of California, it has been fully advised by its attorney of the contents of Section 1542 of the Civil

Code of California, and that that section and the benefits thereof are hereby expressly waived. Section 1542 reads as follows:

Section 1542. (General Release--Claims Extinguished.) A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Notwithstanding the provisions of Section 1542, and for the purpose of implementing a full and complete release and discharge of Claims, the Parties expressly acknowledge that this Agreement is intended to include in its effect, without limitations, all Claims which the Parties do not know or suspect to exist in their favor at the time of execution hereof, and that the settlement agreed upon contemplates the extinguishment of any and all such Claims.

5. Franchisee represents and warrants to Released Parties that Franchisee has not assigned or transferred to any other person any claim or right Franchisee had or now has relating to or against the Released Parties.

6. In this Release, each pronoun includes the singular and plural as the context may require.

7. This Release is governed by Florida law or [ ] _____ law (if box checked).

This Release is effective _____ 20_____ notwithstanding the actual date of signatures.

IN WITNESS WHEREOF, the undersigned FRANCHISEE executes this Release:

_____
By:_____ Name:
Title:_____

STATE OF _____)
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____ _____, 20_____, by _____, on behalf of _____ who is personally known to me or has produced _____ as identification.

_____
Signature of Notary
Printed Name of Notary_____
Notary Public, State of _____

**EXHIBIT H TO THE DISCLOSURE DOCUMENT**

**FORM OF**

**PRINCIPAL OWNERS STATEMENT**

## PRINCIPAL OWNERS STATEMENT

This form must be completed by the Franchisee and/or Developer ("**I**," "**me**," or "**my**") if I have multiple owners or if I, or my franchised business, is owned by a business organization (like a corporation, partnership or limited liability company). Franchisor is relying on the truth and accuracy of this form in awarding the Franchise Agreement to me.

1. **Name of Owner**. _____

2. **Form of Owner**. I am a (check one):

| | | |
|---|---|---|
| (a) | General Partnership | ☐ |
| (b) | Corporation | ☐ |
| (c) | Limited Partnership | ☐ |
| (d) | Limited Liability Company | ☐ |
| (e) | Other | ☐ |
| | Specify: _____ | |

I was formed under the laws of _____.
(state)

3. **Business Entity**. I was incorporated or formed on _____, _____ , under the laws of the State of _____. I have not conducted business under any name other than my corporate, limited liability company or partnership name and _____. The following is a list of all persons who have management rights and powers (e.g., officers, managers, partners, etc.) and their positions are listed below:

| Name of Person | Position(s) Held |
|---|---|
| | |
| | |
| | |
| | |
| | |
| | |

4. **Owners**. The following list includes the full name and mailing address of each person who is one my owners and fully describes the nature of each owner's interest. Attach additional sheets if necessary.

| Owner's Name and Address | Description of Interest |
|---|---|
| | |
| | |
| | |
| | |
| | |

5. **Governing Documents**. Attached are copies of the documents and contracts governing the ownership, management and other significant aspects of the business organization (e.g., articles of incorporation or organization, partnership or shareholder agreements, etc.).

This Statement of Principal Owners is current and complete as of _____, 20_____.

OWNER

INDIVIDUALS:

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP:

_____
[Name]

By:_____
Title:_____

**EXHIBIT I TO THE DISCLOSURE DOCUMENT**

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**PRINCIPAL OWNER'S GUARANTY**

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# PRINCIPAL OWNER'S GUARANTY

This Guaranty must be signed by the principal owners (referred to as "you" for purposes of this Guaranty only) of _____(the "**Business Entity**") under the _____ Agreement dated_____ (the "**Agreement**") with 30 Minute Hit USA, LLC ("**us**," or "**our**" or "**we**").

1. **Scope of Guaranty**. In consideration of and as an inducement to our signing and delivering the Agreement, each of you signing this Guaranty personally and unconditionally: (a) guarantee to us and our successors and assigns that the Business Entity will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (b) agree to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement.

2. **Waivers**. Each of you waive: (a) acceptance and notice of acceptance by us of your obligations under this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed by you; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed by you; (d) any right you may have to require that an action be brought against the Business Entity or any other person as a condition of your liability; (e) all rights to payments and claims for reimbursement or subrogation which you may have against the Business Entity arising as a result of your execution of and performance under this Guaranty; and (f) all other notices and legal or equitable defenses to which you may be entitled in your capacity as guarantors.

3. **Consents and Agreements**. Each of you consent and agree that: (a) your direct and immediate liability under this Guaranty are joint and several; (b) you must render any payment or performance required under the Agreement upon demand if the Business Entity fails or refuses punctually to do so; (c) your liability will not be contingent or conditioned upon our pursuit of any remedies against the Business Entity or any other person; (d) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may from time to time grant to Business Entity or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims and no such indulgence will in any way modify or amend this Guaranty; and (e) this Guaranty will continue and is irrevocable during the term of the Agreement and, if required by the Agreement, after its termination or expiration.

4. **Enforcement Costs**. If we are required to enforce this Guaranty in any judicial or arbitration proceeding or any appeals, you must reimburse us for our enforcement costs. Enforcement costs include reasonable accountants', attorneys', attorney's assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, arbitration filing fees, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty.

5. **Effectiveness**. Your obligations under this Guaranty are effective on the Agreement Date, regardless of the actual date of signature. Terms not otherwise defined in this Guaranty have the meanings as defined in the Agreement. This Guaranty is governed by Florida law and we may enforce our rights regarding it in the courts of Dade County, Florida. Each of you irrevocably submits to the jurisdiction and venue of such courts.

***The next page is the signature page***

Each of you now sign and deliver this Guaranty effective as of the date of the Agreement regardless of the actual date of signature.

| PERCENTAGE OF OWNERSHIP INTEREST IN BUSINESS ENTITY | GUARANTORS |
| --- | --- |
| _____ | _____<br>Name: _____<br>Date: _____ |
| _____ | _____<br>Name: _____<br>Date: _____ |
| _____ | _____<br>Name: _____<br>Date: _____ |
| _____ | _____<br>Name: _____<br>Date: _____ |
| _____ | _____<br>Name: _____<br>Date: _____ |

**EXHIBIT J TO THE DISCLOSURE DOCUMENT**

# LIST OF FRANCHISE OWNERS

**AS OF DECEMBER 31, 2021**

## I. 30 MINUTE HIT® GYM FRANCHISES IN THE UNITED STATES OF AMERICA:

**As of December 31, 2021.**

| STATE | ENTITY | ADDRESS | PHONE NUMBER |
|---|---|---|---|
| California | Crown 30MH, Inc. | 3958 Cerritos Avenue<br>Los Alamitos, CA 90720 | 562-296-8141 |
| | PKC Studios, Inc. | 13691 Carroll Way, Tustin, CA | 714-227-3951 |
| | BAY AREA FITNESS, LLC | 151 4th Street, Oakland, CA 94607 | 510-350-7836 |
| Colorado | Castle Rock Knockouts, LLC | 18871 Plaza Drive, Unit 102, Parker, CO | |
| Georgia | Hit Kick Fitness, LLC | 3105 Peachtree Pkwy, Suite 104, Suwanee, GA 30024 | 678-771-5224 |
| Indiana | 8.2 Fitness LLC | 8810 Southeastern Avenue, Indianapolis, IN 46239 | 317-759-7117 |
| Ohio | Elena's Gym, LLC | 4201 W. 224th Street, Fairview, Ohio 44126 | 915-503-4862 |
| Texas | Candia Fitness, Inc. | 2301 N. Zaragoza Rd. #210<br>El Paso, Texas 79938 | 915-259-8009 |
| | FVM Fitness, LLC | 6305 66th Street, Lubbock, TX 79424 | 806-698-6989 |
| | HTX Fitness | 8650 N Sam Houston Pkwy E, Suite 160B, Humble, TX 77396 | 713- 824-1004 |
| | Prado Soto Inc. | 6351 S Desert Blvd, #216, El Paso, TX 79932 | 915- 867-5417 |
| | ZING BUILDERS LLC | 3016 Guadalupe Street, Suite B200, Austin, TX 78705 | 512-599-4067 |
| Virginia | McFunky Fitness, LLC | 4001 North 9th Street, #105, Arlington, VA 22203 | 517-312-8288 |
| Washington | River Rising Ventures, Inc. | 6410 32nd Ave NW,<br>Seattle, WA 98107 | 206-432-9230 |
| | Seattle Urban Fitness, Inc. | 2026 E. Madison<br>Steet, Seattle, WA | 206-880-1135 |
| | Lyman Fitness Ltd. | 104-1255 Barkley Blvd.<br>Bellingham, WA 98226 | 360-656-5367 |

## II. A list of Franchise Agreements signed, but not yet open:

**As of December 31, 2021**

| STATE | ENTITY | ADDRESS | PHONE NUMBER |
|---|---|---|---|
| Arizona | Martin Fitt Group LLC | | |
| California | Frogs with Wings Inc | | |
| | Boxology Corp. | | |
| Florida | MaKi Corps, LLC | | |
| | Kaylane Investments Inc. | | |
| New York | CINEAS F.L.O.W., LLC | 1670 Prospect Place Apt.2<br>Brooklyn, NY 11233 | 917-686-0687 |
| Nevada | VENNI, VEDI AMAI | 12418 Piazzo Street<br>Las Vegas, NV 89141 | (702) 465-6306 |
| Texas | S&S GYM, LLC | | |
| | EMS BIZ, INC. | | |
| Washington | River Rising Ventures, Inc (2) | 1317 59th St., SE Auburn, WA 98029 | 253-951-7376 |
| | River Rising Ventures, Inc (3) | 1317 59th St., SE Auburn, WA 98029 | 253-951-7376 |

**III. A list of Franchisees in the United States of America that opened in 2022 prior to the date of this Disclosure Document: NONE**

**IV. A list of our company owned 30 MINUTE HIT® Gyms in the United States of America as of December 31, 2021 is as follows: NONE**

**V. 30 MINUTE HIT® FRANCHISES IN CANADA as of April 1, 2022:**

| | **ADDRESS** | **TELEPHONE NUMBER** | **EMAIL** |
|---|---|---|---|
| 0897771 BC Ltd. | 418 East Columbia Street,<br>New Westminster, BC V3L 3W9 | 604-521-5913 | newwestminster@30minutehit.com |
| 1340486 BC Ltd. | 108-5560 Minoru,<br>Richmond, BC V6X 2A9 | 604-279-5425 | richmond@30minutehit.com |
| 0954377 BC Ltd. | 3012 St John's Street,<br>Port Moody, BC V3H2C5 | 604-628-0068 | portmoody@30minutehit.com |
| 10040939 Manitoba Ltd. | 3-1122 Henderson Hwy<br>Winnipeg, Manitoba R2G 1L1 | 204-336-2099 | northkildonan@30minutehit.com |
| 1006698 BC Ltd. | 3516 West 41st Ave,<br>Vancouver, BC V3E 3A8 | 604-569-3233 | vancouver@30minutehit.com |
| 1020118 BC Ltd. | #3,1800 Kalamalka Lake Road,<br>Vernon, BC V1T 6V3 | 250-275-4808 | vernon@30minutehit.com |
| 102066517 Saskatchewan Ltd. | 7936 Canola Ave Regina, Saskatchewan S4Y 0E8 | 306-559-4633 | regina@30minutehit.com |

| | **ADDRESS** | **TELEPHONE NUMBER** | **EMAIL** |
|---|---|---|---|
| 10715158 Canada Inc. | 294 Elliott Avenue<br>Kingston, ON | 613-766-5995 | kingston@30minutehit.com |
| 1133096 BC Ltd. | 571A McPhee Avenue<br>Courtenay, BC V9N-2Z7 | 250-871-0733 | courtenay@30minutehit.com |
| 1157310 BC Ltd. | Unit 150 – 2980 Island Hwy N<br>Nanaimo, BC V9T5V4 | 250-585-2880 | nanaimo@30minutehit.com |
| 1171161 BC Ltd. | 52 CRear, Front Street<br>Penticton, BC V3A1H1 | 250-4627632 | penticton@30minutehit.com |
| 117233 BC Ltd. | Unit 106-9292 200th Street<br>Langley, BC V1M 3A6 | 604-484-8230 | walnutgrove@30minutehit.com |
| 1224508 BC Ltd.* | 14130 57 Ave<br>Surrey, BC V3X2X6 | | |
| 2047854 Alberta Ltd. | 700 Mahogany Blvd., SE<br>Calgary, AB<br>T3M-1Y1 | 403-252-0071 | calgarysouthwest@30minutehit.com |
| 2181661 Alberta Ltd. | 30 Auburn Bay Street SE #121 Calgary, AB T3M-2M5 | | calgarysoutheast@30minutehit.com |
| 30 MH Fitness Ltd. | 2404 King George Highway,<br>Surrey, BCV4P 1H5 | 604-595-1547 | surrey@30minutehit.com |
| 30 MHL Fitness Ltd. | 101-5844 Glover Road,<br>Langley, BC V3A 4H9 | 778-278-2228 | langley@30minutehit.com |
| 30 MHS Fitness Ltd. | 15148 Fraser Highway,<br>Surrey, BC V3R 3P1 | 604-498-6888 | northsurrey@30minutehit.com |
| 3315799 Nova Scotia Limited | #2, 5651 Hennessey Street<br>Halifax, NS | 902-407-8882 | Halifax@30minutehit.com |
| 3322344 Nova Scotia Ltd. | 1562 Newcombe Blvd<br>Annapolis Valley B4R 1A1 | 902-365-5630 | annapolis@30minutehit.com |
| 3331412 Nova Scotia Ltd. | 1239 Bedford Hwy<br>Bedford, NS B4A1C5 | 902-407-5050 | Bedford@30minutehit.com |
| 7317442 Manitoba Ltd. | 823 Croydon Ave,<br>Winnipeg, MB R3M 0W6 | 204-615-2696 | winnipeg@30minutehit.com |
| 9286–8694 Quebec Inc. | 3660 Saint-Charles,<br>Kirkland QC H9H 3C3 | 514-505-6202 | montreal@30minutehit.com |
| 9312-9583 Quebec Inc. | 1630 blvd de l'Avenir,<br>Laval, QC H7S 2N4 | 450-934-9188 | laval@30minutehit.com |
| 9333 –1114 Quebec Inc. | 155 Maple Blvd,<br>Chateauguay, QC J6J 3R1 | 450-507-7448 | chateauguay@30minutehit.com |
| 9337 –2258 Quebec Inc. | 4898B Tashereau Blvd,<br>Greenfield Park, QC J4V 2J2 | 450-671-7676 | greenfieldpark@30minutehit.com |
| 9345 -0039 Quebec Inc. | 1051 Ave Saint Charles, Suite 112,<br>Vaudreuil-Dorion, QC J7V 8P5 | 450-218-0525 | vaudreuil@30minutehit.com |
| 9354-7214 Quebec Inc. | 7811 Boulevard Roi-René<br>Anjou, QC H1K-3G9 | 514-355-1804 | anjou@30minutehit.com |
| 9372-6651 Quebec Inc. | 120-2655 King Ouest<br>Sherbrooke, QC J1L2G4 | 819-791-1846 | sherbrooke@30minutehit.com |
| 9374-9257 Quebec Inc. | 306-1895 Boulevard Rene-Laennec Laval, QC H7M 5E2 | 450-993-0900 | vimont@30minutehit.com |

| | ADDRESS | TELEPHONE NUMBER | EMAIL |
|---|---|---|---|
| 9385-6720 Quebec Inc. | 234 Boul. Cure Labelle#5<br>Saint-Therese, QC J7E 2X7 | 450-818-1534 | Saint-therese@30minutehit.com |
| 9396-2837 Quebec Inc | 2547 Rue Centre<br>Montreal, QC H3K1J8 | 514-925-2424 | le-sud-ouest@30minutehit.com |
| 9387-4121 Quebec Inc. | 4874 Chemin de la Cote-des-Neiges,<br>Montreal, QC H3V 1H4 | 514-495-7165 | villeray@30minutehit.com |
| 9396-7479 Quebec Inc. | 690 rue de Montbrun, Suite R Montreal,<br>QC H1A 5B4 | 450-857-3030 | Boucherville@30minutehit.com |
| 9398-3922 Quebec Inc. | 2222A Dollard Ave<br>Lasalle, QC H8N 1S6 | 514-363-6464 | lasalle@30minutehit.com |
| 9404-7743 Quebec Inc. | 3-111 Boul. Industriel<br>Repentigny, Quebec, J6A 4X5 | (450) 721-1804 | Repentigny@30minutehit.com |
| Alirah Inc. | 260 Indian Road South, Unit 2<br>Sarnia, ON N7T3W4 | 519-491-8118 | sarnia@30minutehit.com |
| Anchor Fitness Inc. | 1312-115 Prestwick Villas SE, Calgary,<br>AB T2Z 0M8 | | st.johns@30minutehit.com |
| B&E Fitness Ltd. | 204-20285 Stewart Cres.<br>Maple Ridge, BC V3X 8G1 | 604-460-8881 | mapleridge@30minutehit.com |
| BMA Fitness Inc. | 28 Barli Crescent<br>Maple, Ontario | | |
| C&S Acute Sport Ltd. | 601 Kingston Road, Suite 110<br>Toronto, ON M4E-1R3 | 416-901-6541 | beaches@30minutehit.com |
| Catfoot Inc. | 10612-170 Street Edmonton, AB<br>T5S 1P3 | 780-757-2885 | westedmonton@30minutehit.com |
| CLH Vantrends Ltd. | 1675 Kingsway,<br>Vancouver, BC V5N 2S2 | 604-254-4269 | vancouver@30minutehit.com |
| CLS Fitness Ltd. | Unit#1 – 32095 Ventura Ave<br>Abbotsford, BC V3S 6J3 | 604-746-3088 | abbotsford@30minutehit.com |
| Dragonfly Fitness Inc. | 3576 Allan Dr. SW Edmonton, AB T6W<br>2C4 | 780-244-4899 | windermere@30minutehit.com |
| Dragonfly South Inc. | 4447-99th Street,<br>Edmonton, AB T6E 5B6 | 780-989-5425 | edmonton@30minutehit.com |
| Fitness with Chantel Ltd. | #9 – 100 King Street,<br>Spruce Grove, AB T7X 3A2 | 780-962-9101 | sprucegrove@30minutehit.com |
| Giant Leap Fitness Ltd. | 206-314 Wale Road,<br>Victoria, BC V9B 0J8 | 250-590-2774 | westshore@30minutehit.com |
| Giant Leap Fitness Ltd. | 102-4475 Viewmont Avenue,<br>Victoria, BC V8Z 3E9 | 778-433-8686 | royaloak@30minutehit.com |
| HDT Holdings Ltd. | 798 Main Street,<br>Dartmouth, NS B2W 3V1 | 902-462-4893 | dartmouth@30minutehit.com |
| Hit Glam Fitness Inc. | 2A-45695 Hocking Avenue<br>Chilliwack, BC V3P 6Z6 | 604-997-7592 | chilliwack@30minutehit.com |
| Hit Worcks Athletics Ltd. | 101 Bowser Avenue<br>North Vancouver, BC V6P 3H1 | 604-904-9654 | northvan@30minutehit.com |
| K & T Fitness Ltd. | Unit 119,15 Circle Drive St., | 780-458-3070 | st.albert@30minutehit.com |

| | ADDRESS | TELEPHONE NUMBER | EMAIL |
|---|---|---|---|
| | Albert, AB | | |
| K2 Athletics Inc. | #4-1801 Rosser Ave,<br>Burnaby, BC V5C 6R4 | 604-569-3737 | burnaby@30minutehit.com |
| LAS Holdings Inc. | 407 – 1515 Broadway Street,<br>Port Coquitlam, BC V3C 6M2 | 604-464-5425 | poco@30minutehit.com |
| Lou's Fitness Inc. | 1550 Harvey Ave<br>Kelowna, BC V1Y 6G2 | 778-484-3064 | kelowna@30minutehit.com |
| M&S London Fitness Inc. | Unit 7, 100 Belmont Drive<br>London, ON N6J 3T4 | 519-601-4483 | london-ontario@30minutehit.com |
| Moulden Health & Fitness Inc. | Unit B, 21 Panabaker Drive<br>Ancaster, ON LNG 0A4 | 905-304-4482 | ancaster@30minutehit.com |
| Radii Fitness Inc. | Unit 120, 2755 Broadmoor Blvd,<br>Sherwood Park AB T8H 2R7 | 780-467-4489 | sherwoodpark@30minutehit.com |
| SY Sports Athletics Ltd | 202-621B Mount Pleasant Road<br>Toronto, Ontario M4S 2M5 | | |
| Vedar Fitness Ltd. | 15 Evansfield Rise NW<br>Calgary, AB T3P 0L9 | | calgarynw@30minutehit.com |

# EXHIBIT K TO THE DISCLOSURE DOCUMENT

# FRANCHISEES WHO HAVE LEFT THE SYSTEM

**The following is a list of franchisees whose franchise agreements have either been terminated, canceled, not renewed or who otherwise have left the system during the 12-month period ending December 31, 2021 (and as of December 31, 2021*), or who have not communicated with us within 10 weeks of the date of this Disclosure Document in the United States of America:**

| | | | |
|---|---|---|---|
| Connecticut | Punch Happy, LLC | 22 Heritage Drive<br>Somers, CT 06071 | 413-272-8422 |
| Texas | Digital Nomad Holdings LLC** | 3005 S. Lamar Blvd. Suite D-109, #457, Austin, Texas 7804 | 512-676-0097 |

**This location closed operations in 2020 due to COVID-19, never reopened and was ultimately terminated in 2021. Subsequently, a new franchisee acquired this location and re-opened at the same premises.

**The following is a list of franchisees and area developers whose franchise agreements have either been terminated, canceled, not renewed or who otherwise have left the system during the 12-month period ending as of December 31, 2021 or who have not communicated with us within 10 weeks of the date of this Disclosure Document in Canada:**

| | | | |
|---|---|---|---|
| 9364-8400 Quebec Inc. | Suite 101, 8369 Chemin Montview<br>Ville Mont-Royal, QC H4P 2L9 | 514-731-6997 | Ville-mont-royal@30minutehit.com |
| Stronger 8 Wellness Inc. | #8 2210 Millar Ave. Saskatoon, SK S7K 4L1 | 306-384-5425 | saskatoon@30minutehit.com |
| HS Athletics Inc. | Unit 103-185 Forester Street, North Vancouver, BC V6H0A6 | 604-990-9921 | dollarton@30minutehit.com |
| BM Fitness Inc. | 4155 Fairview Street, Unit 2<br>Burlington, ON | 904-634-3333 | burlington@30minutehit.com |

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

**EXHIBIT L TO THE DISCLOSURE DOCUMENT**

**LIST OF STATE AGENCIES/AGENTS**

**FOR SERVICE OF PROCESS**

Our registered agent in the State of Florida is:

Scott P. Weber
Scott Phillip Weber, P.A.
3709 W. McKay Avenue
Tampa, Florida 33609

| STATE AND EFFECTIVE DATE | AGENCY | PROCESS, IF DIFFERENT |
|---|---|---|
| California | Department of Financial Protection and Innovation<br>Los Angeles<br>320 West 4th Street, Suite 750<br>Los Angeles, CA 90013<br><br>Sacramento<br>2101 Arena Blvd.<br>Suite 200<br>Sacramento, CA 95834<br><br>San Diego<br>1350 Front Street<br>San Diego, CA 92101<br><br>San Francisco<br>One Sansome Street, Suite 600<br>San Francisco, CA 94104 | Incorp Services, Inc. (C2294569)<br>5716 Corsa Avenue, Suite 110<br>Westlake Village, CA 91362-7354<br>Los Angeles |
| Hawaii | Securities Examiner<br>1010 Richards Street<br>Honolulu, HI 96813 | |
| Illinois | Franchise Division<br>Office of Attorney General<br>500 South Second Street<br>Springfield, IL 62706 | |
| Indiana | Franchise Section<br>Indiana Securities Division<br>Secretary of State, Room E-111<br>302 W. Washington Street<br>Indianapolis, Indiana 46204 | Administrative Office of the Secretary of State<br>201 State House<br>Indianapolis, Indiana 46204 |
| Maryland | Office of Attorney General<br>Securities Division<br>200 St. Paul Place<br>Baltimore, MD 21202-2021 | Maryland Securities Commissioner<br>200 St. Paul Place<br>Baltimore Maryland 21202-2021 |
| Michigan | Consumer Protection Division<br>Franchise Section<br>Michigan Department of Attorney General<br>670 G. Mennen Williams Building<br>525 West. Ottawa<br>Lansing, Michigan 48933 | |
| Minnesota | Minnesota Department of Commerce<br>85 7th Place East, Suite 280<br>St. Paul, Minnesota 55101<br>(651) 296-4026 | Commissioner of Commerce |

| STATE AND EFFECTIVE DATE | AGENCY | PROCESS, IF DIFFERENT |
|---|---|---|
| New York | NYS Department of Law<br>Investor Protection Bureau<br>28 Liberty Street, 21st Floor<br>New York, New York 10005 | New York Department of State<br>One Commercial Plaza<br>99 Washington Avenue, 6th Floor<br>Albany, New York 12231 |
| North Dakota | North Dakota Securities Department<br>600 East Boulevard Avenue<br>State Capitol, Fifth FL, Dept. 414<br>Bismarck, North Dakota 58505-0510<br>(701) 328-4712 | |
| Oregon | Department of Insurance and Finance<br>Corporate Securities Section<br>Labor and Industries Building<br>Salem, Oregon 97310 | |
| Rhode Island | Division of Securities<br>1511 Pontiac Avenue<br>John O. Pastore Complex-Building 69-1<br>Cranston, RI 02920<br>(401) 462-9585 | |
| South Dakota | Department of Labor and Regulation<br>Division of Securities<br>445 E. Capitol Avenue<br>Pierre, SD 57501<br>(605) 773-4823 | |
| Virginia | Ronald W. Thomas, Administrator<br>State Corporation Commission<br>Division of Securities and<br>Retail Franchising<br>1300 East Main Street, 9th Floor<br>Richmond, VA 23219 | Clerk<br>State Corporation Commission<br>1300 East Main Street<br>Richmond, VA 23219 |
| Washington | Department of Financial Institutions<br>Securities Division<br>P.O. Box 9033<br>Olympia, WA 98507<br>(360) 902-8760 | Department of Financial Institutions<br>150 Israel Road, SW<br>Tumwater, WA 98501 |
| Wisconsin | Securities and Franchise Registration<br>Division of Securities, 4th Floor<br>345 W. Washington Avenue<br>Madison, Wisconsin 53703 | |

**EXHIBIT M TO THE DISCLOSURE DOCUMENT**

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**PRE-CLOSING QUESTIONNAIRE**

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## FRANCHISEE ACKNOWLEGMENT/COMPLIANCE CERTIFICATION

As you know, you and we are entering into a Franchise Agreement for the operation of a 30 Minute Hit® franchise. The purpose of this Compliance Certification is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your business. Please review each of the following questions carefully and provide honest responses to each question.

**Acknowledgments and Representations*.**

1. Did you receive a copy of our Disclosure Document at least 14 calendar days before signing the Franchise Agreement? Check one: □ Yes. □ No.

2. Have you studied and reviewed carefully our Disclosure Document, Franchise Agreement and, if you are entering into an Area Development Agreement ("ADA"), the ADA? Check one: □ Yes. □ No.

3. Is the name, address and phone number of any broker and each of our employees or representatives who was involved in offering you this franchise listed on the Disclosure Document receipt you signed (or on any updated receipt we provided to you)?
Check one: □ Yes. □ No.

4. Do you understand that the Franchise Agreement contains the entire agreement between you and us concerning the franchise, meaning that any prior oral or written statements not included in the Franchise Agreement or our Disclosure Document will not be binding?
Check one: □ Yes. □ No.

5. Do you understand that the success or failure of your business will depend in large part on your skills and experience, your business acumen, your location, the local market for products, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition and other economic and business factors? Check one: □ Yes. □ No.

6. Do you understand that you are bound by the non-compete covenants (both in-term and post-term) listed in the Franchise Agreement and that an injunction is an appropriate remedy to protect the interests of the 30 MINUTE HIT® system if you violate the covenant(s)? Further, do you understand that the term "you" for purposes of the non-compete covenants is defined broadly, such that any actions in violation of the covenants by those holding any interest in the franchisee entity may result in an injunction, default and termination of the Franchise Agreement? Check one: □ Yes. □ No.

If you answered "No" to Questions 1-6, please explain (attached additional sheets if necessary):_____
_____
_____
_____
_____
_____
_____

7. Was any oral, written or visual claim or representation made to you which contradicted the disclosures in the Disclosure Document? Check one: □ Yes. □ No.

8. Except as stated in Item 19 of our Disclosure Document, was any oral, written or visual claim or representation made to you which stated, suggested, predicated or projected your sales, income or profit levels? Check one: □ Yes. □ No.

9. Except as stated in Item 19 of our Disclosure Document, was any oral, written or visual claim or representation made to you which stated, suggested, predicated or projected the sales, income or profit levels for any 30 MINUTE HIT® business? Check one: □ Yes. □ No.

10. Except as stated in Item 19 of our Disclosure Document, did any employee or other person speaking on our behalf make any statement or promise regarding the costs involved in operating a franchise that is not contained in the Disclosure Document or that is contrary to or different from the information in the Disclosure Document? Check one: □ Yes. □ No.

If you answered "'Yes" to questions 7-10, please explain in details the claim, representation or statement (attached additional sheets if necessary): _____

_____

_____

_____

_____

_____

_____

_____

11. Do you understand that this franchise business may be impacted by other risks, including those outside your or our control such as economic, political or social disruption, including COVID-19. In addition, I understand that the COVID-19 outbreak and any preventative or protective actions that federal, state, and local governments may take in response to this pandemic may result in a period of business disruption, reduced customer demand, and reduced operations for 30 MINUTE HIT® businesses. The extent to which the coronavirus impacts the 30 MINUTE HIT ® system will depend on future developments which are highly uncertain and which we cannot predict. Check one: □ Yes. □ No.

If you answered "No" to question 11, please explain (attached additional sheets if necessary):

_____

_____

_____

YOUR ANSWERS ARE IMPORTANT TO US AND WE WILL RELY ON THEM. BY SIGNING THIS CERTIFICATION, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

**NOTE: IF THE FRANCHISEE IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, AN OFFICER AND EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.**

| | |
|---|---|
| Signed_____ | Signed _____ |
| Print Name:_____ | Print Name:_____ |
| Date:_____ | Date:_____ |

* Such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act,the Maryland Franchise Registration and Disclosure Law or under the Washington Franchise Investment Protection Act.

**EXHIBIT N TO THE DISCLOSURE DOCUMENT**

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**STATE SPECIFIC ADDENDA AND DISCLOSURE**

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**ADDENDUM TO THE 30 MINUTE HIT USA, LLC**
**CALIFORNIA DISCLOSURE DOCUMENT**
**AND FRANCHISE AGREEMENT**

The following paragraphs are added to the Disclosure Document:

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The following paragraphs are added at the end of Item 17 of the Disclosure Document pursuant to regulations promulgated under the California Franchise Investment Law:

Termination Upon Bankruptcy. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et. seq.).

Post-Termination Non-competition Covenants. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the respective agreement. These provisions may not be enforceable under California law.V

Applicable Law. The Franchise Agreement requires application of the laws of the State of Florida with certain exceptions. These provisions may not be enforceable under California law.

Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law.

(California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

California Business and Professions Code §§20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

None of the franchisor, any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et. seq., suspending or expelling such persons from membership in such association or exchange.

Fee Deferral. Item 7 of the Franchise Disclosure Document is amended to reflect that the franchisor will defer all initial franchise fees until the opening date of the 30 MINUTE HIT® Gym. Your estimated initial investment is not changed because the initial investment period for Item 7 extends beyond your opening date.

Section 21.11 of the Franchise Agreement requires the franchisee to consent to a waiver of exemplary and punitive damages and Section 21.12 shortens the statute of limitations. These Sections are hereby amended with the following language:

Provisions requiring the franchisee to consent to a waiver of exemplary and punitive damages are in violation of California Corporations Code section 31521.

The Franchisor will not require you to execute the Franchise Acknowledgement/Compliance Certification that is attached to the Franchise Agreement. If you do execute the Franchisee Acknowledgment/Compliance Questionnaire, we will disregard it and not rely on it.

**ADDENDUM TO THE 30 MINUTE HIT USA, LLC**
**ILLINOIS DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT**

Illinois law governs the Franchise Agreement(s)

Payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates a jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

| **FRANCHISEE** | **30 Minute Hit USA, LLC** |
|---|---|
| By:_____ | By:_____ |
| Name:_____ | Name:_____ |
| Title:_____ | Title:_____ |
| Date:_____ | Date:_____ |

**ADDENDUM TO THE 30 MINUTE HIT USA, LLC**
**MARYLAND DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT**

The provision in the franchise agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et. seq.).

Pursuant to COMAR j02.02.08.16L, the General release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

Permit a franchisee to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Item 5 is amended by adding the following language:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development addendum opens.

| **30 MINUTE HIT USA, LLC** | **YOU** |
|---|---|
| By:_____ | By:_____ |
| Name:_____ | Name:_____ |
| Title:_____ | Title:_____ |
| Date:_____ | Date:_____ |

**ADDENDUM TO THE 30 MINUTE HIT USA, LLC**
**MINNESOTA DISCLOSURE DOCUMENT**

Minnesota Statute 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchiser from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statute 80Cor (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchiser will comply with Minnesota Statute 80C.14 Subd. 3-5, which require (except in certain specified cases)

- that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement and
- that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statute 80C.12 Subd. 1(G). The franchiser will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minnesota Rule 2860.4400(J) also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statute 80C.17 Subd. 5.

**APPROVED AND ACCEPTED BY: 30 MINUTE HIT USA, LLC**

_____

Print Name: _____

Date: _____

**FRANCHISEE:**

_____
(Individual, Partnership or Corporation Name)

By: _____

Title: _____

Date: _____

**ADDENDUM TO THE 30 MINUTE HIT USA, LLC**
**MINNESOTA FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT**

Minnesota Statute 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchiser from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statute 80Cor (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchiser will comply with Minnesota Statute 80C.14 Subd. 3-5, which require (except in certain specified cases)

- that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement and
- that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statute 80C.12 Subd. 1(G). The franchiser will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minnesota Rule 2860.4400(J) also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statute 80C.17 Subd. 5.

**ADDENDUM TO THE 30 MINUTE HIT USA, LLC**
**SOUTH DAKOTA DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT**

Fee Deferral. Item 7 of the Franchise Disclosure Document and any conflicting terms of the Franchise Agreement are amended to reflect that the franchisor will defer all initial franchise fees until the opening date of the 30 MINUTE HIT® Gym. Your estimated initial investment is not changed because the initial investment period for Item 7 extends beyond your opening date.

| **30 MINUTE HIT USA, LLC** | **YOU** |
|---|---|
| By:_____ | By:_____ |
| Name:_____ | Name:_____ |
| Title:_____ | Title:_____ |
| Date:_____ | Date:_____ |

**ADDENDUM TO THE 30 MINUTE HIT USA, LLC**
**VIRGINIA DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT**

Item 21 of the Franchise Disclosure Document and the Franchise Agreement for 30 MINUTE HIT USA, LLC for use in the Commonwealth of Virginia shall be amended to state as follows:

> The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

| **FRANCHISEE** | **30 Minute Hit USA, LLC** |
|---|---|
| By:_____ | By:_____ |
| Name:_____ | Name:_____ |
| Title:_____ | Title:_____ |
| Date:_____ | Date:_____ |

**ADDENDUM TO THE 30 MINUTE HIT USA, LLC**

**Washington Addenda to the Franchise Agreement and related Agreements and the Franchise Disclosure Document**

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee (a) has received all initial training that it is entitled to under the franchise agreement or offering circular, and (b) is open for business.

Use of Franchise Brokers. The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring

prospects to the franchisor and/or selling the franchise. Do no rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

The System Standards Violation Fee as described in Item 6 of the Franchise Disclosure Document does not apply to Washington franchisees.

Section 21.19 of the Franchise Agreement is hereby amended as follows:

A vote of other franchisees will not modify the Franchise Agreement as it pertains to any Washington franchisee.

Section 17.7 of the Franchise Agreement is hereby amended to remove the following statement:

Consequently, enforcement of the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living.

Section 18.4 of the Franchise Agreement is hereby amended to provide:

The franchisee's indemnification obligation does not extend to liabilities caused by franchisor's acts or omissions amounting to gross negligence, willful misconduct, strict liability, or fraud.

Section 23.3 of the Franchise Agreement is hereby deleted and replaced with the following:

**No Warranties**. We expressly disclaim the making of, and you acknowledge that you have not received, any warranty or guaranty, express or implied, as to the revenues, sales, profits or success of the business venture contemplated by this Agreement or the extent to which we will continue to develop and expand the network of 30 MINUTE HIT® Gyms. You acknowledge and understand the following:

(a) any statement regarding the potential or probable revenues, sales or profits of the business venture are made solely in the Franchise Disclosure Document delivered to you prior to signing this Agreement;

(b) any statement regarding the potential or probable revenues, sales or profits of the business venture or statistical information regarding any existing 30 MINUTE HIT® Gym owned by us or our affiliates, or that is not contained in our Franchise Disclosure Document, is unauthorized, unwarranted and unreliable and should be reported to us immediately; and

(c) you have not received any representations about us or our franchising program or policies made by us, or our officers, directors, employees or agents, that are contrary to the statements made in our Franchise Disclosure Document or to the terms of this Agreement. If there are any exceptions to any of the foregoing, you agree to: (i) immediately notify our President; and (ii) note such exceptions by attaching a statement of exceptions to this Agreement prior to signing it.

The undersigned does hereby acknowledge receipt of this addendum. Dated

this _____day of _____, _____.

| FRANCHISOR: | PROSPECTIVE FRANCHISEE: |
| --- | --- |
| By:_____ | By:_____ |
| Name:_____ | Name:_____ |
| Title:_____ | Title:_____ |

**Washington Addenda to the Development Agreement and related Agreements and the Franchise Disclosure Document**

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington

The franchisor will defer collection of the Development Fee on a pro-rated basis, such that the franchisee will pay the franchisor the Fee proportionally upon the opening of each unit franchise.

The following sentence in Section 9.10 of the Area Development Agreement is hereby deleted:

> You agree to have executed this Agreement without reliance upon any such representation or promise.

The undersigned does hereby acknowledge receipt of this addendum. Dated

this _____day of _____, _____.

| FRANCHISOR: | PROSPECTIVE FRANCHISEE: |
|---|---|
| By:_____ | By:_____ |
| Name:_____ | Name:_____ |
| Title:_____ | Title:_____ |

**EXHIBIT O TO THE DISCLOSURE DOCUMENT**

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**TABLE OF CONTENTS TO OPERATION MANUAL**

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**EXHIBIT P TO THE DISCLOSURE DOCUMENT**

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**RECEIPTS**

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## STATE EFFECTIVE DATES:

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

| STATE | EFFECTIVE DATE |
|---|---|
| California | Pending |
| Hawaii | Not Registered |
| Illinois | Not Registered |
| Indiana | Pending |
| Maryland | Pending |
| Michigan | October 29, 2021 |
| Minnesota | Pending |
| New York | Pending |
| North Dakota | Not Registered |
| Rhode Island | Not Registered |
| South Dakota | Not Registered |
| Virginia | Pending |
| Washington | Pending |
| Wisconsin | Not Registered |

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.

## RECEIPT

This disclosure document summarizes provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If 30 MINUTE HIT USA, LLC offers you a franchise, it must provide this disclosure document to you fourteen days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

Under Illinois, Maine, Nebraska, New York, Oklahoma, Rhode Island or South Dakota law, if applicable, 30 MINUTE HIT USA, LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise. New York Law requires the Franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise agreement or other agreement or the payment of any consideration that relates to the franchise relationship.

If 30 MINUTE HIT USA, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and in the state agency listed on Exhibit "L". 30 Minute Hit authorizes the respective state agencies identified on Exhibit L to receive service of process for it in the particular state.

The issuance date of this Franchise Disclosure Document is April 14, 2022 The individuals below act as our

franchise sellers on this franchise sale:

| | |
|---|---|
| 30 Minute Hit USA, LLC<br>2221 North East 164th Street,<br>Suite 252<br>North Miami Beach, Florida 33160<br>(778) 340-2000<br><br>Jackson Loychuk, Deanna Loychuk | Stacey Firth<br>12395 231B street<br>Maple Ridge, BC<br>V2X 9Z8<br>778-572-9002 |

I have received a Disclosure Document dated April 14, 2022 that included the following Exhibits:

| | | | |
|---|---|---|---|
| Exhibit A | Financial Statements | Exhibit I | Form of Principal Owner's Guaranty |
| Exhibit B | Form of Franchise Agreement and Related Materials | Exhibit J | List of Franchisees, Sponsored Franchise Associations and Non-Sponsored Franchise Associations |
| Exhibit C | Form of Conditional Assignment of Telephone Numbers and Listings | Exhibit K | List of Franchisees Who Have Left the System |
| Exhibit D | Form of Conditional Assignment and Assumption of Lease | Exhibit L | List of State Agencies/Agents for Service of Process |
| Exhibit E | Form of Agreement to Lease | Exhibit M | Pre-Closing Questionnaire |
| Exhibit F | –Form of Area Development | Exhibit N | State Specific Addenda and Disclosure |
| Agreement Exhibit G | General Release – | Exhibit O | Table of Contents to Operation Manual |
| Renewal & Assignment | | Exhibit P | Receipts |
| Exhibit H | Form of Principal Owner's Statement | | |

PROSPECTIVE FRANCHISEE

If a Business Entity:

_____
NAME OF ENTITY

By:_____
Its:_____
Date:_____
Signature:_____

If an Individual

_____

Print:_____
Date:_____

Date FDD Received: _____

*(Date sign and return to franchisor)*

*[Our Copy]*

## RECEIPT

This disclosure document summarizes provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

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PROSPECTIVE FRANCHISEE

If a Business Entity:

_____
NAME OF ENTITY

By:_____
Its:_____
Date:_____
Signature:_____

If an Individual

_____

Print:_____
Date:_____

Date FDD Received: _____

**KEEP THIS COPY FOR YOUR RECORDS. This Disclosure Document is also available in pdf format on our website www.30minutehit.com**

*[Your Copy]*