FRANCHISE DISCLOSURE DOCUMENT

BASH Boxing Franchising LLC
(*a Virginia limited liability company*)
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https://bash-boxing.com/franchise/

A "BASH Boxing" franchisee will operate a business that specializes in providing customers with a one-of-a-kind group fitness experience featuring our proprietary boxing-focused fitness programs and related sales of retail items in an inviting, inclusive, and professional atmosphere.

The total investment necessary to begin operation of a "BASH Boxing" franchised business ranges from $450,333 to $1,563,000. This includes $40,000 that must be paid to the franchisor or an affiliate. If you wish to sign a development agreement, then the total investment needed to begin operation would be multiplied by the number of units that you agree to open, after applying a discounted initial franchise fee. (For example, for a 3-unit development agreement, the total investment would be $1,340,999 to $4,679,000, which includes $110,000 that must be paid to the franchisor or an affiliate.)

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Alex Trakas, 2020 Pennsylvania Avenue NW, Suite 1210, Washington, DC 20006 (571-353-7438; franchise@bash-boxing.com).

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

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

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

The issuance date of this Franchise Disclosure Document is July 21, 2023.

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit I.
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 G 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 "BASH Boxing" 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 "BASH Boxing" franchisee?	Item 20 or Exhibit I 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 your franchise business or may harm your franchise business.

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About This Franchise

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

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

Short Operating History. The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

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.

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

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L. Receipt

ITEM 1 The Franchisor and any Parents, Predecessors, and Affiliates

The Franchisor

The Franchisor of the "BASH Boxing" system is BASH Boxing Franchising LLC.

BASH Boxing Franchising LLC is referred to as "**we**", "**us**", "**our**" or "**BB**" in this disclosure document, and we refer to the person who buys the franchise as "**you**" or "**your**". If the franchisee is an entity (corporation, partnership, or limited liability company), then the term "you" as used in this disclosure document refers to the franchisee entity as well as its owners.

We are a limited liability company and were organized in Virginia on January 12, 2021. We conduct business under our corporate name and the "BASH Boxing" name. We may operate other concepts, including additional BASH Studios, or other group fitness concepts in the future.

Our principal place of business is 2020 Pennsylvania Avenue NW, Suite 1210, Washington, DC 20006. We have listed our agents for service of process in Exhibit D to this disclosure document.

Our Parents, Predecessors, and Affiliates

We have no parents or predecessors. Our affiliates – none of which have offered franchises in any line of business and none of which provide any products or services to our franchisees – are:

STAPS Holdings LLC ("**STAPS Holdings**"), a Delaware limited liability company formed on July 6, 2017.	STAPS Holdings was formed to function as a holding company and like us, has its principal place of business at 2020 Pennsylvania Avenue NW, Suite 1210, Washington, DC 20006. STAPS Holding also owns the "BASH Boxing" trademark registrations and licenses them to us (as explained in Item 13 below).
VABOX1 LLC ("**Rosslyn Studio Entity**"), a Delaware limited liability company formed on July 6, 2017.	Rosslyn Studio Entity was formed to operate the affiliate-owned BASH Studio location at 1550 Wilson Boulevard, Arlington, VA 22209 (its principal place of business).
VABOX2 LLC ("**Ballston Studio Entity**"), a Delaware limited liability company formed on March 14, 2018.	Ballston Studio Entity was formed to operate the affiliate-owned BASH Studio location at 700 N. Randolph Street, Arlington, VA 22203 (its principal place of business).
VABOX3 LLC ("**Merrifield Studio Entity**"), a Virginia limited liability company formed on January 12, 2022.	Merrifield Studio Entity was formed to operate the affiliate-owned BASH Studio location at 2905 District Avenue, Fairfax, VA 22031 (its principal place of business) (the "**Merrifield Studio**").
VABOX4 LLC ("**Gainesville Studio Entity**"), a Virginia limited liability company, formed on June 17, 2022.	Gainesville Studio Entity was formed to operate the affiliate-owned BASH Studio location at 7637 Linton Hal Rd, Gainesville, VA 20155. (the "**Gainesville Studio**") Gainesville Studio has its principal place of business at 2905 District Avenue, Fairfax, VA 22031.

The Franchise Offered

We offer qualified candidates the opportunity to develop and operate one or more franchised "BASH Boxing" businesses ("**BASH Studios**" or "**Studios**") that specialize in providing customers with a one-of-a-kind group fitness experience using our proprietary boxing programs (the "**Programs**") in a clean, upscale, and modern workout studio, as well as related sales of retail items. BASH Studios provide customers with fitness classes using our proprietary boxing programs, which incorporate BASH boxing equipment – including boxing gloves, free weights, medicine balls, resistance bands, and our joint-safe "Aqua Bag" – and the BASH Six Core Punches boxing technique and choreography, as well as our teaching methods, music selections, standardized lighting, and brand standards, which we may develop and change periodically (collectively, the "**Programs**"). We may also periodically designate or approve additional services and items, such as fitness apparel, accessories, and other retail products, for sale to customers in the Studios (together, the "**Retail Products**").

BASH Studios operate using our "**Proprietary Marks**" (including the "BASH" name and mark, corresponding logo, and certain other trademarks, service marks, trade names, logos, and commercial symbols that we may periodically designate).

Studios are characterized by our and our affiliates' "BASH Boxing" System (the "**System**"). Some of the features of our System are our Programs; our standards, specifications and teaching methods for our Programs; materials used in the instruction and performance of the Programs ("**Program Materials**"); standards and techniques for selecting and training Program coaches; related products and approved merchandise; our standards for quality and uniformity of products and services offered; confidential and proprietary information and trade secrets; distinctive images, designs, business formats, training methods, procedures, and specifications; distinctive exterior and interior design, signage, decor, color scheme, and furnishings; uniform standards, specifications, and procedures for operations; brand presentation to consumers (including music playlists); procedures for management; software; training and assistance; advertising and promotional programs; and our professional reputation and high customer service standards, all of which we may periodically develop, change, and improve.

If you are qualified, then we will offer you the right to establish and operate individual Studios (also referred to as "**franchises**" or "**Franchised Businesses**"), each at an agreed-upon specified location (the "**Approved Location**"). We will sign a Franchise Agreement (the "**Franchise Agreement**") for each franchised Studio you open. We award franchises in our discretion, and in order to be qualified to become our franchisee, we will consider many factors that include, among other things, a prospective franchisee's financial resources, educational and work background, personality fit, and ability to work with our team. A copy of the current form of Franchise Agreement is attached as Exhibit A to this disclosure document.

You must operate your Studio in accordance with our standards and procedures, as set out in the confidential brand manuals and other written instructions we provide (the "**Brand Manual**"). We will lend you, or make available electronically, a copy of the Brand Manual for the duration of the Franchise Agreement.

Studios will be operated in a 2,500 to 4,000 square foot indoor structure that need not be free-standing, in Class A locations (including anchored retail, urban and suburban shopping centers in upscale, high-traffic, high-visibility areas). Studios must be built out, equipped, and decorated to meet our specifications (including the use of our trade dress, trademark, and design).

We may also offer area development agreements ("**Development Agreements**") to qualified parties ("**Developers**"). Our current form of Development Agreement is attached to this Disclosure Document as Exhibit B. If you sign a Development Agreement, we will grant you the right, and you will accept the responsibility, to establish an agreed-upon number of Studios within an agreed-upon designated area (the "**Development Area**"), under an agreed-upon timetable (the "**Development Schedule**"). Each Studio will be constructed and operated under a separate Franchise Agreement. The Franchise Agreement for the first Studio developed under the Development Agreement will be in the form attached to the Development Agreement. The Franchise Agreement for each additional Studio developed will be in the form of the Franchise Agreement that we generally offer to new franchisees at that time. You must develop at least three Studios under a Development Agreement.

Applicable Regulations

Several states have consumer protection laws that regulate the fitness club industry (including laws establishing limits on the length of membership or requiring bonds or the escrowing of membership fees before the opening of your club). You may be required in some states to have a defibrillator on site and a member of your staff on premises at all times certified to operate the defibrillator, provide CPR, first aid, etc. Some states also regulate the terminology you may use in selling membership, as well as the form and substance of the terms included in contracts with members.

Your Studio will also be subject to all of the federal, state, and local laws that apply to businesses generally, including minimum-age and minimum wage laws, the Fair Labor Standards Act, general occupational and safety laws, and the Americans with Disabilities Act. State and local laws vary. You are responsible for finding out the requirements of the federal, state, and local laws, as well as licensing requirements that will apply to you, and you must comply with all of them at all times, including for example health, sanitation, no-smoking, EEOC, OSHA, ADA, discrimination, employment, and sexual harassment laws. You must also follow the Payment Card Industry Data Security Standards and comply with applicable privacy laws relating to customer credit card transactions. The laws in your state or municipality may be more or less stringent, and there may be specific laws or regulations in your state or municipality regarding the operation of a Studio. We recommend that you work with professional advisors such as lawyers and accountants to review all applicable laws, regulations, and standards before entering into any agreement with us.

Finally, we note that due to the global coronavirus pandemic, some government agencies have ordered (or suggested) that fitness businesses temporarily close, or have otherwise severely limited clientele from patronizing group fitness facilities. You should consult with your attorney concerning those and other local laws and ordinances that may affect the operation of your Franchised Business.

The Market and Competition

Your Studio will offer group fitness services and related services and products to the general public throughout the year. The market for these services and products is competitive, mature, and well-developed. Your Studio will compete with national, regional, and local competition, including company-owned and franchised chains as well as independently owned fitness businesses. Your competition will include other boxing studios as well as facilities offering a variety of fitness activities. These businesses compete vigorously on the basis of factors such as price, service, location, and program quality. These businesses are often affected by other factors as well, such as changes in consumer taste, economic conditions, and seasonal fluctuations.

ITEM 2 Business Experience

The following individuals have management responsibility for the sale or operation of the franchise offered by this disclosure document.

Chief Executive Officer and Member-Manager — Alexandra Trakas

Ms. Trakas is one of our Co-Founders and has been our Chief Executive Officer and a Member-Manager since our formation in January 2021. She also serves as a Partner of STAPS Holdings (since April 2017). From February 2016 to November 2017, Ms. Trakas served as Manager of an Orangetheory Fitness franchise in Pentagon City, Virginia.

Member-Manager — Sherif Abdalla

Mr. Abdalla has been one of our Member-Managers since our formation in January 2021. He also currently serves as a Vice President at Compass Real Estate in McLean, Virginia (since April 2018) and as Managing Partner of STAPS Holdings (since April 2017). From April 2014 to March 2018, Mr. Abdalla served as Vice President of TTR Sotheby's Real Estate.

Chief Financial Officer and Member-Manager — Lee Smith

Mr. Smith is one of our Co-Founders and has been our Chief Financial Officer and a Member-Manager since our formation in January 2021. He also currently serves as a Partner of STAPS Holdings (since April 2017) and of Smith Capital in Washington, DC (since January 2013).

Member-Manager — Win Sheridan

Mr. Sheridan has served as a Member-Manager since our formation in January, 2021. He also currently serves as a Partner at MediaWeaver Entertainment in Los Angeles, California (since September 2014) and STAPS Holdings (since April 2017).

Chief Revenue Officer and Member-Manager — Scott Parker

Mr. Parker is one of our Co-Founders and has served as our Chief Revenue Officer and a Member-Manager since our formation in January 2021. He also currently serves as a Partner of STAPS Holdings (since April 2017) and as Founder at Scott Parker Brands (since January 2016).

Chief Operating Officer — Nick Robbins

Mr. Robbins has served as our Chief Operating Officer since our formation in January 2021. He previously served as a Senior Manager for Financial Partnerships at Marriott International in Bethesda, Maryland from August 2018 to December 2020, as well as Manager of Enterprise Strategy & Execution for American Express in New York, New York from September 2015 to August 2018.

ITEM 3 Litigation

No litigation is required to be disclosed in this Item.

ITEM 4 Bankruptcy

No bankruptcy is required to be disclosed in this Item.

ITEM 5 Initial Fees

Initial Franchise Fee

The initial franchise fee is $40,000 and will be due when you sign the Franchise Agreement. The initial franchise fee is fully earned and must be paid in one lump-sum amount. We entered into one Franchise Agreement during 2022 and collected a $40,000 franchise fee.

The initial franchise fee is not refundable unless you or your operating principal make a bona fide effort but fail to complete initial training to our satisfaction. If you or your operating principal fail to satisfactorily complete initial training, we will refund 50% of the initial franchise fee that you paid, less our costs (including training, travel, and sales commissions paid) within ten days after all the parties (including your principals) have signed a termination agreement and mutual release.

Development Fee

If you sign the Development Agreement, you must pay us a development fee in an amount equal to the total of $40,000 for the first Studio that you will develop plus $15,000 for each additional Studio that you agree to open according to the Development Schedule. You must develop at least three Studios under a Development Agreement. The amount of the development fee will vary based on the number of Studios you choose to develop under the Development Agreement. The development fee must be paid in lump sum and is non-refundable. We did not enter into any Development Agreements during 2022.

If you are in compliance with your obligations under the Development Agreement, then when you enter into the Franchise Agreement with us for the first Studio, we will credit to you the sum of $40,000 as full payment of the initial franchise fee due under the Franchise Agreement for that Studio. If you continue to be in compliance with your obligations under this Agreement, then at the time you enter into the Franchise Agreement for each additional Studio that you develop according to the Development Schedule, we will credit to you the sum of $15,000, which we will apply to the initial franchise fee payable under each Franchise Agreement for that Studio (the credits that we apply will not exceed the total development fee that you have actually paid to us).

If you sign a Development Agreement, then we will discount the initial franchise fee due for the franchises that you must open under the Development Agreement, as follows:

Initial Franchise Fee	Explanation
$40,000	Applies to the Franchise Agreement for the 1st franchise that is required under the Development Agreement
$35,000	Applies to the 2nd through 5th franchises that are required under the Development Agreement
$30,000	Applies to the 6th and all additional franchises that are required under the Development Agreement

ITEM 6 Other Fees

Type of Fee	Amount	Due Date	Remarks
Royalty (Notes 1 & 2)	7.5% of Adjusted Gross Sales	Each Week, by Tuesday	See Note 2
Brand Fund (Notes 1 & 3)	2% of Adjusted Gross Sales (Note 2)	Each Week, by Tuesday	.
Local Advertising Expenditure (Note 3)	1% of Adjusted Gross Sales (Note 2)	Weekly	
Supplier/Vendor or Supplies Approval (Note 4)	Cost of inspection of supplier's facilities and/or test of supplier's samples, plus our reasonable related costs and expenses	Upon demand	Due if you propose a new supplier or vendors (or particular suppliers) that we have not previously approved. May also include ongoing testing fees.
Product and Equipment Purchases	Will vary	Upon delivery or as agreed	We charge you for products and equipment you purchase from or through us.
Additional and Repeat Initial Training	Our then-current fee (currently $5,000 per individual to be trained)	As incurred	
Ongoing/Remedial Training	Our then-current fee (currently $500 per day per trainer), plus our reasonable related costs and expenses	As incurred	
Inspection or Audit (Note 5)	Cost of inspection or audit plus our reasonable related costs and expenses	Upon demand	Only due if inspection or audit discloses that information provided to us was materially inaccurate or misleading
Interest	1.5% per month on missed, overdue, or insufficient payments.	Upon demand.	Interest begins to accrue when your payment was initially due. The interest rate will not exceed any maximum rate that may apply.

Type of Fee	Amount	Due Date	Remarks
Renewal Fee	Greater of $10,000 or 25% of our then-current initial franchise fee	Due upon execution of Renewal Agreement	
Transfer Fee	Greater of $10,000 or 25% of our then-current initial franchise fee, plus any applicable broker fees	At the time of transfer	Only due if you propose a transfer.
Securities Offering Fee	Greater of $10,000 or our reasonable costs and expenses	Upon demand	Only due if you engage in a securities offering, you must reimburse us for our reasonable costs and expenses (including legal and accounting fees) to evaluate your proposed offering and you also must indemnify us (see below).
Relocation Fee	$5,000 plus our reasonable costs and expenses	At the time of relocation	Only due if you propose to relocate your franchise.
Cost of Enforcement or Defense (Note 6)	Will vary under circumstances	Upon demand	
Liquidated Damages	Average Royalty Fees due for the 24 months immediately before your abandonment or default, multiplied by the lesser of (a) 24 months; or (b) the number of months remaining in the agreement term	Upon demand	Only due if we you are in default (including abandonment) of the Franchise Agreement and we exercise our right to terminate the agreement.
Insurance	Actual costs	Upon demand	Only due if you fail to purchase the required business insurance, and we exercise our right to buy insurance for you (we are not obligated to do so).

Type of Fee	Amount	Due Date	Remarks
Indemnification	All costs and expenses, including attorneys' fees	Upon demand	Only due if we are sued as a result of your operations (including related securities offerings).
Technology Fee (Note 1)	Our then-current fee (currently $700 per month)	Payable in the same manner and time as Royalty	We have the right to change our Technology Fee upon notice to you.
Additional Tech Vendor Fees	Variable	As incurred	Fees by tech vendors that provide products and/or services to you beyond those covered by the Technology Fee must be paid directly to those vendors in the ordinary course of business.
Management Fee	As incurred	On demand	Only due if your operating principal becomes incapacitated or dies and we exercise our right to take over operation of the Franchised Business until a transfer is completed

Notes:

1 **Fee Payments.** All royalty fees, advertising contributions, amounts due for your purchases from us, and other amounts payable to us under the Franchise Agreement must be paid through electronic funds transfer (using the ACH network). You must maintain a sufficient balance in the account from which the ACH deductions are made to pay all of the fees due under the Franchise Agreement. We may periodically change our requirements for how payments are to be remitted.

The fees described in this Item 6 are non-refundable. Except as otherwise indicated in the preceding chart, we impose all fees and expenses listed and you must pay them to us. The fees described above are uniformly applied to new system franchisees, however, in instances that we consider appropriate, we may waive some or all of these fees.

We will have the right to make inflation adjustments to the fixed-dollar amounts under the Franchise Agreement (but not the Initial Franchise Fee) if there are changes in the Index from the year in which you signed the Franchise Agreement. "**Index**" means the Consumer Price Index published by the U.S. Bureau of Labor Statistics ("**BLS**") (1982-84=100; all items; CPI-U; all urban consumers). If the BLS no longer publishes the Index, then we can designate a reasonable alternative measure of inflation.

2 The term "**Adjusted Gross Sales**" means all revenue from your franchised business. This includes all revenue from providing Programs, sale of Products and Services, and all other income related to, derived from, or originating from the Studio (whether or not permitted under this Agreement), including barter and the proceeds of any business interruption insurance policies, whether for cash or credit, and regardless of theft, or of collection in the case of credit. Adjusted Gross Sales excludes: (a) legitimate and reasonable discounts and/or refunds that you provide to customers; (b) sales taxes or other taxes that you collect from your customers and actually pay to the appropriate taxing authorities; (c) proceeds from insurance with respect to your property damage or liability; (d) proceeds from any civil forfeiture, condemnation, or government seizure; and (e) the amount of any credits, allowances, adjustments or uncollectible amounts (however, uncollectible amounts cannot exceed 0.5% Adjusted Gross Sales in any fiscal year).

The term "**Week**" means a calendar week starting as soon as you open for business each Monday and ending at the close of business on Sunday (which may be on Monday after midnight when the business day started earlier on Sunday comes to a close) (unless otherwise explained in the Manual).

3 **Marketing Contribution.** You must contribute and spend the amounts we specify in the Franchise Agreement for the "**Marketing Contribution**." We will have the right to allocate your Marketing Contribution in the proportion that we designate among the following: (a) our System-wide marketing and promotional fund (the "**Brand Fund**); (b) any Regional Fund established for your area (but we are not required to establish a Regional Fund for your area); and (c) to be spent by you on local marketing and promotion. We have the right to periodically make changes to the allocation of the Marketing Contribution and/or increase the Marketing Contribution to up to 5% of Adjusted Gross Sales upon notice to you.

4 **Supplier/Vendor, Supplies Approval.** If you wish to sell or use any product that is has not been approved by us, or purchase any product from a supplier or vendor that has not been approved by us, you must notify us and, if requested, submit samples and other information for inspection and testing before we will consider whether to approve the proposed new supplier. You or the proposed supplier or vendor will pay the reasonable cost of the inspection and evaluation and the actual cost of any testing.

5 **Inspection or Audit.** If an inspection or audit of your books and records reveals that any payments due to us have been understated in any report, then you will immediately pay us, upon demand, the understated amount plus interest from the date due until paid. If an inspection or audit discloses that information provided to us was materially inaccurate or misleading (or it cannot be determined whether it was materially inaccurate or misleading because you have failed to maintain and preserve the required compliance data), then you must also reimburse us for any costs and expenses, including accounting and attorneys' fees connected with the inspection or audit. Any understatement of Adjusted Gross Sales of 2% or more in any report is conclusively deemed to be materially inaccurate and misleading.

6 **Cost of Enforcement or Defense.** If a claim is asserted in any legal proceeding before a court of competent jurisdiction, or if we or you must enforce the Franchise Agreement, Development Agreement, or related agreements (including non-compete agreements) in a judicial or arbitration proceeding, the prevailing party will be entitled to reimbursement of its costs, including reasonable accounting and attorneys' fees, resulting from this proceeding. You also will be responsible for our costs of enforcement relating to your personnel's non-competition or confidentiality obligations. This amount would only become due if (i) you are in

default under the Franchise Agreement or Development Agreement, in which case you must reimburse us for our expenses (including reasonable attorneys' fees) in enforcing or terminating the agreement; (ii) if we successfully defend claims from you regarding the Franchise Agreement or Development Agreement; or (iii) if we incur costs in your defense (except where a court with competent jurisdiction determines the claim(s)/expense(s) were caused solely by our gross negligence and/or willful misconduct).

ITEM 7 Estimated Initial Investment

YOUR ESTIMATED INITIAL INVESTMENT

Table A:
YOUR ESTIMATED INITIAL INVESTMENT
(A SINGLE BASH STUDIO UNDER A FRANCHISE AGREEMENT)

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment Is Made
	From	To			
Initial Franchise Fee (Note 1)	$40,000	$40,000	Lump Sum	When you sign the Fran. Agmt	Us
Lease (Note 2)	$8,333	$40,000	As incurred	Before opening, as incurred	Landlord
Utility Deposits (Note 3)	$0	$1,000	As incurred	Before opening, as incurred	Utility Providers
Architect Fees & Construction Costs (Note 4)	$260,000	$1,280,000	As incurred	Before opening, as incurred	Third Parties
Training Expenses (Note 5)	$5,000	$8,000	As incurred	Before opening, as incurred	Third Parties
Business Licenses and Permits (Note 6)	$500	$1,500	As incurred	Before opening, as incurred	Licensing Authorities
Business Insurance (Note 7)	$4,000	$6,500	As incurred	Before opening, as incurred	Insurance Providers
Initial Inventory (Note 8)	$15,000	$19,000	As incurred	Before opening, as incurred	Approved Suppliers

Table A: YOUR ESTIMATED INITIAL INVESTMENT (A SINGLE BASH STUDIO UNDER A FRANCHISE AGREEMENT)					
Type of Expenditure	**Amount**		**Method of Payment**	**When Due**	**To Whom Payment Is Made**
	From	**To**			
Computer Hardware and Software (Note 9)	$4,000	$7,000	As incurred	Before opening, as incurred	Approved Vendor
Furniture, Fixtures, and Eqpt (Note 10)	$55,000	$66,000	As incurred	Before opening, as incurred	Approved Suppliers
Signage (Note 10)	$8,000	$12,000	As incurred	Before opening, as incurred	Approved Suppliers
Grand Opening Mktg Program (Note 11)	$25,000	$40,000	As incurred	Before opening, as incurred	Various
Professional Fees (Note 12)	$500	$2,000	As incurred	Before opening, as incurred	Accountants, Attorneys, and Consultants
Additional Funds (3 mos.) (Note 13)	$25,000	$40,000	As incurred	After opening	Various
Totals	$450,333	$1,563,000			

Table B: YOUR ESTIMATED INITIAL INVESTMENT (FOR 3 BASH STUDIOS UNDER A DEVELOPMENT AGREEMENT)					
Type of Expenditure	**Amount**		**Method of Payment**	**When Due**	**To Whom Payment Is Made**
	From	**To**			
Development Fee (Note 1)	$70,000	$70,000	Lump Sum	When you sign the Fran. Agmt	Us
Additional Initial	$40,000	$40,000	Lump Sum	$0 when you sign 1st Fran.	Us

Table B: YOUR ESTIMATED INITIAL INVESTMENT (FOR 3 BASH STUDIOS UNDER A DEVELOPMENT AGREEMENT)					
Type of Expenditure	**Amount**		**Method of Payment**	**When Due**	**To Whom Payment Is Made**
	From	**To**			
Franchise Fees due (when Fran. Agmts are signed) (Note 1)				Agmt; $20,000 when you sign 2nd and 3rd Fran. Agmts	
Lease (Note 2)	$24,999	$120,000	As incurred	Before opening, as incurred	Landlord
Utility Deposits (Note 3)	$0	$3,000	As incurred	Before opening, as incurred	Utility Providers
Architect Fees & Construction Costs (Note 4)	$780,000	$3,840,000	As incurred	Before opening, as incurred	Third Parties
Training Expenses (Note 5)	$15,000	$24,000	As incurred	Before opening, as incurred	Third Parties
Business Licenses and Permits (Note 6)	$1,500	$4,500	As incurred	Before opening, as incurred	Licensing Authorities
Business Insurance (Note 7)	$12,000	$19,500	As incurred	Before opening, as incurred	Insurance Providers
Initial Inventory (Note 8)	$45,000	$57,000	As incurred	Before opening, as incurred	Approved Suppliers
Computer Hardware and Software (Note 9)	$12,000	$21,000	As incurred	Before opening, as incurred	Approved Vendor
Furniture, Fixtures, and Equipment (Note 10)	$165,000	$198,000	As incurred	Before opening, as incurred	Approved Suppliers

Table B: YOUR ESTIMATED INITIAL INVESTMENT (FOR 3 BASH STUDIOS UNDER A DEVELOPMENT AGREEMENT)					
Type of Expenditure	**Amount**		**Method of Payment**	**When Due**	**To Whom Payment Is Made**
	From	**To**			
Signage (Note 10)	$24,000	$36,000	As incurred	Before opening, as incurred	Approved Suppliers
Grand Opening Marketing Program (Note 11)	$75,000	$120,000	As incurred	Before opening, as incurred	Various
Professional Fees (Note 12)	$1,500	$6,000	As incurred	Before opening, as incurred	Accountants, Attorneys, and Consultants
Additional Funds (3 mos.) (Note 13)	$75,000	$120,000	As incurred	After opening	Various
Totals	$1,340,999	$4,679,000			

Notes:

Table A provides the estimates applicable if you were to open one franchised BASH Studio under a Franchise Agreement.

Table B provides the estimates applicable if you were to sign a Development Agreement to open three BASH Studios. Except for the payment of the development fee and the discounted initial franchise fees, the figures in Table B are simply three-times the figures in Table A.

1 **Initial Franchise Fee and Development Fee.** The franchise fee (as described in Item 5) is used, in part, to defray our costs for providing training, promotional assistance and materials, site selection guidance, design, and other pre-opening services.

If you sign a Development Agreement, then you will pay the development fee due under that agreement (as described in Item 5). If you are in compliance with your obligations under the Development Agreement and all of your Franchise Agreements, then we will apply a portion of the development fee as a credit toward the initial franchise fees (Table B shows that we would credit $40,000 toward the initial franchise fee due under the first Franchise Agreement, $15,000 toward the discounted initial franchise fee due under the second Franchise Agreement, and $15,000 toward the discounted initial franchise fee due under third Franchise Agreement).

2 **Lease.** You will be responsible for leasing premises suitable for the operation of a BASH Studio. Your rental expense may vary widely based on geographic location, size of the facility, local rental rates, and other factors, and may be considerably higher in large metropolitan areas with high competition for real estate leases. The estimate is for lease payments covering two months' rent (rent for the first month of operation and one month's security deposit). The estimate assumes a BASH Studio location that is 2,500 square feet to 4,000 square feet in size, with rent at $20 to $60 per square foot per year, and no obligation to pay rent during the build-out period (before you actually open for business). The estimates in the tables assume that you will be able to negotiate a rent abatement for two months of rent during your initial months of operation. If you cannot negotiate a rent abatement for two months without having to pay rent, then we estimate that your rental costs for four months of rent (that is, a one month security deposit plus three months after opening) will range from $16,667 to $80,000.

BASH Studio locations include upscale urban and suburban retail and lifestyle centers in high-traffic, high-visibility store fronts, suburban centers, entertainment centers, and shopping centers. Rent varies considerably from market to market, and from location to location within each market. Rents may vary beyond the range that we have provided based on factors such as competition and market conditions in your area, the type and nature of improvements needed to the premises, the size of the BASH Studio, the terms of the lease, and the desirability of the location. If you cannot negotiate a pre-opening rent abatement your costs will be higher. If you choose to buy (instead of leasing) the real estate for your BASH Studio, you will incur additional costs that we cannot estimate.

3 **Utility Deposits.** You may be required to pay deposits before the installation or beginning of service of telephone, gas, electric and other utilities. This estimate excludes utility tap fees which are typically covered by the landlord.

4 **Architects Fees and Construction Costs.** The cost of construction depends upon the size and condition of the premises, the nature and extent of leasehold improvements required, including awning, general construction, permits, architectural fees and legal fees. The location, age and size of the BASH Studio and the extent of landlord participation in the build-out significantly affect that cost. The lower figure assumes that the cost of leasehold improvements is borne by the landlord through a tenant improvement allowance for leasehold improvements. The range of figures in the table above includes the cost of reasonable renovation or leasehold improvements and related architects' fees. The extent of the required leasehold improvements may vary widely depending upon the existing facility and modifications required to accommodate a fitness studio operation. The estimate is based space in the range of 2,500 to 4,000 square feet at a build-out cost of approximately $104 to $320 per square foot. If you incur higher build-out costs, then your total expenditure will be higher as well.

5 **Initial Training Expenses.** You are responsible for making arrangements and paying the expenses for any persons attending the training program, including transportation, lodging, meals, and wages. The amount expended will depend, in part, on the distance you must travel and the type of accommodation you choose. The estimate provided contemplates the training of 13 people (the operating principal, studio manager, lead sales associate, and up to ten coaches) for approximately 14 days in accordance with the training schedule in Item 11.

6 **Business Licenses and Permits.** This estimate includes costs relating to business license requirements, health, and safety regulations (including occupancy), employment regulations, music, and entertainment (including license fees to copyright and other intellectual property owners). You should not consider this list as comprehensive. The laws in your state, county or municipality may be more or less stringent. You are advised to examine these laws before purchasing a franchise from us. You may need to hire accountants and/or legal counsel to assist you in obtaining required licenses and permits and other legal compliance, which is shown as a separate entry in the above chart.

7 **Business Insurance.** You are required to obtain and maintain, throughout the term of the Franchise Agreement, certain minimum insurance types and coverages, described in Item 8 of this Disclosure Document.

8 **Initial Inventory.** Before you begin operating, you must purchase an initial inventory of equipment items that are used in conducting the Programs, as well as logoed apparel items. We have logoed items produced bearing our Proprietary Marks for use by our franchisees. Based on the required minimum quantity of logoed apparel items (currently $5,000) and the required minimum quantity of other retail inventory and designated fitness equipment items, your purchase costs before you begin operating your BASH Studio will be approximately $15,000 to $19,000. Your actual costs, however, may vary depending on the number of items that you elect to purchase before beginning operations, as well as office and other miscellaneous supplies you may need, plus shipping cost, taxes, etc. This estimate is for the initial inventory only.

9 **Computer Hardware and Software.** The estimated initial investment includes costs related to the mandatory purchase of POS System hardware and software, audiovisual and telecommunications equipment, and other electronics for the Franchised Business. We reserve the right to implement as a part of our standards and specifications contained in the Manuals the requirement that you obtain approved accounting, reporting and operational software. We do not currently anticipate that any required software will be customized and proprietary, thus the terms and conditions of any software license or other agreement which may be required to be executed by you in connection with software are not known to us at this time.

10 **Furniture, Fixtures, Equipment, and Signage.** You must furnish your Franchised Business in the manner that we direct. This will include certain required equipment, furniture and fixtures required to build out and operate the Studio (such as cabinetry, retail displays, lockers, benches, lighting systems, fitness equipment, and office furniture). These costs will vary depending on the size and condition of the Approved Location. Signage must be obtained from our approved supplier and conform to our standards, including standards related to the use of our trademarks as set forth in the Brand Manual.

11 **Grand Opening Marketing Program.** You will be required to spend the amount specified in your Franchise Agreement on grand opening marketing and promotional programs in conjunction with the initial launch of your BASH Studio. These programs include marketing spanning from 90 days before opening to no later than 30 days post-opening, and may include class giveaways and related direct labor.

12 **Professional Fees.** The estimate is for legal, accounting, and various other professional fees that you may incur before you open for business, including (among other things) to assist you in reviewing the Franchise Agreement. Your actual costs may vary, for example,

depending on how much you ask of your advisors, ask them to provide written reports, the kind of advisors that you choose, the financing arrangements that you seek to put in place, your lease negotiations, and how the permitting process is implemented in your city. The hourly rate for advisors, accountants, and legal professionals will also vary.

13 **Additional Funds.** These figures represent additional operating capital that you may need to operate your Franchised Business during the first three months after commencing operations. We cannot guarantee that you will not incur additional expenses in starting the business that may exceed this estimate. This estimate also includes such items as initial payroll and payroll taxes, repairs and maintenance, bank charges, miscellaneous supplies and equipment, initial staff recruiting expenses, state tax and license fees, deposits, and prepaid expenses (if applicable), and other miscellaneous items as offset by the revenue you take into the Franchised Business. It does not include owner compensation. These items are by no means all-inclusive of the extent of the expense categorization. The expenses you incur during the initial start-up period will depend on factors such as the time of the year that you open, both local economic and market conditions, as well as your business experience, the kind of services that you purchase, prevailing wage rates in your area, and other key factors.

14 **Total.** We relied on our own business experience and the experience of our Affiliates in connection with their company-owned Studios in Arlington, Virginia when preparing these figures. You should review these estimates on your own, preferably with a business advisor of your own choosing.

ITEM 8 Restrictions on Sources of Products and Services

Required Purchases of Goods and Services

You must operate the Franchised Business in strict conformity with the methods, standards, and specifications that we may periodically prescribe in the Manual or otherwise in writing. At all times during the term of the Franchise Agreement, you must:

- sell or offer for sale only those Products and services, using the equipment and other items, that we have approved in writing for you to offer and use at your Franchised Business;
- sell or offer for sale all those Products and services, using the equipment and other items, and employing the techniques that we specify in writing;
- not deviate from our standards and specifications by using or offering any non-conforming items without our specific prior written consent;
- stop using and offering for use any Products or services that we at any time disapprove of in writing (which we have the right to do so at any time).

If you deviate (or propose to deviate) from our standards and specifications, whether or not we have approved, the deviation will become our exclusive property.

We have the right to designate only one supplier for certain items used at the Franchised Business in order to take advantage of marketplace efficiencies. We are not presently the only approved

supplier for any required purchases for the operation of your Franchised Business. However, we reserve the right to change our purchasing requirements in the future.

The Franchise Agreement also provides that you may not use any item bearing our trademarks without our prior written approval as to those items. We estimate that the cost of your purchases and leases from designated or approved sources, or those meeting our standards and specifications, will be approximately 100% of the total cost of establishing a Franchised Business and approximately 100% of the cost of continued operation of the franchise.

You must allow us or our agents, at any reasonable time, to inspect the Franchised Business and to remove equipment, items, or products, without payment, by degree reasonably necessary for inspection or testing by us or a third party to determine whether those samples meet our then-current standards and specifications. We may require you to bear the cost of that testing if we did not previously approve in writing the supplier of the item or if the sample that we take from your Franchised Business fails to conform to our specifications.

Alternative Suppliers

If you want to buy any supplies or any other items from an unapproved supplier, you first must submit a written request to us asking for our approval. You may not purchase from any proposed new supplier until we have reviewed and, if we think it is appropriate, approve in writing the proposed new supplier.

When considering whether to approve any particular supplier, we will consider (among others) the following factors:

- whether the supplier can show, to our reasonable satisfaction, its ability to meet our then-current standards and specifications;
- whether the supplier has adequate quality controls and capacity to supply the System's needs promptly and reliably; and
- whether the supplier's approval would enable the System, in our sole opinion, to take advantage of marketplace efficiencies.

Among other things, we have the right to require that our representatives be permitted to inspect a proposed new supplier's facilities, and that samples from that supplier be delivered either to us or to an independent laboratory that we designate for testing. Either you or the proposed new supplier must pay us a charge (which will not exceed the reasonable cost of the inspection and the actual cost of the tests). We also may require that the proposed new supplier comply with certain other requirements that we may deem appropriate, including for example payment of reasonable continuing inspection fees and administrative costs, or other payment to us by the supplier on account of their dealings with you or other franchisees, for use, without restriction (unless otherwise instructed by the supplier) and for services that we may render to our suppliers.

We reserve the right to periodically re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier does not continue to meet any of our then-current criteria. You may not buy items from any supplier that we have not yet approved in writing, and you must stop buying items from any supplier who we approve of, but later disapprove.

Ownership Interest in a Supplier

We are not currently a designated supplier for any required purchase for the operation of your Franchised Business. However, we reserve the right to modify our purchase requirements at any time in the future. None of our officers own any interest in any other approved or designated supplier for any products, goods, or services that you must purchase for the operation of your Franchised Business.

Revenue Derived from a Supplier

We have the right to collect and retain all manufacturing allowances, marketing allowances, rebates, credits, monies, payments, or benefits (collectively, "**Allowances**") offered by suppliers to you or to us (or our affiliates) based upon franchisees' purchases of Products, equipment, and other goods and services. These Allowances include those based on System-wide purchases of Products, equipment, and other items. We may either retain the credit of any volume discounts, rebates or incentives received as a result of your purchases or contribute all or a portion of them to the Marketing Fund, should such a fund be established.

We and our affiliates currently do not derive revenue from any approved supplier based on franchisee purchases, but reserve the right to do so in the future. During our fiscal year ended December 31, 2022, neither we nor our affiliates received revenue from franchisee purchases of products and services.

Cooperatives

We currently have no purchasing or distribution cooperatives. We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products or services to some or all of the BASH Studios in our System. If we do establish those types of alliances or programs, we may limit the number of approved suppliers with whom you may deal, we may designate sources that you must use for some or all products and services, and we may refuse to approve proposals from franchisees to add new suppliers if we believe that action would be in the best interests of the System or the licensed network of BASH Studios.

Negotiated Prices

We have the right to negotiate prices and terms with suppliers for the benefit of our franchisees. There are no negotiated purchase arrangements in effect at this time.

Material Benefits

We do not provide material benefits to franchisees based on a franchisee's purchase of particular products or services or use of a designated or approved supplier.

Insurance

You must obtain and maintain, throughout the term of the Franchise Agreement, certain minimum insurance types and coverages, including:

- commercial general liability insurance protecting against any and all claims for personal, bodily and/or property injury occurring in or about the Studio and protecting against assumed or contractual liability with respect to the Studio and your operations, with such policy to be placed with minimum limits of $1,000,000 combined single limit

per occurrence and $1,000,000 general aggregate per location; provided, however, that at our election, such minimum limits may be periodically increased. This coverage may not exclude losses due to assault, battery, and/or the use or brandishing of firearms.

- comprehensive automobile liability insurance, including owned, non-owned and hired car coverage providing third party liability insurance, covering all licensed vehicles owned or operated by or on behalf of you, with limits of liability not less than $1,000,000 combined single limit for both bodily injury and property damage. Such policy must have the contractual exclusion removed, unless you provide separate evidence that contractual liability for automobile exposure is otherwise insured.

- statutory workers' compensation insurance and employer's liability insurance for a minimum limit equal to at least the greater of $1,000,000 or the amounts required as underlying by your umbrella carrier, as well as such other disability benefits type insurance as may be required by statute or rule of the state in which the Studio is located.

- data theft and cybersecurity coverage with limits of liability not less than $1,000,000 combined single limit.

- employment practices liability insurance with limits of liability not less than $1,000,000 combined single limit.

- commercial umbrella liability insurance with limits which bring the total of all primary underlying coverages (commercial general liability, comprehensive automobile liability, and employers' liability) to not less than $5,000,000 total limit of liability. Such umbrella liability must provide at a minimum those coverages and endorsements required in the underlying policies.

- property insurance providing coverage for direct physical loss or damage to real and personal property in minimum coverage of $500,000 for the building and $250,000 for contents coverage (with no more than a $5,000 deductible) for all risk perils, including the perils of flood and earthquake. Appropriate coverage must also be provided for boiler and machinery exposures and business interruption/extra expense exposures, written on an actual loss sustained basis. The policy should include coverage off-premises service interruption, ordinance and law, civil authority, as well as sewer and drain back up. The policy or policies must value property (real and personal) on a new replacement cost basis without deduction for depreciation and the amount of insurance must not be less than 90% of the full replacement value of the Studio, its furniture, fixtures, equipment, and stock (real and personal property). The policy should include wind or named storm deductible at 2% with $25,000 minimum per occurrence deductible. Any deductibles contained in such a policy will be subject to our review and approval.

- any other insurance coverage that is required by federal, state, or municipal law.

All of these policies must cover us, BB, and our affiliates (as well as including us, BB, and any entity in which we have an interest and each of our members, managers, shareholders, directors, officers, partners, employees, servants, and agents, all as additional insured parties), include the

endorsements, and meet other technical requirements that are provided in the Franchise Agreement.

ITEM 9 Franchisee's Obligations

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

	Obligation	Section in Franchise Agreement	Section in Development Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	1.2, 5	8	11, 12
b.	Pre-opening	5, 6, 7, and 14	Not applicable	11
c.	Site development and other pre-opening requirements	3.2, 5.2, 5.4, and 5.7	1, 2, and 8	5, 6, 7, 11
d.	Initial and ongoing training	3.1 and 6	Not applicable	11
e.	Opening	3.3, 3.7, 5.1, 5.4, 5.7, and 8.2	8	5, 6, 7, 11
f.	Fees	2.2.6, 4 and 16.5.9	4	5, 6
g.	Compliance with standards and policies/The Manual	1.5, 3.4, 5, 7, 8.1, and 10	Not applicable	8, 11, 15
h.	Trademarks and proprietary information	1.1 and 9	7	13, 14
i.	Restrictions on products/services requirements	1.5 and 7	Not applicable	8, 16
j.	Warranty and customer service requirements	8	Not applicable	15
k.	Territorial development and sales quotas	1.3	2 and Exhibit A	12
l.	Ongoing product/service purchases	7	Not applicable	8
m.	Maintenance, appearance, and remodeling requirements	5 and 8.6	Not applicable	11
n.	Insurance	15	9.1	7, 8, 11
o.	Advertising	3.5, 3.6, and 13	Not applicable	6, 11

	Obligation	Section in Franchise Agreement	Section in Development Agreement	Disclosure Document Item
p.	Indemnification	21 and Ex. C	9.7 and 13	14
q.	Owner's participation	8.7	Not applicable	11, 15
r.	Records/reports	4.2, 12 and 15.7	Not applicable	6, 11
s.	Inspections/audits	3.7, 8.11, and 12	Not applicable	6, 11
t.	Transfer	8.10, 16, and 19.5	9.2 and 10	17
u.	Renewal	2.2	Not applicable	17
v.	Post-termination obligations	11.1.1, 12.1.2, 18, 19.3, and 19.5	9.3, 9.4, and 11	17
w.	Non-competition covenants	19	9.5	17
x.	Dispute resolution	27	9.13	17
y.	Taxes/permits	5.4, 8.8, and 20	9.6	Not applicable
z.	Other: Personal Guarantee	Ex. B	Ex. B	Not applicable

ITEM 10 Financing

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

ITEM 11 Franchisor's Assistance, Advertising, Computer Systems, and Training

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

Pre-Opening Assistance:

Before your open your Franchised Business, we will:

- Provide you with site evaluation services, including:
  - Site selection guidelines and such counseling and assistance as we deem advisable (*Franchise Agreement, Section 1.2*);
  - One on-site evaluation without a separate charge upon receipt of a completed site selection package submission (*Franchise Agreement, Section 1.2)*;
  - Written notice of approval or disapproval of the proposed site within 30 days of receiving your site selection package submission (*Franchise Agreement, Section 1.2*);

- Review of lease, sublease, design plans, and renovation plans for the Studio (*Franchise Agreement, Sections 5.3 & 5.4*);

- Make available to you, at no additional charge, our standard layout, design, and image specifications for a BASH Studio, including the exterior and interior design and layout, fixtures, furnishings, equipment, and signs (*Franchise Agreement, Section 3.3*);

- Provide you with access to (or a copy of) the Brand Manual (which is more fully described below in this Item 11) (*Franchise Agreement, Section 3.5*);

- Provide you with training (which is more fully described below in this Item 11) (*Franchise Agreement, Section 3.1*);

- Assist you in developing your Grand Opening Marketing Program, including by approving or disapproving all marketing and promotional materials you propose to use (*Franchise Agreement, Section 3.6*);

- Inspect and evaluate your BASH Studio before it first opens for business (*Franchise Agreement, Section 3.8*);

- Provide a representative to be present at the opening of the BASH Studio (*Franchise Agreement, Section 3.4*); and

- Provide such other pre-opening assistance as we deem advisable.

We are not required by the Franchise Agreement to furnish any other service or assistance to you before the opening of your Franchised Business.

Continuing Assistance:

During the operation of your Franchised Business we will:

- Provide you periodic assistance in the marketing, management, and operation of the Franchised Business at the times and in the manner that we determine (*Franchise Agreement, Section 3.9*);

- Periodically offer you the services of certain of our representatives, such as field consultant, and these representatives will periodically visit your Franchised Business and offer advice regarding your operations (*Franchise Agreement, Section 3.9*); and

- Provide ongoing training that we periodically deem appropriate, at such places and times that we deem proper (*Franchise Agreement, Section 6.4*).

We are not obligated to provide any other assistance or services to you during the operation of the Franchised Business under the Franchise Agreement or any other contract.

Pricing

We may periodically provide suggested retail pricing, but you will have the right to set your own prices. We may however, establish reasonable restrictions on the maximum and minimum prices you may charge for the products and services offered and sold at the Studio and (subject to

applicable law): (a) if we have established a maximum price for a particular item, then you may charge any price for that item up to and including the maximum price we have established; and (b) if we have established a minimum price for a particular item, then you may charge any price for that item that is equal to or above the minimum price we have established.

Typical Length of Time Before Start of Operations

We estimate the length of time between the signing of the Franchise Agreement and the time you open your BASH Studio to be between 240 and 360 days. Factors that may affect this time period include your ability to acquire financing or permits, build out your location, have signs and equipment installed in your location, and complete the required training. You should have a suitable location and a signed lease within 90 days of signing the Franchise Agreement.

If you have not opened your Franchised Business within twelve months after you sign the Franchise Agreement, you must obtain our consent to extend the time to open, which we may or may not grant. Failure to open your Franchised Business within the original time or as extended, is a default for which we will have the right to terminate the Franchise Agreement (*Franchise Agreement, Section 17.2*).

Advertising:

Each week, you must spend or contribute an amount equal to 3% of the Adjusted Gross Sales of the Franchised Business (the "**Marketing Contribution**"). We have the right to allocate the Marketing Contribution in the proportion we designate among the following: (a) the Marketing Fund; (b) any Regional Fund established for your area (but we are not required to establish a Regional Fund for your area); and (c) for you to spend directly on local marketing and promotion. The Marketing Contribution is currently allocated as follows:

2%	That you must contribute to the Marketing Fund; and
1%	For you to spend on local marketing and promotion.

We have the right to periodically change the allocation of the Marketing Contribution by giving you written notice of the change, and those changes will take effect at the end of that period.

(a) *The Marketing Fund*. We currently have not established a Marketing Fund. We have the right (but not an obligation) to establish such a fund, and if we do, it will be set up as described below (and as provided in the Franchise Agreement):

(1) We will have sole decision-making authority and direction with respect to all marketing programs, and any concepts, materials, and media used in such programs.

(2) The Marketing Fund, all contributions to that fund, and any of that fund's earnings, will be used exclusively to meet any and all costs of maintaining, administering, staffing, directing, conducting, preparing advertising, marketing, public relations and/or promotional programs and materials, and any other activities that we believe will enhance the image of the System. The Marketing Fund will not be used in a manner that is primarily to solicit the sale of new franchises.

(3) The Marketing Fund is not and will not be our asset. We will prepare and make available to you upon reasonable request an annual statement of the operations of the Marketing Fund as shown on our books. The Marketing Fund will not be audited.

(4) Although the Marketing Fund (once established) is meant to be of perpetual duration, we maintain the right to terminate the Marketing Fund. The Marketing Fund will not be terminated, however, until all monies in the Marketing Fund have been expended for marketing purposes.

(5) The Marketing Fund is intended to maximize general public recognition, acceptance, and use of the System at our direction, on national, local, or regional efforts and through various channels, methods, and procedures. Neither we nor our designee are obligated to make expenditures for you. The Marketing Fund is not obligated to make expenditures that are equivalent or proportionate to a franchisee's contributions, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Marketing Fund.

(6) Our current policy is that company-owned and affiliated studios will contribute to the Marketing Fund in the same manner as do franchised units.

(b) *Regional Fund*. We currently do not have any Regional Funds. However, we will have the right (but not an obligation) to establish such funds, and if we do, it will be set up as described below (and as provided in the Franchise Agreement):

(1) If a Regional Fund for the geographic area in which the Franchised Business is located has been established when you start operations under this Agreement, then you must immediately become a member of such Regional Fund. If a Regional Fund for the geographic area in which the Franchised Business is located is established during the term of this Agreement, you must become a member of such Regional Fund within thirty days after the date on which the Regional Fund commences operation. In no event will you be required to join more than one Regional Fund.

(2) Each Regional Fund will be organized and governed in a form and manner, and will commence operations on a date, all of which we must have approved in advance, in writing. Voting will be on the basis of one vote per BASH Studio (regardless of number of owners or whether the shop is franchised or owned by us or our affiliates).

(3) Regional Funds will be organized for the exclusive purpose of administering regional marketing programs and developing (subject to our approval) standardized marketing materials for use by the members in regional marketing. Regional Funds may not use marketing, advertising, promotional plans, or materials without our prior written approval, as described below.

(4) Although, if established, a Regional Fund is intended to be of perpetual duration, we maintain the right to terminate any Regional Fund. A Regional Fund will not be terminated, however, until all monies in that Regional Fund have been expended for marketing purposes.

(c) *Local Marketing.* You must spend the amount we designate (currently 1% of Adjusted Gross Sales for your BASH Studio) on local marketing and promotion on a continuous basis throughout the term of your Franchise Agreement.

(1) Local marketing and promotion include only the direct costs of purchasing and producing marketing materials (including camera ready advertising and point of sale materials), media (space or time), and those direct out of pocket expenses related to costs of marketing and sales promotion that you spend in your local market or area, advertising agency fees and expenses, postage, shipping, telephone, and photocopying.

(2) You will be required to spend at least the amount we specify (which we currently estimate at $25,000–$40,000) for grand opening marketing and promotional programs in conjunction with the BASH Studio's initial grand opening, pursuant to a grand opening marketing plan that you develop and that we approve in writing (the "Grand Opening Marketing Program"). The Grand Opening Marketing Program must begin 90 days before the scheduled commencement date for the Franchised Business and be completed no later than 30 days after the Franchised Business commences operation, and will be subject to our marketing standards and requirements.

(3) We will apply certain criteria in reviewing and evaluating the local marketing that you conduct. All of your local marketing must be dignified, must conform to our standards and requirements, and must be conducted in the media, type, and format that we have approved. You may not use any marketing, advertising, or promotional plans that we have not approved in writing. You must submit to us samples of all proposed plans. If we do not give our approval within ten days, we will have been deemed to disapprove of the plans or materials. Any and all copyright in and to advertising, marketing materials, and promotional plans developed by or on behalf of you will be our sole property.

(4) We may periodically make available to you for purchase marketing plans and promotional materials, including newspaper mats, coupons, merchandising materials, sales aids, point-of-purchase materials, special promotions, direct mail materials, community relations programs, and similar marketing and promotional materials for use in local marketing.

(5) You understand and acknowledge that the required contributions and expenditures are minimum requirements only, and that you may (and we encourage you to) spend additional funds for local marketing and promotion, which will focus on disseminating marketing directly related to your Franchised Business.

Except as described above, we have no obligation to conduct advertising on behalf of you or the System.

Computer Requirements:

We have the right to require you to use certain brands, types, makes, and/or models of communications, computer systems, hardware, and software to be used by, between, or among BASH Studios, and in accordance with our standards, including:

(a) back office systems, data, audio, video (including managed video security surveillance, which we have the right to monitor to the extent permitted by law), telephone, voice messaging, retrieval, and transmission systems for use at BASH Studios, between or among BASH Studios, and between and among the Franchised Business, and you, and us;

(b) point-of-sale (POS);

(c) physical, electronic, and other security systems and measures;

(d) printers and other peripheral devices;

(e) archival back-up systems;

(f) internet access mode (e.g., form of telecommunications connection) and speed;

(g) technology used to enhance and evaluate the customer experience;

(h) digital and virtual class schedule boards, projector screens, and related technology, hardware, software, and firmware;

(i) front-of-the-house WiFi and other connectivity service for customers;

(j) cloud-based back-end management systems and storage sites;

(k) in-Studio music systems;

(l) consumer-marketing oriented technology (including affinity and rewards hardware and software, facial and other customer-recognition technology, and approved social media/networking sites); and

(m) any other computer software programs or accounting system software we may develop or have developed for us, which you must install and maintain according to our standards.

You must install, use, maintain, update, and replace (as needed) the computer system and required software at your expense. You must pay us or third party vendors, as the case may be, initial and ongoing fees in order to install, maintain, and continue to use the required software, hardware, and other elements of the computer system. You must implement and periodically make upgrades and other changes at your expense to the computer system and required software as we may reasonably request in writing (which may be in conjunction with a minor refurbishment or as is otherwise needed). You also must comply with our specifications concerning the computer system and the required software, and computer upgrades, at your expense. You must afford us unimpeded access to your computer system and required software, including all information and data maintained thereon, in the manner, form, and at the times that we request. We will have the right to approve or disapprove your use of any other technology solutions (including beacons and other tracking methodologies).

Brand Manual:

We will loan you a copy of our Brand Manual (in such format as we deem appropriate) for your use during the term of the Franchise Agreement. The Brand Manual contains our standards and specifications for you to follow in the operation of your BASH Studio. The Brand Manual will at all

times remain our sole property and you must under the terms of the Franchise Agreement to treat the Brand Manual as confidential and to promptly return any and all copies to us following termination or expiration of the Franchise Agreement. (*Franchise Agreement, Section 10*).

We reserve the right to periodically update and modify the contents and format of the Brand Manuals (which are in digital form and total approximately 138 digital screens). The Table of Contents of our current Brand Manual is attached as Exhibit F to this FDD.

Training:

TRAINING PROGRAM			
Subject	**Hours of Classroom Training**	**Hours of On-the-Job Training**	**Location**
Pre-Opening Marketing and Sales	5 hours	2 hours	Virtual, in-person at one of our affiliate-owned Studios (currently located in Arlington, Virginia), or In-Studio
Mariana Tek POS/CRM Training	6 hours	4 hours	(same)
BASH Sales Training	4 hours	4 hours	(same)
Position Training and Customer Service	7 hours	4 hours	(same)
Merchandising/ Retail Sales	2 hours	1 hour	(same)
Personnel Management	6 hours	1 hour	(same)
Inventory Management	2 hours	1 hour	(same)
Marketing, Advertising and Promotion	8 hours	4 hours	(same)
Financial Management	4 hours	2 hours	(same)
Totals	44 hours	23 hours	

Subject	**Hours of Classroom Training**	**Hours of On-the-Job Training**	**Location**
BASH Coach Training	3 hours	40 hours	Virtual, in-person at one of our affiliate-owned Studios (currently located in Arlington, Virginia), or In-Studio

Our training program is supervised by the following:

- **Alex Trakas** is one of our founders and has been our CEO since our inception in 2017. Before that she served as a manager and trainer at Orangetheory fitness, has 10 years of experience in the fitness industry in various roles, and was a professional dancer.

- **Nick Robbins** was named our COO in February 2021. He has been a coach with BASH for 3 years, and has spent over 10 years in business strategy and marketing.

Under the Franchise Agreement, the Operating Principal, Studio Manager, and Lead Sales Associate, as well as your Coaches, must attend and successfully complete, to our satisfaction, the initial training program that we offer at our headquarters, at one of our company-owned BASH Studios in Northern Virginia, or another location that we specify. You may send up to three Highly Trained Personnel and up to ten coaches and up to ten Coaches to the initial training program. You may bring additional personnel to initial training without paying any additional fee if we have room in your designated training class. If you wish to send additional individuals to the initial training program, beyond the capacity of your training class, you must pay us a training fee.

If for any reason any of your Highly Trained Personnel cease active management or employment at the Franchised Business, or if we revoke their certification to serve in that capacity, then you must enroll a qualified replacement (who must be reasonably acceptable to us to serve in that capacity) in our initial training program within 30 days after the former individual ended his/her full time employment and/or management responsibilities. The replacement must attend and successfully complete the basic management training program, to our reasonable satisfaction as soon as it is practical to do so. Under the Franchise Agreement, you must pay us a discounted training fee (currently $5,000) for each replacement individual to be trained, with payment due before training starts.

We may require that you and your Highly Trained Personnel and Coaches attend such refresher courses, seminars, and other training programs as we may reasonably require periodically.

We will bear the cost of providing the instruction and required materials, except for additional and replacement training.

ITEM 12 Territory

Franchise Agreement

Under the Franchise Agreement, you have the right to establish and operate one BASH Studio at a specific approved location. You will receive a “Protected Territory” constituting a particular area surrounding the Studio. The exact size of the Protected Territory will vary based on a number of factors including the traffic patterns, demographics, competition, and existence of any existing BASH Studios in the general area. There is no minimum size for the Protected Territory that we will grant to you.

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

We reserve all rights to sell our products and services under the Marks in the Territory through alternative distribution channels, as discussed below. There is no minimum sales requirement, market penetration or other contingency that will affect your right to operate your location during the term of your Franchise Agreement, unless you are in default of your obligations to us.

You may not change the location of your Franchised Business without our written consent, which we are not required to give. If you wish to relocate, you must identify a new location for the Franchised Business in accordance with our then-current site selection procedures, then you must pay us a relocation fee and reimburse us (in advance) for the costs and expenses that we reasonably expect to incur (including, if we deem necessary to visit the proposed new location, the costs of travel, lodging and meals for our representatives to visit the proposed location), and our legal fees and related expenses incurred in connection with reviewing, approving, and documenting your relocation of the Franchised Business to a new site.

We may, but have no obligation to, consider granting to you the right to establish additional BASH Studios under other franchise agreements if you are in compliance with the Franchise Agreement and propose to open another BASH Studio in an area and at a location we approve. The Franchise Agreement grants you no options, rights of first refusal or similar rights to acquire additional franchises.

We (and our affiliates) retain all rights not specifically granted to you. Among other things, we will have the right, on any terms and conditions that we deem advisable, and without granting you any rights, to do any or all of the following:

- to establish, and license others to establish, BASH Studios anywhere outside the Protected Area;

- to establish, and license others to establish businesses that do not operate under the System and that do not use the Proprietary Marks licensed under the Franchise Agreement, even if those businesses also offer or sell products and services that are the same as or similar to those offered from the Franchised Business, no matter where those businesses are located;

- to establish, and license others to establish, BASH Studios or temporary “Pop-Up” BASH Studios at any Non-Traditional Facility or Captive Market Location whether inside or outside the Protected Area;

- to acquire (or be acquired) and then operate any business of any kind, anywhere (but not as a BASH Studio inside the Protected Area);

- to sell or market any products or services (including, without limitation, recorded or written materials that present the Programs or boxing instructions and techniques that are the same as or similar to the Programs or Program Materials), using the Proprietary Marks (or similar marks) to purchasers who live or operate businesses in the Protected Territory through third-party retailers or by electronic media (including the Internet and mobile applications), phone sales, catalogs, and/or direct solicitations, but we will not do so from a BASH Studio that is operated inside the Protected Area.

The Franchise Agreement does not grant you any right to participate in franchises, licensing programs or other business proposals for the sale and distribution of BASH Boxing Programs,

products, or services through Alternate Distribution Channels, or to receive any compensation relating to such programs.

Area Development Agreement

If you and we enter into a Development Agreement, you will be awarded a Development Area. The size of the Development Area will vary based on a number of factors including the density of the area, the number of Studios you must develop, demographics, competition, and location of any existing BASH Studios in the general area. As a result, the Development Area is likely to consist of a portion of the city, county, or designated market area. The agreed upon area for the Development Area will be identified in the Development Agreement.

If you are a Developer and you comply with your obligations under the Development Agreement, we will not establish or license anyone other than you to establish a BASH Studio under the System in your Development Area, until the end of the period of time specified in the Development Schedule to your Area Development Agreement, except that we will reserve all of the rights described below.

As a result, you will not receive an exclusive territory under a Development Agreement. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

We (and our affiliates) retain all rights not specifically granted to you. We will have the right (among other things), on any terms and conditions that we deem advisable, and without granting you any rights, to do any or all of the following:

- use, and to license others to use, the System and the Proprietary Marks (defined below) for the operation of Studios at any location outside the Development Area;

- acquire and operate (or be acquired by) any business or program of any kind, whether located within or outside the Development Area (but we will not change those other businesses into “BASH Studios” operated in the Development Area);

- use and license the use of the Proprietary Marks and other marks in connection with the operation of businesses or programs at any location, which businesses and marks may be the same as, similar to, or different from the Studio and Proprietary Marks (but these will not be “BASH Studios” located in the Development Area);

- sell or market the Programs or any products or services (including without limitation, recorded or written materials that present the Programs or workout instructions and choreography in the same or a similar manner to the Programs or Program Materials), using the Proprietary Marks or other marks, to purchasers who live or operate businesses in the Development Area by electronic media (such as the Internet and mobile applications), phone sales, catalogs, and/or direct mail, but we will not do so from a “BASH Studio” located in the Development Area. (In fact, we offer online BASH at HOME services to persons that choose to sign up, no matter where they live.)

Except for the requirement that you be in compliance with your obligations under the Development Agreement (including for example the development schedule), continuation of your rights under

the Development Agreement, as described above, is not subject to achieving any particular sales volume, market penetration, quota, or other benchmark. We may not modify your territorial rights. We are not obligated to compensate you for soliciting or accepting orders (for example, for the BASH at HOME program) from persons inside your territory. We will approve sites for Studios under a Development Agreement using the then-current site criteria we use at the times requested.

ITEM 13 Trademarks

Under a Franchise Agreement, you will be licensed to operate the franchised business under the trademark "BASH", plus the designs, logos, and other current or future trademarks that we authorize you to use to identify your BASH Studio. Our affiliate, STAPS Holdings, owns and has registered the following Proprietary Marks on the principal register of the U.S. Patent and Trademark Office ("**USPTO**"):

Trademark	Registration No.	Registration Date
BASH	6,187,953	November 3, 2020
	6,182,798	October 27, 2020
	5,729,049	April 16, 2019

STAPS Holdings intends to file affidavits of use and affidavits of incontestability, as well as applications for renewal, when those become due.

We entered into a license agreement dated March 1, 2021 with our affiliate STAPS Holdings concerning the Proprietary Marks (the "**License Agreement**"). Under the License Agreement, STAPS Holdings granted us a non-exclusive, royalty-free right to use, and to license others to use, the Proprietary Marks in the United States for the purpose of operating and franchising BASH Studios. The License Agreement is perpetual, but is terminable by either party for breach. If the License Agreement is terminated, we may not be able to continue to use (and if that happens, you may no longer have the right to use) the Proprietary Marks.

Your right to use the Proprietary Marks is limited to the uses that are authorized under the Franchise Agreement, and any unauthorized use of the Proprietary Marks will infringe upon our rights. You may not use any Proprietary Marks: (1) as part of any corporate name or other business name; (2) with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modified form; (3) in connection with performing or selling any unauthorized services or products; (4) as part of any domain name, electronic address or search engine or in any other

manner in connection with an Online Site without our prior written approval; (5) in any H.R. document (such as a paystub, paycheck, employment application, etc.); or (6) in any way that we do not expressly authorize in writing. You must identify yourself as the independent owner and operator of your Franchised Business in the manner we specify (such as on invoices, order forms, receipts, employment agreements, and contracts). You must also use the trademark registration notices that we require, and obtain any assumed business name registrations that applicable law requires.

There are no currently effective determinations of the USPTO, the trademark administrator of this state, or of any court, nor any pending interference, opposition, or cancellation proceedings, nor any pending material litigation involving the trademarks, service marks, trade names, logotypes, or other commercial symbols which is relevant to their use in this state or any other state in which the Franchised Business is to be located. There are no agreements currently in effect which significantly limit our rights to use or license the use of the Proprietary Marks (including trademarks, service marks, trade names, logotypes, or other commercial symbols) that are in any manner material to the franchise. There are no infringing uses actually known to us which could materially affect your use of the Proprietary Marks in this state or elsewhere.

You must promptly notify us of any suspected infringement of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, or your right to use, the Proprietary Marks licensed under the Franchise Agreement. Under the Franchise Agreement, we will have the sole right to initiate, direct, and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement of the action. We also have the sole right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. If you used the Proprietary Marks in accordance with the Franchise Agreement, we would defend you at our expense against any third party claim, suit, or demand involving the Proprietary Marks arising out of your use. If you did not use the Proprietary Marks in accordance with the Franchise Agreement, we will defend you, at your expense, against those third party claims, suits, or demands.

If we undertake the defense or prosecution of any litigation concerning the Proprietary Marks, you must sign any documents and agree to do the things that, in our counsel's opinion, may be necessary to carry out such defense or prosecution, such as becoming a nominal party to any legal action. Except to the extent that the litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of the Franchise Agreement, we agree to reimburse you for your out of pocket costs in doing these things, except that you will bear the salary costs of your employees, and we will bear the costs of any judgment or settlement. To the extent that the litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of the Franchise Agreement, you must reimburse us for the cost of the litigation, including attorneys' fees, as well as the cost of any judgment or settlement.

We have the right to determine that it is necessary to modify or discontinue using any Proprietary Mark and for you and the Franchised Business to use one or more additional or substitute trade or service marks; if we do so, then you will have to immediately comply with our directions. You must immediately cease using any discontinued marks and must immediately begin using any substituted marks (including in your marketing materials). Neither we nor our affiliates will have any obligation to reimburse you for any expenditures you make because of any discontinuance or modification.

ITEM 14 Patents, Copyrights, and Proprietary Information

Copyrights

We (or our affiliates, in some cases) claim copyright protection covering various materials used in our business and the development and operation of BASH Businesses, including the Manual, Program Materials, marketing and promotional materials, and similar materials. We have not registered these materials with the U.S. Registrar of Copyrights but we are not required to do so. There are no currently effective determinations of the U.S. Copyright Office or any court, nor any pending litigation or other proceedings, regarding any copyrighted materials. No agreement limits our rights to use or allow franchisees to use the copyrighted materials. We do not know of any superior prior rights or infringing uses that could materially affect your use of the copyrighted materials. No agreement requires us to protect or defend our copyrights or to indemnify you for any expenses or damages you incur in any judicial or administrative proceedings involving the copyrighted materials. No provision in the Franchise Agreement requires you to notify us of claims by others of rights to, or infringements of, the copyrighted materials. If we require, you must immediately modify or discontinue using some or all of our copyrighted materials. Neither we nor our affiliates will have any obligation to reimburse you for any expenditures you make because of any discontinuance or modification.

Confidential Information

Except for the purpose of operating the Franchised Business under the Franchise Agreement, you may never (during Franchise Agreement's term or later) communicate, disclose, or use for any person's benefit any of the confidential information, knowledge, or know-how concerning the operation of the Franchised Business that may be communicated to you or that you may learn by virtue of your operation of the Franchised Business. You may divulge confidential information only to those of your staff as needed to operate your “BASH Studio.” All information, knowledge, know-how, and techniques that we designate as confidential will be deemed confidential for the purposes of the Franchise Agreement. This will not include information that you can show that came to your attention before we disclosed it to you; or that at any time became a part of the public domain, through publication or communication by others having the right to do so.

We may also require you, your Controlling Owner, and your Specially-Trained Management Personnel to sign a Non-Disclosure and Non-Competition Agreement. Each of these agreements must provide that the person signing will maintain the confidentiality of information that they receive in their employment or affiliation with you or the Franchised Business. These agreements must be in a form that we find satisfactory, and must include, among other things, specific identification of our company as a third-party beneficiary with the independent right to enforce the covenants. Our current form for this Non-Disclosure and Non-Competition Agreement is attached to the Franchise Agreement as Exhibit F.

Brand Manual

In order to protect our reputation and goodwill and to maintain high standards of operation under our Proprietary Marks, you must conduct your business according to the Brand Manual. We will lend you (or provide you with access to) our Brand Manual for the term of the Franchise Agreement (which may be in paper and/or in electronic form, such as through an internet website or an extranet).

You must always treat in a confidential manner the Brand Manual, any other manuals we create (or that we approve) for use with the Franchised Business, and the information contained in the

Brand Manual. You must use your best efforts to maintain this information as secret and confidential. You may not copy, duplicate, record, or otherwise reproduce the Brand Manual and the related materials, or any part (except for the parts of the Brand Manual that are meant for you to copy, which we will clearly mark), nor may you otherwise let any unauthorized person have access to these materials. The Brand Manual will always be our sole property. You must always secure access to the Brand Manual.

We may periodically revise the contents of the Brand Manual, and you must make corresponding revisions to your copy of the Brand Manual and comply with each new or changed standard. If there is ever a dispute as to the contents of the Brand Manual, our master copy of the Brand Manual (maintained at our headquarters) will be controlling.

Patents

No patents are material to the franchise. If it becomes advisable to us at any time to acquire a patent, you will be obligated to use the acquired patent as we may require.

ITEM 15 Obligation to Participate in the Actual Operation of the Franchise Business

The Franchise Agreement requires that you participate in the day-to-day management of your Studio. If you are an entity (a corporation, partnership, or LLC), then you must appoint an individual owner as your "**Operating Principal**." If you are an individual, you must serve as Operating Principal. The Operating Principal must complete our training program, must have authority over all business decisions related to the Franchised Business, and must have the power to bind you in all dealings with us. You may not change the Operating Principal without our prior approval. If you are an entity, your Operating Principal is not required to hold a minimum amount of equity interest in you (though they must be an owner of you).

The Franchise Agreement does not require you to participate personally in the direct daily operation of the Franchised Business, although we encourage and recommend your active participation and you or your Operating Principal must supervise the operation of the Franchised Business. If you or the Operating Principal will not supervise the Franchised Business on a full-time and daily basis, you must employ a full-time manager with qualifications reasonably acceptable to us and who has successfully completed (to our satisfaction) our initial training program (see Item 11 for details regarding our training requirements).

If you are an entity (such as a corporation, partnership, or limited liability company), then all of your owners must sign a guarantee (in the form attached to the Franchise Agreement as Exhibit B) of the performance of your obligations under the Franchise Agreement. We will not require other parties, including your spouse, to sign a guarantee if they are not also an owner of your entity.

We require your principals, supervisors, and other managers to sign a non-disclosure and non-competition agreement, the form of which is attached to the Franchise Agreement as Exhibit F. We do not impose any other restrictions on your managers.

You and your staff must, at all times, cooperate with us and with our representatives.

ITEM 16 Restrictions on What Franchisee May Sell

Each component of the System is vital to us, to other franchisees of the System and to the operation of the Franchised Business. Therefore, you must operate your Franchised Business in compliance with the System.

You must offer and sell only those services and products that we have approved. You must offer and sell all those services and products that we specify. You may only offer the Programs at the Studio's premises using the Program Materials (according to our standards and specifications), and sell the Retail Products to customers in the Studio. You may not sell or make any other use of the Program Materials and Retail Products. You must stop selling or offering for sale any services or products that we disapprove of or as to which revoke approval of at any time.

We have the right to add other authorized services and products that you must offer. These changes also may include new, different, or modified equipment or fixtures necessary to offer such services and products. There are no limits on our right to make such changes (although boxing-focused group fitness programs will remain a core offering).

ITEM 17 Renewal, Termination, Transfer and Dispute Resolution

THE FRANCHISE RELATIONSHIP

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

FRANCHISE AGREEMENT

	Obligation	Section in Franchise Agreement	Summary
a.	Length of the franchise term	2.1	10 years
b.	Renewal or extension of the term	2.2	Two additional five-year terms subject to contractual requirements described in "c" below.
c.	Requirements for you to renew or extend	2.2.1–2.2.9	Timely written notice of intent to renew; refurbishment to comply with our then-current standards; compliance with agreement terms during agreement term and at time of renewal; timely compliance with all financial obligations; execution of then-current franchise agreement (which may contain terms that are materially different than the Franchise Agreement, including, for example, different fees and protected areas); payment of renewal fee; execution of renewal agreement with

THE FRANCHISE RELATIONSHIP

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

FRANCHISE AGREEMENT

	Obligation	Section in Franchise Agreement	Summary
			general release; compliance with then-current personnel and training requirements; and demonstrated right to remain in accepted location.
d.	Termination by you	Not applicable	Your state law may impact this provision.
e.	Termination by us without cause	Not applicable	
f.	Termination by us with cause	17	Default under Franchise Agreement, abandonment, and other grounds; see § 17 of the Franchise Agreement.
g.	"Cause" defined – curable defaults	17.3	All defaults not specified in §§ 17.1 and 17.2 of the Franchise Agreement.
h.	"Cause" defined – non-curable defaults	17.1–17.2	Abandonment, felony, and others; see §§ 17.1 and 17.2 of the Franchise Agreement.
i.	Your obligations on termination or non-renewal	18–19	Stop operating Franchised Business, payment of amounts due, and others; see §§ 18.1–18.12, 19.
j.	Assignment of contracts by us	16.1	There are no limits on our right to assign the Franchise Agreement.
k.	"Transfer" by you – definition	16.4	Includes any sale, assignment, conveyance, pledge, encumbrance, merger, creation of a security, direct, or indirect interest in: (a) this Agreement; (b) you; (c) any or all of your rights and/or obligations under this Agreement; and/or (d) all or substantially all of the assets of the Franchised Business.
l.	Our approval of transfer by you	16.4–16.5	You may not make any transfers without our prior consent.

THE FRANCHISE RELATIONSHIP **This table lists important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.**			
FRANCHISE AGREEMENT			
	Obligation	**Section in Franchise Agreement**	**Summary**
m.	Conditions for our approval of transfer	16.5	Release, signature of new Franchise Agreement (which may contain terms that are materially different than the Franchise Agreement, including, for example, different fees and protected areas), payment of transfer fee, and others; see §§ 16.5.1–16.5.10.
n.	Our right of first refusal to acquire your business	16.6	We have the right (not obligation) to match any bona fide offer.
o.	Our option to purchase your business	18.4–18.5	Upon termination or expiration of the Franchise Agreement, we can acquire any interest which you have in any lease or sublease for the premises and purchase your furnishings, equipment, material, or inventory at the lesser of cost or fair market value.
p.	Your death or disability	16.7	Representative must promptly apply for our approval to transfer interest; no transfer fee but must reimburse the reasonable costs we incur in reviewing transfer.
q.	Non-competition covenants during the franchise term	19.2–19.6	Prohibits engaging in “Competitive Business” (meaning any as to which the sale of fitness program services composes ten percent or more of its gross revenues) during the Franchise Agreement term with no other temporal or geographical limitation.
r.	Non-competition covenants after the franchise is terminated or expires	19.2–19.6	Prohibits engaging in Competitive Business within ten miles of Accepted Location or any other BASH Studio for two years post-expiration or termination.
s.	Modification of the agreement	25.2	By mutual agreement in writing.

THE FRANCHISE RELATIONSHIP

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

FRANCHISE AGREEMENT

	Obligation	Section in Franchise Agreement	Summary
t.	Integration/merger clause	25.1	The final complete agreement with exhibits is binding and supersedes all prior agreements. Notwithstanding the foregoing, nothing in the Franchise Agreement is intended to disclaim the express representations made in this Franchise Disclosure Document.
u.	Dispute resolution by arbitration or mediation	27	Before bringing an action in court, the parties must first submit the dispute to non-binding mediation (except for injunctive relief). The Franchise Agreement contains provisions that may affect your legal rights, including a waiver of jury trial, waiver of punitive or exemplary damages, and limitations on when claims may be raised. See § 27 of the Franchise Agreement. Please also see the various state disclosure addenda and agreement amendments attached to this disclosure document, which contain additional terms that may be required under applicable state law.
v.	Choice of forum	27.2	Any action you bring against us must be brought only in courts having jurisdiction over Arlington, VA. Any action we bring against you may be brought in the jurisdiction where we maintain our principal place of business. Your state law may impact this provision.
w.	Choice of law	27.1	Virginia law governs the Franchise Agreement. Your state law may impact this provision.

THE FRANCHISE RELATIONSHIP **This table lists important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.**			
DEVELOPMENT AGREEMENT			
	Obligation	**Section in Development Agreement**	**Summary**
a.	Length of the franchise term	3	The term of the Development Schedule will be discussed and agreed upon by the parties before entering into the Development Agreement
b.	Renewal or extension of the term	Not Applicable	
c.	Requirements for you to renew or extend	Not Applicable	
d.	Termination by you	Not Applicable	
e.	Termination by us without cause	Not Applicable	
f.	Termination by us with cause	9.3 and 11	Failure to meet the Development Schedule, default or termination under the Franchise Agreement, abandonment, and other grounds; see § 17 of the Franchise Agreement. Termination of the Development Agreement does not constitute a default under any of your Franchise Agreements. This clause, like many of those in the Development Agreement, incorporates by reference the corresponding clauses in the Franchise Agreement. Please also see § 9 of the Development Agreement.
g.	"Cause" defined – curable defaults	9.3	Please see §§ 17.1 and 17.2 of the Franchise Agreement.
h.	"Cause" defined – non-curable defaults	9.3 and 11	Failure to meet development schedule and/or termination of a Franchise Agreement, and others; please see § 17.2 of the Franchise Agreement.
i.	Your obligations on termination or non-renewal	9.4	Please see §§ 18.1 - 18.11 of the Franchise Agreement.

THE FRANCHISE RELATIONSHIP

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

DEVELOPMENT AGREEMENT

	Obligation	Section in Development Agreement	Summary
j.	Assignment of contracts by us	9.2	There are no limits on our right to assign the Development Agreement.
k.	"Transfer" by you – definition	9.2 and 10	Includes transfer of any interest in you or the Development Agreement.
l.	Our approval of transfer by you	9.2 and 10	We have the right to review and approve all proposed transfers.
m.	Conditions for our approval of transfer	9.2 and 10	Your compliance with the agreement, a release, the buyer's signature of a new Development Agreement, the payment of transfer fee, and others; see §§ 16.5.1–16.5.10 of the Franchise Agreement. We may also withhold our consent to a transfer of some, but not all, of the Franchise Agreements separate from one another, and in any case, separate from the rights set forth under the Development Agreement.
n.	Our right of first refusal to acquire your business	9.2	We can match any offer, or the cash equivalent. §§ 16.6
o.	Our option to purchase your business	9.4	We can acquire your lease or sublease for the premises, and purchase your equipment, material, and inventory at cost or fair market value after termination or expiration. See Franchise Agreement §§ 18.4–18.5.
p.	Your death or disability	9.2	An interest must be transferred to a third-party we have approved within six months. See Franchise Agreement § 16.7
q.	Non-competition covenants during the franchise term	9.5	Prohibits engaging in "Competitive Business" (meaning any business as to which the sale of fitness program services composes ten percent or more of its gross revenues) during the Franchise Agreement term with no other temporal or geographical limitation.

THE FRANCHISE RELATIONSHIP **This table lists important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.**			
DEVELOPMENT AGREEMENT			
	Obligation	**Section in Development Agreement**	**Summary**
r.	Non-competition covenants after the franchise is terminated or expires	9.5	Includes a two-year prohibition similar to "q" (above), within the Development Area and within ten miles of that area, and also within ten miles of any other BASH Studio then operating under the System.
s.	Modification of the agreement	9.11 and 12	Must be in writing executed by both parties.
t.	Integration/merger clause	9.11 and 12	Only the terms of the Development Agreement are binding. Notwithstanding the foregoing, nothing in the Development Agreement is intended to disclaim the express representations made in this Franchise Disclosure Document.
u.	Dispute resolution by arbitration or mediation	9.13	Before bringing an action in court, the parties must first submit the dispute to non-binding mediation (except for injunctive relief). The Development Agreement contains provisions that may affect your legal rights, including a waiver of jury trial, waiver of punitive or exemplary damages, and limitations on when claims may be raised. Please also see § 27 of the Franchise Agreement, which is incorporated by reference into the Development Agreement. Please also see the various state disclosure addenda and agreement amendments attached to this disclosure document, which contain additional terms that may be required under applicable state law.
v.	Choice of forum	9.13	Any action that you bring must be brought in the courts having jurisdiction Arlington, VA. Any action that we bring may be brought in the state or judicial district where we maintain our principal place of business. (The law of your state may also impact this provision.)

THE FRANCHISE RELATIONSHIP **This table lists important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.**			
DEVELOPMENT AGREEMENT			
	Obligation	**Section in Development Agreement**	**Summary**
w.	Choice of law	9.13	Virginia law applies to the Development Agreement. (The law of your state may also impact this provision.)

ITEM 18 Public Figures

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

ITEM 19 Financial Performance Representations

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

We provide below certain historical data of the three company-owned BASH Studios. These three tables present unaudited Monthly Gross Sales, Hourly Staff Costs, and Direct Labor Costs for:

- **Table A** – the Rosslyn Studio for calendar years 2019, 2020, 2021, and 2022 (the Rosslyn Studio has operated since November 2018 and is located at 1550 Wilson Blvd., Arlington, Virginia 22209);

- **Table B** – the Ballston Studio for calendar years 2020, 2021, and 2022 (the Ballston Studio has operated since October 2019 and is located at 700 North Randolph St., Arlington, Virginia 22203); and

- **Table C** – the Mosaic Studio for the portion of 2022 after it opened (the Mosaic Studio has operated since October 2022 and is located at 2905 District Av., Fairfax, Virginia 22031).

Hourly Staff Costs include front desk staff and studio managers. Direct Labor Costs include studio Coaches.

Please review the notes that follow together with the details in the following tables.

Table A: Rosslyn												
	Gross Sales				Direct Labor				Hourly Staff Costs			
	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022
Jan	$74,791	$88,039	$48,692	$68,266	$16,545	$21,807	$19,290	$7,704	$32,118	$16,699	$9,580	$7,506
Feb	$92,084	$92,044	$46,389	$74,788	$14,450	$15,127	$13,292	$9,818	$24,230	$14,439	$6,513	$8,237
Mar	$90,648	$48,694	$49,613	$82,794	$14,236	$12,359	$11,298	$9,746	$25,608	$10,035	$6,213	$9,110
Apr	$93,087	$1,285	$51,620	$73,635	$14,885	$0	$11,384	$8,943	$24,944	$4,687	$5,815	$9,364
May	$98,060	$304	$54,232	$74,166	$14,129	$0	$9,207	$8,379	$20,043	$12,092	$5,570	$9,156
Jun	$99,039	$31,718	$63,782	$70,347	$18,157	$0	$8,766	$8,132	$21,770	$9,529	$5,636	$8,845
Jul	$101,247	$51,968	$70,034	$67,117	$14,437	$19,089	$11,550	$12,590	$28,120	$10,409	$10,030	$11,353
Aug	$109,783	$52,524	$67,424	$75,415	$23,012	$12,497	$8,148	$7,681	$48,637	$9,172	$7,628	$6,751
Sep	$98,159	$51,976	$69,412	$63,833	$12,424	$11,939	$7,062	$6,245	$32,839	$9,446	$6,968	$5,803
Oct	$93,240	$55,494	$66,961	$64,028	$16,876	$11,626	$7,860	$6,798	$34,956	$8,645	$7,908	$3,069
Nov	$87,604	$45,970	$76,228	$63,741	$15,470	$10,591	$7,888	$7,370	$19,546	$7,674	$7,196	$2,764
Dec	$84,024	$44,961	$66,489	$53,645	$16,585	$12,744	$12,155	$9,849	$13,529	$5,041	$11,519	$12,642
Total	$1,121,766	$564,977	$730,877	$831,775	$191,206	$127,779	$127,898	$103,255	$326,340	$117,868	$90,576	$94,600
Less imputed costs that a franchisee would occur:												
Royalties	$84,132	$42,373	$54,816	$62,383								
Mktg	$33,653	$16,949	$21,926	$24,953								
Total after imputed costs	$1,003,981	$505,654	$654,135	$744,439								

Table B: Ballston									
	Gross Sales			Direct Labor			Hourly Staff Costs		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
Jan	$53,212	$43,857	$71,679	$12,640	$20,946	$7,632	$16,889	$10,132	$9,121
Feb	$64,722	$42,422	$78,743	$11,284	$14,635	$10,057	$15,546	$6,240	$9,310
Mar	$35,793	$45,940	$86,303	$10,325	$10,732	$9,357	$12,325	$6,544	$10,061
Apr	$1,099	$45,703	$80,334	$0	$9,839	$9,467	$221	$7,356	$7,913
May	($42)	$52,708	$77,990	$0	$10,143	$9,373	$344	$5,676	$9,232
Jun	$24,121	$60,640	$81,878	$0	$9,285	$8,753	$10,778	$6,774	$9,254
Jul	$40,323	$68,472	$76,597	$17,700	$13,840	$12,802	$12,913	$11,648	$12,592
Aug	$53,134	$67,087	$76,922	$12,183	$8,433	$7,928	$8,941	$8,107	$6,914
Sep	$50,049	$69,330	$71,189	$10,428	$8,236	$6,642	$10,066	$8,303	$6,209
Oct	$50,049	$69,078	$66,949	$11,011	$8,797	$7,160	$8,026	$8,422	$6,876
Nov	$43,051	$79,504	$78,319	$13,772	$7,942	$7,047	$5,484	$7,814	$6,816
Dec	$44,110	$63,713	$67,800	$13,276	$11,439	$10,050	$6,496	$11,901	$14,865
Total	$459,619	$708,453	$914,703	$112,619	$134,266	$106,268	$108,029	$98,918	$109,163
Less imputed costs that a franchisee would occur:									
Royalties	$34,471	$53,134	$68,603						
Mktg	$13,789	$21,254	$27,441						
Total after imputed costs	$411,359	$634,066	$818,659						

Table C: Mosaic			
	Gross Sales	Direct Labor	Hourly Staff Costs
2022			
Oct	$42,752	$5,522	$8,802
Nov	$45,274	$6,062	$7,443
Dec	$43,911	$9,112	$11,657
Total	$131,937	$20,696	$27,902
Less imputed costs that a franchisee would occur:			
Royalties	$9,895		
Mktg	$3,958		
Total after imputed costs	$118,084		

Notes:

1. The term "Gross Sales" in this financial performance representation is the same as "Adjusted Gross Sales" as defined in Item 6 of this disclosure document.

   The tables show imputed costs consisting of: (a) imputed royalties (at 7.5% of Gross Sales); and (b) imputed marketing fees and contributions (at 3.0% of Gross Sales). There are additional costs associated with operating a BASH Studio. Gross Sales, Hourly Staff Cost, and Direct Labor Cost figures provide only a part of the information that you will need to evaluate the franchise opportunity. We urge you to carefully consider not just these figures but also the information that you independently verify and develop about the costs that you are likely to incur. Franchisees will incur business expenses that are likely to be significant, and those expenses will vary considerably from one franchisee to the next. As a franchisee you will also be required to pay royalty fees and make local advertising expenditures, as well as to make contributions to the Marketing Fund and Regional Fund contributions (if a Regional Fund is formed for your market).

   Among the additional categories of expense that you may incur are HR costs other than hourly staff cost and direct labor cost (e.g., benefits and payroll taxes), rent and occupancy costs; franchisee compensation over and above that earned from the operations of the Store business (such as a salary that you may draw); employee benefits, such as health, vacation and pension plan contributions (none of which are included in the payroll numbers in the chart); debt service; insurance; studio facilities and property maintenance (and reserves for future maintenance); business and regulatory fees and licenses; ongoing and supplemental training expenses; recruitment expenses; legal and accounting fees; and bookkeeping and other professional services.

2. As a result of the COVID-19 pandemic, the Rosslyn and Ballston studios were closed from March 15 through June 13, 2020. All memberships were frozen at that time, meaning no revenue was earned from memberships or individual classes during that time period. Revenue from the sale of apparel continued to be earned through the period when the Studios were closed.

   After June 13, 2020, Virginia began allowing in-person fitness studios to operate at 30% capacity. This meant the Rosslyn Studio could have up to 10 participants per class and the Ballston Studio could have up to 13 participants per class. Members were allowed to continue to freeze their memberships for 90 days free of charge. After 90 days, members would either need to cancel their membership or submit the next month's membership payment to stay active, after which they could re-freeze their membership for another 90 days for an additional payment.

   On July 6, 2020, Virginia began allowing in-person fitness studios to operate at 75% capacity, however in order to ensure appropriate social distancing, both Studios operated at 50% capacity.

   On December 15, 2020, Virginia issued a new ordinance limiting all in-person business, including fitness, to a maximum of 10 people, regardless of room size.

   From January 1, 2021 to March 25, 2021, both the Rosslyn Studio and the Ballston Studio operated at less than 50% capacity due to the pandemic. From March 26, 2021 to June 3, 2021, both the Rosslyn Studio and the Ballston Studio operated at 50% capacity due to

the pandemic. Starting on June 3, 2021, both the Rosslyn Studio and Ballston Studio returned to, and continue to operate at, full capacity.

Following the COVID-19 pandemic-related shut down, BASH initially began offering free online training courses via Instagram Live. These courses were available to members and non-members alike. Beginning in June 2020, BASH began offering "BASH at HOME" memberships. Currently, "BASH at HOME" memberships are only offered through the franchisor. Where there are no restrictions on the number of people allowed inside a fitness studio, a BASH Studio is not expected to be limited in any material way in its operations.

3. You should conduct an independent investigation of the costs and expenses you will incur in operating the Franchised Business.

4. None of the explanatory details that we provide in this Item 19 disclaims or negates any of the information that we provide in this Item 19 or elsewhere.

5. Written substantiation of the data used in preparing the information in this Item 19 will be made available to you upon reasonable request.

6. **Some Studios have earned this amount. Your individual results may differ. There is no assurance you'll earn as much.**

Other than the preceding financial performance representation, BASH Boxing Franchising LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Alex Trakas, 2020 Pennsylvania Avenue NW, Suite 1210, Washington, DC 20006 (571.353.7438; franchise@bash-boxing.com), the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 Outlets and Franchisee Information

Table No. 1
Systemwide Outlet Summary for 2020 to 2022

Outlet Type	Year	Outlets at Start of Year	Outlets at End of Year	Net Change
Franchised	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Affiliate-Owned	2020	2	2	0
	2021	2	2	0
	2022	2	3	+1
Total Outlets	2020	2	2	0
	2021	2	2	0
	2022	2	3	+1

Notes to Item 20 Tables:

1. All information is as of our fiscal year end, which is December 31 each year.
2. States not listed had no activity.

Table No. 2
Transfers of Outlets from Franchisees to new Owners (other than the Franchisor)
for 2020 to 2022

State	Year	Number of Transfers
All States	2020	0
	2021	0
	2022	0
Total	2020	0
	2021	0
	2022	0

Table No. 3
Status of Franchised Outlets
for 2020 to 2022

State	Year	Outlets at Start of Year	Outlets Opened	Termi-nations	Non-Renewals	Re-acquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
All States	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Total	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0

Table No. 4
Status of Affiliate-Owned Outlets
for 2020 to 2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year
VA	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	1	0	0	0	3
Total	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	1	0	0	0	3

Table No. 5
Projected Openings for 2023

State	Franchise Agreements Signed but Outlets Not Yet Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Affiliate-Owned Outlets in the Next Fiscal Year
VA	1	1	1
Total	1	1	1

The names, addresses, and telephone numbers of our franchisees and developers, and the address of our affiliates' units, as of December 31, 2022, are listed in Exhibit I.

The name and last known home address and telephone number of every one of our franchisees and developers who has had an agreement terminated, canceled, not renewed, or who otherwise voluntarily or involuntarily ceased to do business under an agreement during one-year period ending December 31, 2022, or who has not communicated with us within ten weeks of the date of this disclosure document, are also listed in Exhibit I. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

No franchisees have signed a confidentiality clause in a Franchise Agreement, settlement or other contract within the last three years that would restrict their ability to speak openly about their experience with our company.

ITEM 21 Financial Statements

We have attached our audited financial statements for our fiscal year ending December 31, 2022 (see Exhibit G to this disclosure document). BASH Boxing Franchising LLC was formed on January 12, 2021. Because we began to offer franchises only when we issued this disclosure document and have not been in business for three years, as a result, we cannot yet include the required three years' worth of financial statements. Our fiscal years end on December 31st each year.

ITEM 22 Contracts

Exhibit A	Franchise Agreement with Exhibits A – Data Sheet B – Guarantee, Indemnification, & Acknowledgements C – List of Principals D – ACH – Authorization Agreement for Direct Debit E – ADA Certification F – Sample Form of Non-Disclosure & Non-Competition Agreement G – Site Selection Addendum H – Lease Rider I – Index to Defined Terms
Exhibit B	Development Agreement with Exhibits A – Data Sheet B – Guarantee, Indemnification, & Acknowledgements C – List of Principals D – Form of Franchise Agreement
Exhibit E	Form of General Release
Exhibit H	State-Specific Addenda

ITEM 23 Receipts

The last two pages of this disclosure document are identical pages acknowledging receipt of this entire document (including the exhibits). Please sign and return to us one copy; please keep the other copy together with this disclosure document.

EXHIBIT A Franchise Agreement with Exhibits

BASH BOXING FRANCHISING LLC

Franchise Agreement

BASH BOXING FRANCHISING LLC
Franchise Agreement

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Exhibits

A	Data Addendum	E	ADA Certification
B	Guarantee, Indemnification, and Acknowledgement	F	Sample Form of Non-Disclosure and Non-Competition Agreement
C	List of Principals	G	Site Selection Addendum
D	ACH - Authorization Agreement for Prearranged Payments (Direct Debits)	H	Lease Rider
		I	Index to Defined Terms

BASH BOXING FRANCHISING LLC

Franchise Agreement

THIS FRANCHISE AGREEMENT (the "**Agreement**") is made and entered into as of the date that we have indicated on the signature page of this Agreement (the "**Effective Date**") by and between:

- **BASH BOXING FRANCHISING LLC**, a Virginia limited liability company with its principal place of business at 2020 Pennsylvania Avenue NW, Suite 1210, Washington, DC 20006 ("**we**," "**us**," "**our**", or "**Franchisor**"); and

- _____ a [resident of] [corporation organized in] [limited liability company organized in] the State of and having offices at _____ ("**you**" or the "**Franchisee**").

Introduction

*We (and/or our affiliates) own a format and system relating to the establishment and operation of "BASH Boxing" gyms, which are fitness businesses operating under our Proprietary Marks in physical locations that are built- out according to our standards, and featuring our interior and exterior trade dress (each one of which is referred to as a "**Studio**" or a "**BASH Studio**"). A Studio specializes in providing customers with a one-of-a-kind group fitness experience using our proprietary boxing programs, which incorporate BASH boxing equipment – including free weights, medicine balls, resistance bands, and our joint-safe Aqua Bag – and the BASH Six Core Punches boxing technique and choreography, as well as our teaching methods, music selections, standardized lighting, and brand standards, which we may develop and change periodically (collectively, the "**Programs**"). We also periodically designate and approve additional services and items, such as apparel, accessories, and other products, for sale to customers in the Studios as part of the System (collectively, the "**Retail Products**").*

*Among the distinguishing characteristics of a BASH Studio is that it operates under our "BASH Boxing" System. As used in this Agreement, the term "**System**" includes (among other things): the Programs; our standards, specifications and teaching methods for our Programs; materials used in the instruction and performance of the Programs ("**Program Materials**"); standards and techniques for selecting and training Program coaches; related products and approved merchandise; our standards for quality and uniformity of products and services offered; confidential and proprietary information and trade secrets; distinctive images, designs, business formats, training methods, procedures, and specifications; distinctive exterior and interior design, signage, decor, color scheme, and furnishings; uniform standards, specifications, and procedures for operations; brand presentation to consumers (including music playlists); procedures for management; software; training and assistance; advertising and promotional programs; and our professional reputation and high customer service standards, all of which we may periodically develop, change, and improve.*

*We identify the System by means of the Proprietary Marks. The proprietary marks include certain trade names (for example, the mark "BASH Boxing" and logo), service marks, trademarks, logos, emblems, and indicia of origin, as well as other trade names, service marks, and trademarks that we may periodically specify in writing for use in connection with the System (all of these are referred to as the "**Proprietary Marks**"). We continue to develop, use, and control the use of the Proprietary Marks in order to identify for the public the source of Products and Services marketed under those marks and under the System, and to represent the System's high standards of quality, appearance, and service.*

We are in the business of developing programming and awarding franchise rights to third party franchisees, such as you. You will be in the business of operating a BASH Studio, using the same brand and Proprietary Marks as other independent businesses that operate other BASH Studios under the System (including some operated by our affiliates). We will not operate your BASH Studio for you, although we have (and will continue) to set standards for BASH Studios that you will have chosen to adopt as yours by signing this Agreement and by your day-to-day management of your BASH Studio to our brand standards.

You have asked to enter into the business of operating a BASH Studio under our System and wish to obtain a franchise from us for that purpose, as well as to receive the training and other assistance we provide as described in this Agreement. You also understand and acknowledge the importance of our high standards of quality, cleanliness, appearance, and service and the necessity of operating the business franchised under this Agreement in conformity with our standards and specifications.

In recognition of all of the details noted above, the parties have chosen to enter into this Agreement, taking into account all of the promises and commitments that they are each making to one another in this contract, and for other good and valuable consideration (the sufficiency and receipt of which they hereby acknowledge) and they agree as follows:

1 GRANT

1.1 *Rights and Obligations*. We grant you the right, and you accept the obligation, all under the terms (and subject to the conditions) of this Agreement:

1.1.1 To operate one BASH Studio under the System (the "**Franchised Business**");

1.1.2 To use the Proprietary Marks and the System, but only in connection with the Franchised Business (recognizing that we may periodically change or improve the Proprietary Marks and the System); and

1.1.3 To do all of those things only at the Accepted Location (as defined in Section 1.2 below).

1.2 *Accepted Location*. The street address of the location for the Franchised Business approved under this Agreement is specified in Exhibit A to this Agreement, and is referred to as the "**Accepted Location**."

1.2.1 When this Agreement is signed, if you have not yet obtained (and we have not yet approved in writing) a location for the Franchised Business, then:

1.2.1.1 you agree to enter into the site selection addendum (the "**Site Selection Addendum**," attached as Exhibit G to this Agreement) at the same time as you sign this Agreement;

1.2.1.2 you will then find a site which will become the Accepted Location after we have given you our written approval for that site and you have obtained the right to occupy the premises, by lease, sublease, or acquisition of the property, all subject to our prior written approval and in accordance with the Site Selection Addendum; and

1.2.1.3 you agree to use a third party broker and/or location data service, should we so designate (which may be one that we have contracted for and pre-paid,

in which case you will pay a proportional share of the base fee that we prepaid).

1.2.2 We have the right to grant, condition, and/or withhold approval of the Accepted Location under this Section 1.2. You understand, acknowledge, and agree that our review and approval of your proposed location, under this Section 1.2 or pursuant to the Site Selection Addendum, does not constitute our assurance, representation, or warranty of any kind that your Franchised Business at the Accepted Location will be profitable or successful (as further described in Section 5 of the Site Selection Addendum).

1.2.3 You agree not to relocate the Franchised Business without our prior written consent. Any proposed relocation will be subject to our review of the proposed new site under our then-current standards for site selection, and we will also have the right to take into consideration any commitments we have given to other franchisees, licensees, landlords, and other parties relating to the proximity of a new BASH Studio to their establishment. If you wish to relocate, then you must pay us a relocation fee of Five Thousand Dollars ($5,000) and you also must reimburse us (in advance) for the costs and expenses that we reasonably expect to incur (including, if we deem necessary to visit the proposed new location, the costs of travel, lodging and meals for our representatives to visit the proposed location), and our legal fees and related expenses incurred in connection with reviewing, approving, and documenting your relocation of the Franchised Business to a new site (the "**Relocation Expenses**"). The parties will reconcile their payments within thirty (30) days after you have reopened your Studio based on a statement of our actual Relocation Expenses, at which time: (a) we will refund to you the unused balance of the funds that you have advanced as compared to our Relocation Expenses; or (b) you agree to pay us the additional amount necessary to fully reimburse us for our Relocation Expenses.

1.3 *Protected Area*. During the term of this Agreement, we agree not to operate, nor grant any other party the right to operate, a BASH Studio within the area that is specified as your "**Protected Area**" in the Data Addendum (Exhibit A), subject to the limitations in Sections 1.4 through 1.6 below.

1.4 *Our Reserved Rights*. We and our affiliates reserve all rights that we do not specifically grant to you under this Agreement. Among other things, we have the sole right to do any or all of the following (despite proximity to your Protected Area and/or Franchised Business as well as any actual or threatened impact on sales at your Franchised Business):

1.4.1 We have the right to establish, and license others to establish, BASH Studios anywhere outside the Protected Area;

1.4.2 We have the right to establish, and license others to establish, businesses that do not operate under the System and that do not use the Proprietary Marks licensed under this Agreement, even if those businesses also offer or sell products and services that are the same as or similar to those offered from the Franchised Business, no matter where those businesses are located;

1.4.3 We have the right to establish, and license others to establish, BASH Studios or temporary "Pop-Up" BASH Studios at any Non-Traditional Facility or Captive Market Location (as defined below) whether inside or outside the Protected Area;

1.4.4 We have the right to acquire (or be acquired) and then operate any business of any kind, anywhere (but not as a BASH Studio inside the Protected Area);

1.4.5 We have the right to sell or market any products or services (including, without limitation, recorded or written materials that present the Programs or boxing instructions and techniques that are the same as or similar to the Programs or Program Materials), using the Proprietary Marks (or similar marks) to purchasers who live or operate businesses in the Protected Territory through third-party retailers or by electronic media (including the Internet and mobile applications), phone sales, catalogs, and/or direct solicitations, but we will not do so from a BASH Studio that is operated inside the Protected Area.

1.4.6 Definitions.

1.4.6.1 The term "**Captive Market Location**" includes businesses of any sort within which a BASH Studio or a branded facility is established and operated (including, for example, hotels and resorts).

1.4.6.2 The term "**Non-Traditional Facility**" includes college campuses, schools, casinos, airports and other travel facilities; federal, state, or local government facilities (including military bases); recreational facilities; seasonal facilities; shopping malls; theaters; and sporting event arenas and centers.

1.5 *Limits on Where You May Operate*.

1.5.1 You may only offer, provide, and sell the Programs and Retail Products: (a) in accordance with the requirements of this Agreement and the procedures set out in the Brand Manual (defined below); and (b) to customers of the Franchised Business attending Programs on the Studio's premises.

1.5.2 You agree not to offer, provide, or sell any Programs, services, or products (including the Retail Products) through any means other than through the Franchised Business at the Accepted Location (so for example, you agree not to offer, sell, or provide Programs or Retail Products from satellite locations, temporary locations, mobile vehicles or formats, carts or kiosks, by use of catalogs, the Internet, through other businesses, and/or through any other electronic or print media).

1.5.3 You agree not to give, sell, or otherwise provide Program Materials or Retail Products to end-users or any other entities that offer, sell, resell, or use (or that plan to sell, resell or use) the Programs, Program Materials or Retail Products (for example, other fitness studios, or personal trainers).

1.5.4 You understand that we will not prohibit other BASH Studios or any other fitness business (whether owned or franchised by us or by our affiliates) from providing Programs at their Studios to customers who may reside or work inside or outside the Protected Area.

1.6 *Other Brands*. You understand that we may operate (or be affiliated with other companies that operate) businesses under brand names (whether as company-owned concepts, as a franchisor, and as a franchisee) in addition to the "BASH Boxing" brand, and also that we may acquire other brands (or be acquired by a company that operates other brands) (collectively, "**Other Brands**"). You understand and agree that this Agreement does not grant you any rights

with respect to any such Other Brands and that the restrictions we have agreed to in Section 1.3 above do not apply to any Other Brands.

2 TERM AND RENEWAL

2.1 *Term*. The term of this Agreement starts on the Effective Date and, unless this Agreement is earlier terminated in accordance with its provisions, will expire ten (10) years from the Effective Date.

2.2 *Renewal*. You will have the right to renew your rights to operate the Franchise Business for two (2) additional successor terms of five (5) years each, so long as you have satisfied all of the conditions specified in Sections 2.2.1 through 2.2.10 before each such renewal:

2.2.1 You agree to give us written notice of your choice to renew at least six (6) months before the end of the term of this Agreement (but not more than one (1) year before the term expires).

2.2.2 You agree to remodel and refurbish the Franchised Business to comply with our then-current standards in effect for new BASH Studios (as well as the provisions of Section 8.8 below).

2.2.3 At the time of renewal: (a) you must be in material compliance with the provisions of this Agreement (including any amendment to this Agreement), any successor to this Agreement, and/or any other contract between you (and your affiliates) and us (and our affiliates); and (b) in our reasonable judgment, you must have been in material compliance during the term of this Agreement, even if we did not issue a notice of default or exercise our right to terminate this Agreement if you did not meet your obligations.

2.2.4 You must have timely met all of your financial obligations to us, our affiliates, the Brand Fund, and/or the Regional Fund, as well as your vendors, throughout the term of this Agreement (even if we did not issue a notice of default or exercise our right to terminate this Agreement if you did not meet your obligations).

2.2.5 During the then-expiring term of this Agreement (and/or a renewal agreement), you must sign our then-current form of franchise agreement, which will supersede this Agreement in all respects (except with respect to the renewal provisions of the new franchise agreement, which will not supersede this Section 2), and which you acknowledge and agree may contain terms, conditions, obligations, rights, and other provisions that are substantially and materially different from those spelled out in this Agreement (including, for example, a higher percentage royalty fee and marketing contribution). If you are an entity, then your direct and indirect owners must also sign and deliver to us a personal guarantee of your obligations under the renewal form of franchise agreement. (In this Agreement, the term "**entity**" includes a corporation, limited liability company, partnership, and a limited liability partnership.)

2.2.6 Instead of a new initial franchise fee, you agree to pay to us a renewal fee equal to the greater of Ten Thousand Dollars ($10,000) or twenty-five percent (25%) of our then-current initial franchise fee for new "BASH Boxing" franchises.

2.2.7 You agree to sign and deliver to us a renewal agreement that will include a mutual general release, in a form that we will provide (which will include limited exclusions), which will release all claims against us and our affiliates, and our respective officers,

directors, members, managers, agents, and employees. If you are an entity, then your affiliates and your respective direct and indirect owners (and any other parties that we reasonably request) must also sign and deliver that release to us.

2.2.8 You and your personnel must meet our then-current qualification and training requirements.

2.2.9 You agree to present to us satisfactory evidence that you have the right to remain in possession of the Accepted Location for the entire renewal term of this Agreement.

2.2.10 You must be current with respect to your financial and other obligations to your lessor, suppliers, and all other parties with whom you do business.

3 OUR DUTIES

3.1 *Training*. We will provide you with the training specified in Section 6 below.

3.2 *Standard Layout and Equipping of a BASH Studio*. We will make available, at no charge to you, our standard layout, design and image specifications for a BASH Studio, including the exterior and interior design and layout, fixtures, furnishings, equipment, and signs. We have the right to modify our standard layout plans and specifications as we deem appropriate periodically (however, once we have provided those plans and specifications to you, we will not further modify the layout plans and specifications for the initial construction of your Studio). We will also provide the site selection and lease review assistance called for under Section 5.3 below.

3.3 *Opening and Additional Assistance*. We will provide a representative to be present at the opening of the Franchised Business. We will provide such additional on-site pre-opening and opening supervision and assistance that we think is advisable, and as may be described in the Brand Manual (defined below).

3.4 *Brand Manual*. We will lend to you one (1) copy of (or provide you with access to), during the term of this Agreement, our confidential brand manuals and other written instructions relating to the operation of a BASH Studio (together, the "**Brand Manual**"), in the manner and as described in Section 10 below.

3.5 *Marketing Materials*. We will assist you in developing the Grand Opening Marketing Program (defined below). We have the right to approve or disapprove all marketing and promotional materials that you propose to use, pursuant to Section 13 below.

3.6 *Marketing Funds*. We will administer the Brand Fund (as defined in Section 13 below) in the manner set forth in Section 13 below.

3.7 *Inspection Before Opening*. We will evaluate the Franchised Business before it first opens for business. You agree to not open the Franchised Business to customers or otherwise start operation until you have received our prior written approval to do so.

3.8 *Periodic Assistance*. We will provide you periodic assistance in the marketing, management, and operation of the Franchised Business at the times and in the manner that we determine. We will periodically offer you the services of certain of our representatives, such as an operations manager, and these representatives will periodically visit your Franchised Business and offer advice regarding your operations.

3.9 *Services Performed*. You acknowledge and agree that any of our designees, employees, agents, or independent contractors (such as an "area developer") may perform any duty or obligation imposed on us by the Agreement, as we may direct (if so, we will, nonetheless, remain responsible to you for the performance of these obligations).

3.10 *Our Decision-Making*. In fulfilling our obligations under this Agreement, and in conducting any activities or exercising our rights pursuant to this Agreement, we (and our affiliates) will always have the right: (a) to take into account, as we see fit, the effect on, and the interests of, other franchised and company-owned or affiliated businesses and systems; (b) to share market and product research, and other proprietary and non-proprietary business information, with other franchised businesses and systems in which we (or our affiliates) have an interest, and/or with our affiliates; (c) to test market various products and Program elements in some or all parts of the System; (d) to introduce new proprietary items and non-proprietary items or operational equipment; and/or (e) to allocate resources and new developments between and among systems, and/or our affiliates, as we see fit. You understand and agree that all of our obligations under this Agreement are subject to this Section, and that nothing in this Section will in any way affect your obligations under this Agreement.

3.11 *Confirmation of Performance*. After we have performed our pre-opening obligations to you under this Agreement, we may ask that you execute and deliver to us a confirmation (the "**Confirmation of Performance**"), in a form we reasonably request, confirming that we have performed those obligations. If we ask you to provide us with such a certificate, you agree to execute and deliver the Confirmation of Performance to us within three (3) business days after our request. However, if you do not reasonably believe that we have performed all of our pre-opening obligations, you must, within that same three (3) business day period, provide us with written notice specifically describing the obligations that we have not performed. Not later than three (3) business days after we complete all the obligations that you specified in that notice, you agree to execute and deliver the Confirmation of Performance to us. You agree to do so even if we performed such obligations after the time performance was due under this Agreement. The term "pre-opening obligations" means the obligations we have to you under this Agreement that must be performed before your open your Studio.

4 FEES; SALES REPORTING

4.1 *Initial Franchise Fee*. You agree to pay us an initial franchise fee of Forty Thousand Dollars ($40,000) (the "**Initial Franchise Fee**"). The Initial Franchise Fee is due and payable to us on the day that you sign this Agreement.

4.1.1 The Initial Franchise Fee is payable in consideration of The Initial Franchise Fee is payable in consideration of the services that we provide to you in connection with helping you to develop and open your Studio.

4.1.2 The Initial Franchise Fee is not refundable unless you or your operating principal fail to complete initial training to our satisfaction. If you or your operating principal fail to satisfactorily complete initial training, we will refund fifty percent (50%) of the Initial Franchise Fee paid by you (less our costs including training, travel, and sales commissions paid) within ten (10) days after the parties (including all of your principals) have signed a termination agreement and mutual release.

4.2 *Royalty Fee and Sales Reports*. For each Week during the term of this Agreement, you agree to (a) pay us a continuing royalty fee in the amount equal to seven and one-half percent (7.5%) of the Adjusted Gross Sales (as defined below) of the Franchised Business ("**Royalty Fees**") (subject to Sections 4.3–4.7 below); and (b) report to us, in the form and manner that we

specify, your Adjusted Gross Sales (a "**Sales Report**") at the time specified in Section 4.3 below. As used in this Agreement:

4.2.1 the term "**Week**" means a calendar week starting as soon as you open for business each Monday and ending at the close of business on Sunday (which may be on Monday after midnight when the business day started earlier on Sunday comes to a close) (except as indicated in the Manual); and

4.2.2 the term "**Adjusted Gross Sales**" means all revenue from the provision of Programs, all revenue from the sale of Products and Services, and all other income of every kind and nature related to, derived from, or originating from the Studio (whether or not permitted under this Agreement), including barter and the proceeds of any business interruption insurance policies, whether for cash or credit, and regardless of theft, or of collection in the case of credit. Adjusted Gross Sales excludes: (a) legitimate and reasonable discounts and/or refunds that you provide to customers; (b) sales taxes or other taxes that you collect from your customers and actually pay to the appropriate taxing authorities; (c) proceeds from insurance with respect to your property damage or liability; (d) proceeds from any civil forfeiture, condemnation, or government seizure; and (e) the amount of any credits, allowances, adjustments or uncollectible amounts, subject to the limitation that uncollectible amounts cannot exceed one-half of one percent (0.5%) of Adjusted Gross Sales for any of your fiscal years. Subsequent collections of charged off amounts must be included in Adjusted Gross Sales when they are collected.

4.3 *Due Date*. All payments required by Section 4.2 above and Section 13 below must be made by ACH (as specified below) (and, to the extent not made by ACH, you must pay and submit those funds so that they are received by us, in our offices) by Tuesday of each Week, based on the Adjusted Gross Sales of the previous Week. In addition, you agree to all of the following:

4.3.1 You agree to deliver to us all of the reports, statements, and/or other information that is required under Section 12 below, at the time and in the format that we reasonably request. You agree to also deliver the Sales Report to us at the same time as your Royalty payments are due.

4.3.2 You agree to establish an arrangement for electronic funds transfer to us, or electronic deposit to us of any payments required under this Agreement. Among other things, to implement this point, you agree to sign and return to us our current form of "ACH - Authorization Agreement for Prearranged Payments (Direct Debits)," a copy of which is attached to this Agreement as Exhibit D (and any replacements for that form that we deem to be periodically needed to implement this Section 4.3.2), and you agree to: (a) comply with the payment and reporting procedures that we may specify in the Brand Manual or otherwise in writing; and (b) maintain an adequate balance in your bank account at all times to pay by electronic means the charges that you owe under this Agreement. If we elect to use ACH withdrawal to sweep payment of fees, then you will not be required to submit a separate payment to us unless you do not maintain sufficient funds to pay the full amount due. Accordingly: (a) you agree to maintain a proper and sufficient balance in the account from which your ACH deductions are made to pay all of the fees that are due under this Agreement; and (b) if you do not do so, then you agree to pay us (upon demand) the amounts due and also reimburse us for the bank fees (if any) that we incur as well as a reasonable additional administrative fee that we will have the right to impose.

4.3.3 You acknowledge and agree that your obligations to make full and timely payment of Royalty Fees and Marketing Contributions (and all other sums due to us) are absolute, unconditional, fully-earned (by us), and due when you are open and in operation.

4.3.4 You agree not to, for any reason, delay or withhold the payment of any amount due to us under this Agreement; put into escrow any payment due to us; set-off payments due to us against any claims or alleged claims that you may allege against us, the Brand Fund, the Regional Fund, affiliates, suppliers, or others.

4.3.5 You agree that if you do not provide us, as requested, with access to your computer system to obtain sales information or, if we require pursuant to Section 12.1.4 below or otherwise, printed and signed sales reports, then we will have the right to impute your sales for any period using (among other things) your sales figures from any Week(s) that we choose (which may be those with your highest grossing sales), and that you agree to pay us Royalty Fees on that amount (whether by check or by our deduction of that amount from your direct debit account).

4.4 *No Subordination*. You agree: (a) not to subordinate to any other obligation your obligation to pay us the Royalty Fee and/or any other amount payable to us, whether under this Agreement or otherwise; and (b) that any such subordination commitment that you may give without our prior written consent will be null and void.

4.5 *Late Payment*.

4.5.1 If we do not receive any payment due under this Agreement (and if the appropriate marketing fund does not receive payment due) on or before the due date, then that amount will be deemed overdue. Any report that we do not receive on or before the due date will also be deemed overdue.

4.5.2 If any payment is overdue, then you agree to pay us, in addition to the overdue amount, interest on the overdue amount from the date it was due until paid, at the rate of eighteen percent (18%) per annum (but if there is a legal maximum interest rate that applies to you in your jurisdiction, not more than that maximum applicable rate). Our entitlement to such interest will be in addition to any other remedies we may have.

4.6 *Other Funds Due*. You agree to pay us, within ten (10) days of our written request (which is accompanied by reasonable substantiating material), any amounts that we have paid, that we have become obligated to pay, and/or that we choose to pay on your behalf.

4.7 *Index*. We have the right to adjust, for inflation, the fixed-dollar amounts under this Agreement (except for the Initial Franchise Fee) to reflect changes in the Index from the year in which you signed this Agreement. For the purpose of this Section 4.7, the term "**Index**" means the Consumer Price Index as published by the U.S. Bureau of Labor Statistics ("**BLS**") (1982-84=100; all items; CPI-U; all urban consumers). If the BLS no longer publishes the Index, then we will have the right to designate a reasonable alternative measure of inflation.

5 FRANCHISED BUSINESS LOCATION, CONSTRUCTION, AND RENOVATION

5.1 *Opening Deadline.* You are responsible for purchasing, leasing, or subleasing a suitable site for the Franchised Business. You agree to establish the Franchised Business and have it open and in operation by the nine-month anniversary of the Effective Date of this Agreement. **Time is of the essence.**

5.2 *Site for the Studio*. As provided in Section 1.2 above, if you do not have (and we have not approved in writing) a location for the Studio as of the Effective Date, then you must find and obtain the right to occupy (by lease, sublease, or acquisition of the property) premises that we find acceptable to serve as your Studio, all in accordance with the Site Selection Addendum.

5.3 *Our Review and Your Responsibilities*. Any reviews that we conduct of the proposed site, lease, and other details concerning your site are for our benefit only. In addition:

5.3.1 You agree that our review, comments about, and even our approval of a proposed site, lease, sublease, design plans, and/or renovation plans for the Studio is not (and shall not be deemed) our recommendation, endorsement, and/or guarantee of the suitability of that location or the terms of the lease, or sublease, or purchase agreement.

5.3.2 You agree to take all steps necessary to determine for yourself whether a particular location and the terms of any lease, sublease, or purchase agreement for the site are beneficial and acceptable to you (including retaining your own legal counsel to review the lease). Additionally, no matter to what extent (if any) that we participate in any lease, sublease, and/or purchase negotiations, discussions with the landlords or property owners, and/or otherwise in connection with reviewing the lease , sublease and/or purchase agreement, you have to make the final decision as to whether or not the proposed contract is sensible for your business, and the final decision as to whether or not to sign the lease , sublease, and/or purchase agreement is yours, and we will not be responsible for the terms and conditions of your lease , sublease, and/or purchase agreement.

5.3.3 You agree that: (a) any standard layout and equipment plans that we provide to you, as well as any review and comments that provide to the plans that you develop for your Studio, are not meant to address the requirements of any Operating Codes (as defined in Section 8.7 below); (b) our standard plans or comments to your modified plans, will not reflect the requirements of, nor may they be used for, construction drawings or other documentation that you will need in order to obtain permits or authorization to build a specific Studio; (c) you will be solely responsible to comply with all local laws, requirements, architectural needs, and similar design and construction obligations associated with the site, at your expense; and (d) our review, comment, and approval of your plans will be limited to reviewing those plans to assess compliance with our standards (including issues such as trade dress, presentation of Proprietary Marks, and the provision to the potential customer of certain Programs, Products and services that are central to the purpose, atmosphere, and functioning of BASH Studios).

5.3.4 We will not review nor may our approval be deemed to address whether or not you have complied with any of the Operating Codes, including provisions of the Americans with Disabilities Act (the "**ADA**"); and you acknowledge and agree that compliance with such laws is and will be your sole responsibility.

5.4 *Lease Review.* You agree to provide us with a copy of the proposed lease, sublease, or purchase agreement for the Accepted Location, and you agree not to enter into that lease, sublease, or purchase agreement until you have received our written approval. We have the right to condition our approval of the lease, sublease, or purchase agreement upon the inclusion of terms that we find acceptable and that are consistent with our rights and your responsibilities under this Agreement, including, that you and the landlord execute a lease rider in the form attached to this Agreement as Exhibit H. You also agree to provide us with a

copy of the fully signed lease, including a signed lease rider, before you begin construction or renovations as the Accepted Location.

5.5 *Preparing the Site.* You agree that promptly after obtaining possession of the Accepted Location, you will do all of the following things:

5.5.1 obtain all required zoning permits, all required building, utility, health, sign permits and licenses, and any other required permits and licenses;

5.5.2 purchase or lease equipment, fixtures, furniture and signs as required under this Agreement (including the specifications we have provided in writing, whether in the Brand Manual or otherwise);

5.5.3 complete the construction and/or remodeling as described in Section 8.8 below, and installation of all equipment, fixtures, furniture and signs and decorating of the Franchised Business in full and strict compliance with plans and specifications for the Franchised Business that we have approved in writing, as well as all applicable ordinances, building codes and permit requirements;

5.5.4 obtain all customary contractors' partial and final waivers of lien for construction, remodeling, decorating and installation services; and

5.5.5 purchase an opening inventory of Retail Products and other equipment, materials and supplies.

5.6 *Construction or Renovation*. In connection with any construction or renovation of the Franchised Business (and before you start any such construction or renovation) you agree to comply, at your expense, with all of the following requirements, which you agree to satisfy to our reasonable satisfaction:

5.6.1 You agree to employ a qualified, licensed architect or engineer who is reasonably acceptable to us to prepare, for our approval, preliminary architectural drawings and equipment layout and specifications for site improvement and construction of the Franchised Business based upon standard layout, design and image specifications we will furnish in the Brand Manual (depending on whether your Franchised Business will be operated in a stand-alone facility, and end-cap, or as a retro-fit of an existing building). The materials that you submit to us must include a description of any modifications to our specifications (including requirements for dimensions, interior and exterior design and layout, equipment, fixtures, furnishings, signs, and decorating materials) required for the development of a Franchised Business. Our approval will be limited to conformance with our standard image specifications and layout, and will not relate to your obligations with respect to any applicable Operating Codes, including the ADA. After we have responded to your preliminary plans and you have obtained any permits and certifications, you agree to submit to us, for our prior written approval, final architectural drawings, plans and specifications. We will have the right to request changes and approve, but we will not supervise or otherwise oversee your project. We will not unreasonably withhold our approval of your adapted plans, provided that such plans and specifications conform to our general criteria. Once we have approved those final plans, you cannot later change or modify the plans without our prior written consent.

5.6.2 You agree to comply with all Operating Codes, including the applicable provisions of the ADA regarding the construction and design of the Franchised Business.

Additionally, before opening the Franchised Business, and after any renovation, you agree to execute and deliver to us an ADA Certification in the form attached to this Agreement as Exhibit E, to certify that the Franchised Business and any proposed renovations comply with the ADA.

5.6.3 You are solely responsible for obtaining (and maintaining) all permits and certifications (including, zoning permits, licenses, construction, building, utility, health, sign permits and licenses) which may be required by state or local laws, ordinances, or regulations (or that may be necessary or advisable due to any restrictive covenants relating to your location) for the lawful construction and operation of the Franchised Business. You must certify in writing to us that all such permits and certifications have been obtained.

5.6.4 You agree to employ a qualified licensed general contractor who is reasonably acceptable to us to construct the Franchised Business and to complete all improvements.

5.6.5 You agree to obtain (and maintain) during the entire period of construction the insurance required under Section 15 below; and you agree to deliver to us such proof of such insurance as we may reasonably require.

5.7 *Pre-Opening*. Before opening for business, you agree to meet all of the pre-opening requirements specified in this Agreement, the Brand Manual, and/or that we may otherwise specify in writing.

5.8 *Reporting Development Costs*. Within ninety (90) days after the Franchised Business first opens for business, you agree to give us a full written breakdown of all costs associated with the development and construction of the Franchised Business, in the form that we may reasonably find acceptable or that we may otherwise require.

6 OPERATING PRINCIPAL, TRAINING AND PERSONNEL

You acknowledge and agree that our personnel and training requirements are intended to promote and protect our Proprietary Marks and brand image, as well as safety.

6.1 *Operating Owner and Management*.

6.1.1 You must participate in the day-to-day management of your Studio.

6.1.2 If you are a corporation, partnership or LLC, you must have an individual owner serve as your "**Operating Principal**". If you are an individual, you must serve as Operating Principal. The Operating Principal must complete our training program, as described below, must have authority over all business decisions related to the Franchised Business, must have the power to bind you in all dealings with us, and must have signed and delivered to us the Guarantee, Indemnification, and Acknowledgement attached to this Agreement as Exhibit C. You may not change the Operating Principal without our prior approval.

6.1.3 You must inform us in writing whether the Operating Principal will assume full-time responsibility for the daily supervision and operation of the Franchised Business. If the Operating Principal will not supervise the Franchised Business on a full-time and daily basis, you must employ a full-time manager (the "**Studio Manager**") with qualifications reasonably acceptable to us, who will assume responsibility for the daily operation of the Franchised Business.

6.1.4 The Operating Principal and Studio Manager are not required to be equity participants, but the Franchised Business must be under the active full-time management of you, your Operating Principal, or your Studio Manager, who must have successfully completed (to our satisfaction) our initial training program.

6.2 *Coaches, Sales Associates, and Other Personnel*

6.2.1 You must employ at least five (5) individuals whom you designate to serve as boxing class instructors with customers (each a "**Coach**"). All coaches must (a) be CPR certified; and (b) have a nationally accredited CPT or GX certification.

6.2.2 You must employ at least one (1) full-time sales associate (the "**Lead Sales Associate**").

6.3 *Training We Provide*. Before the opening of your Franchised Business, we will provide to you (or if you are an entity, your Operating Principal), your Studio Manager (if applicable under Section 6.1.3 above), and your Lead Sales Associate, as well as your Coaches, the training programs that we designate. We will also provide the ongoing training and evaluation that we periodically deem appropriate, at such places and times that we deem proper, and by such methods as we may deem proper (which may include electronic links, such as podcast and Skype, or distance learning tools and web-based training programs). You and your Highly Trained Personnel (as defined in Section 6.4.1 below) and Coaches must participate in the ongoing training that we provide. Our training programs will be conducted in the English language. We will be responsible for the cost of instruction and materials as provided in Section 6.6.8 below, except as otherwise specified in Sections 6.4.2, 6.4.4, 6.5, 6.6.2, 6.6.3, 6.6.4, and 6.6.9 below.

6.3.1 *Initial Training of Highly Trained Personnel and Coaches*. Before opening the Franchised Business, you (or your Operating Principal) and your Studio Manager (if you will employ a Studio Manager) must attend and successfully complete, to our satisfaction, the initial training program we offer for Studio franchisees in Arlington, Virginia, or another location that we specify. Your Coaches must attend and successfully complete our initial training program for Coaches as described in Section 6.4.3.2 below.

6.3.2 The term "**Highly Trained Personnel**" is agreed to mean: (a) you (or your Operating Principal); (b) if applicable under Section 6.1.2 above, the Studio Manager; and (c) your Lead Sales Associate.

6.3.3 We will provide training for up to three Highly Trained Personnel, including you or your Operating Principal, your Studio Manager, and your Lead Sales Associate, and up to ten Coaches. You may bring additional personnel to initial training without paying any additional fee if we have room in your designated training class. If you wish to send additional individuals to the initial training program, beyond the capacity of your training class, then you agree to pay us our then-current discounted training fee, which will be determined according to the role each such person will perform in your Franchised Business, and is currently Five Thousand Dollars ($5,000) per additional person.

6.3.4 The initial training program will be up to two (2) weeks in duration. In addition, we will provide up to two (2) additional weeks' opening support, including observing and coaching your initial personnel. Initial training will be a combination of classroom and

on-the-job training and may also include training provided electronically and remotely. Our initial training program includes the following:

6.3.4.1 *Initial Management Training.* The management and back-office training for you (or your Operating Principal, if you are an entity) and the Studio Manager, which will be conducted at our headquarters (or another location that we specify).

6.3.4.2 *Initial Coaches Training.* The training in the instruction and performance of the Programs, for all intended Coaches, which will be conducted at the franchised location (or another location that we specify). If you, your Operating Principal, or your Studio Manager will not provide coaching, then the initial management training may run concurrently with the other training, although we may require that you (or your Operating Principal) and your Studio Manager attend portions of the training related to coaching.

6.3.4.3 *Initial Sales Training.* The sales, marketing, and related back-office training for your Lead Sales Associate, which will be conducted at our headquarters (or another location that we specify). The initial sales training may run concurrently with the other training, although we may require that you (or your Operating Principal) and your Studio Manager attend portions of the training related to sales.

6.3.5 We have the right to determine whether each person has successfully completed training. If you or your personnel do not complete initial training to our satisfaction, then you or they may repeat the course or send a substitute to the next available scheduled training session; however, we will have no obligation to extend the Opening Deadline for this purpose, and we reserve the right to terminate this Agreement if you (or your Operating Principal), your Studio Manager, your Lead Sales Associate, or your Coaches are unable, in our judgment, to successfully complete training on time. We reserve the right to charge you a fee for repeated initial training.

6.3.6 We have the right to vary the duration or content of the training program for any trainee who has prior experience with our concept or in similar businesses or based on the person's role in the Franchised Business.

6.4 *Training That You Must Provide.*

6.4.1 *Head Coach.* Within two (2) months of opening the Franchised Business, you must designate a Coach to serve as your "**Head Coach**." Your Head Coach will be responsible for providing additional and ongoing training to Coaches approved by us pursuant to Section 6.5.1 and 6.5.2 below, and/or to train new persons to serve as additional or replacement Coaches.

6.4.1.1 The Head Coach may not be you, your Operating Principal, or your Studio Manager, and must be a full time employee.

6.4.1.2 We have the right (but not the obligation) to evaluate and to approve or disapprove your designated Head Coach. We have the right, at any time, to disapprove any previously approved Head Coach if we learn or determine

that they are failing to provide adequate training in compliance with our standards and procedures.

6.4.1.3 During any period that you do not have an employee acting as a Head Coach approved by us, we have the right to require that your Coaches come to our headquarters (or another location that we specify) for training, and we have the right to require that you pay our then-current discounted training fee, which is currently Five Thousand Dollars ($5,000) per individual.

6.4.2 If you choose to engage other staff (such as assistant managers, sales associates, or other personnel), you will be responsible for training those individuals to meet our requirements for persons who serve in those roles. If we determine that you have not adequately trained your staff, then we have the right to require that you send your personnel to attend and successfully complete our training course for those roles (whether in-person, online, at your facility, or otherwise) and that you pay our then-current training fees for that training, which is currently Five Thousand Dollars ($5,000) per individual. If you request that we train your personnel, and if we agree to do so, then you agree that you will pay our then-current training fees for that training, which is currently Five Thousand Dollars ($5,000) per individual.

6.4.3 We have the right (but not the obligation) to evaluate the performance of your BASH Studio at any time. If we determine that the performance of your BASH Studio does not conform sufficiently to BASH's brand standards:

6.4.3.1 We have the right to require that any or all of you (or your Operating Principal), your Studio Manager, and/or your Head Coach be re-trained in Arlington, Virginia (or another location that we specify); and

6.4.3.2 We have the right to charge you our then-current discounted training fee, which is currently Five Thousand Dollars ($5,000) per individual, for re-training.

6.5 *Additional Obligations Regarding Training and Personnel.*

6.5.1 No person may serve as a Coach unless you have obtained our prior written approval for her/his service in that capacity. As part of our evaluation of each individual, we have the right to require that each of your Coaches perform a demonstration class that we may review by electronic link (such as video conference) a minimum of fourteen (14) days prior to opening (or, in the case of new or replacement Coaches, fourteen (14) days prior to their first customer class).

6.5.2 We have the right, at any time, to de-certify any previously certified Coach if we learn or determine that that person is regarded as no longer complying with our standards and procedures. Any person that has been de-certified must satisfactorily complete a training or re-training program to receive a new certification. We reserve the right to charge for the training (or re-training) of personnel who were de-certified.

6.5.3 If any of the Highly Trained Personnel cease active management or employment at the Franchised Business, or if we disapprove of any of the Highly Trained Personnel, then you agree to enroll a qualified replacement (who must be reasonably acceptable to us) in our initial training program within thirty (30) days after the Highly Trained Person ended his/her full time employment and/or management responsibilities with your Franchised Business. The replacement or additional personnel must attend and

successfully complete the basic initial training program that we require for their position, to our reasonable satisfaction, as soon as it is practical to do so. You agree to pay us our then-current discounted training fee, which will be determined according to the role each such person will perform in your Franchised Business, and is currently Five Thousand Dollars ($5,000) per Highly Trained individual. You agree to pay those amounts in full before the start of each phase of training, as applicable to your trainees.

6.5.4 We will have the right to require that your Highly Trained Personnel and Coaches attend the refresher courses, seminars, conferences, and other training programs that we may reasonably specify from time to time, and to require that you pay our then-current discounted training fees and/or third-party training or conference fees.

6.5.5 We will have the right to require that your trainees sign and deliver to us a personal covenant of confidentiality in substantially the form appended to this Agreement as Exhibit I.

6.5.6 You must cover all of your employees at all times (including the pre-opening period, and including those attending training) under the insurance policies required in Section 15 below.

6.5.7 We will bear the cost of initial training and such ongoing instruction as we deem appropriate (except as otherwise provided specified in this Section 6), and you will bear all other expenses incurred in connection with any training (including without limitation the costs of transportation, lodging, meals, wages, benefits, and worker's compensation insurance). We reserve the right to charge our then-current discounted training fee for any other training that we may provide.

6.5.8 You may ask us to provide on-site training in addition to that which we will provide to you in connection with the initial training program and/or the opening of the Franchised Business, and if we are able to do so, then you agree to pay us our then-current discounted per diem training charges, which are currently Five Hundred Dollars ($500) per day (for each of our staff that provide training), as well as our related travel, lodging, meals, and other expenses.

7 PURCHASING AND SUPPLY

The requirements of this Section 7 apply to Proprietary Items (Section 7.2), Studio Equipment and Supply Items and Retail Products that you must purchase or otherwise source from approved suppliers (Section 7.1), and Studio Equipment and Supply Items and Retail Products that you must otherwise purchase or source in accordance with our standards and specifications (Section 7.3).

7.1 *Studio Equipment and Supply Items & Retail Products*. You agree to buy all equipment, furniture, supplies, paper products, t-shirts, and other apparel, materials (such as packaging), and other products and services used in the operation of the Studio (together, "**Studio Equipment and Supply Items**"); and all Retail Products only from suppliers as to whom we have given our prior written approval (and whom we have not subsequently disapproved). In this regard, the parties also agree:

7.1.1 In determining whether we will approve any particular supplier for any Studio Equipment and Supply Item or Authorized Product, we will consider various factors, including: (a) whether the supplier can demonstrate, to our continuing reasonable satisfaction, the ability to meet our then-current standards and specifications for such

items; (b) whether the supplier has adequate quality controls and capacity to supply your needs promptly and reliably; (c) whether approval of the supplier would enable the System, in our sole opinion, to take advantage of marketplace efficiencies; and/or (d) whether the supplier will sign a confidentiality agreement and a license agreement in the form that we may require (which may include a royalty fee for the right to use our Proprietary Marks and any other proprietary rights and/or trade secrets).

7.1.2 For the purpose of this Agreement, the term "**supplier**" includes manufacturers, distributors, resellers, and other vendors. You acknowledge and agree that we have the right to appoint only one supplier for any particular product, ingredient or item (which may be us or one of our Affiliates).

7.1.3 If you want to buy any Studio Equipment and Supply Item from an unapproved supplier (except for Proprietary Items, which are addressed in Section 7.2 below), then you must first submit a written request to us asking for our prior written approval. You agree not to buy from any such supplier unless and until we have given you our prior written consent to do so. We have the right to require that our representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered, either to us or to an independent laboratory that we have designated for testing. You (or the supplier) may be required to pay a charge, not to exceed the reasonable cost of the inspection, as well as the actual cost of the test. We have the right to also require that the supplier comply with such other requirements that we have the right to designate, including payment of reasonable continuing inspection fees and administrative costs and/or other payment to us by the supplier on account of their dealings with you or other franchisees, for use of our trademarks, and for services that we may render to such suppliers. We also reserve the right, at our option, to periodically re-inspect the facilities and products of any such approved supplier and to revoke our approval if the supplier does not continue to meet any of our then-current criteria. We are not required to approve any particular supplier, nor to make available our standards, specifications, or formulas to prospective suppliers, which we have the right to deem confidential.

7.1.4 You agree we have the right to establish one or more strategic alliances or preferred vendor programs with one or more nationally or regionally-known suppliers that are willing to supply all or some BASH Studios with some or all of the products and/or services that we require for use and/or sale in the development and/or operation of BASH Studios, notwithstanding anything to the contrary contained in this Agreement. In this event, we may limit the number of approved suppliers with whom you may deal, designate sources that you must use for some or all Studio Equipment and Supply Items, and/or refuse any of your requests if we believe that this action is in the best interests of the System or the network of BASH Studios. We have the right to approve or disapprove of the suppliers who may be permitted to sell Studio Equipment and Supply Items to you. Any of our affiliates that sell Studio Equipment and Supply Items to you will do so at our direction. If you are in default of this Agreement, we reserve the right to direct our affiliates not to sell Studio Equipment and Supply Items to you, or to withhold certain discounts that might otherwise be available to you.

7.1.5 You acknowledge and agree that we have the right to collect and retain all manufacturing allowances, marketing allowances, rebates, credits, monies, payments or benefits (collectively, "**Allowances**") offered by suppliers to you or to us (or our Affiliates) based upon your purchases of Studio Equipment and Supply Items or Retail Products. These Allowances include those based on purchases of products, paper goods, beverages, and other items (such as packaging). You assign to us or our designee all of your right, title and interest in and to any and all such Allowances and

authorize us (or our designee) to collect and retain any or all such Allowances without restriction.

7.1.6 If we require you to offer and sell items that bear our Proprietary Marks, or to use items that bear our Proprietary Marks, then you must buy, use, and sell only the items that we require, and you must buy those items only from our approved suppliers.

7.2 *Proprietary Items.* You acknowledge and agree that: (a) we have the right to require that certain Retail Products that you offer at the Studio be produced in accordance with our proprietary standards and specifications (and/or those of our affiliates), and that such items are our proprietary products ("**Proprietary Items**"); (b**)** we have the right to require that you purchase and offer Proprietary Items (as well as any packaging bearing the Proprietary Marks) only from us, our Affiliates, and/or our designated suppliers, and not to offer or sell any other such products at or from the Studio; and **(c)** we have the right to determine whether any particular item (now or in the future) is or will be deemed an "Proprietary Item."

7.3 *Specifications.* In addition to the provisions of Sections 7.1 and 7.2 above, as to those Studio Equipment and Supply Items or Retail Products that we do not require you to buy or otherwise source from approved suppliers and that are not proprietary items (as specified in Section 7.2 above), you agree to purchase or otherwise source those Studio Equipment and Supply Items only in accordance with our written standards and specifications (for example, 100% cotton towels).

7.4 *Use of the Marks*. You agree to use all Logo Items that we require and not to use any items that are a substitute for a Logo Item without our prior written consent. The term "**Logo Items**" is agreed to mean all marketing materials, signs, decorations, and paper goods (including and all forms and stationery used in the Franchised Business). You agree that all Logo Items that you use will bear the Proprietary Marks in the form, color, location, and manner we prescribe (and that all such Logo Items will be subject to our prior written approval as provided in Section 13.8 below).

7.5 *Manufacturing*. You agree not to produce or otherwise manufacture any items in your BASH Studio.

8 YOUR DUTIES

In addition to all of the other duties specified in this Agreement, for the sake of brand enhancement and protection, you agree to all of the following:

8.1 *Importance of Following Standards*. You understand and acknowledge that every detail of the Franchised Business is important to you, to us, and to other "BASH Boxing" franchisees and licensees in order to develop and maintain high operating standards, to provide superior customer service to customers and participants, to increase the demand for the Programs and Products sold, by all franchisees, and to protect and enhance the reputation and goodwill associated with our brand.

8.2 *Opening*. In connection with the opening of the Franchised Business:

8.2.1 You agree to conduct, at your expense, such promotional and marketing activities as we may require.

8.2.2 You agree to open the Franchised Business by the date specified in Section 5.1 above. Subject to availability and scheduling, we will send a representative to attend the

opening; and you agree not to open the Franchised Business without our representative present. If we cannot provide our representative on the date that you propose to first open the Franchised Business for business, then you must reschedule such opening to a date on which our representative can be in attendance; provided, that we will not unreasonably delay opening of the Franchised Business due to these considerations.

8.2.3 You will not open the Franchised Business until we have determined that all construction has been substantially completed, and that such construction conforms to our standards including to materials, quality of work, signage, decor, paint, and equipment, and we have given you our prior written approval to open, which we will not unreasonably withhold.

8.2.4 You agree not to open the Franchised Business until the Highly Trained Personnel have successfully completed all training that we require, and not until you have hired and trained to our standards a sufficient number of employees to service the anticipated level of the Franchised Business's customers.

8.2.5 In addition, you agree not to open the Franchised Business until the Initial Franchise Fee and any other amounts due to us (and our affiliates) under this Agreement or any other agreements have been paid.

8.3 *Staffing*.

8.3.1 You agree to maintain a competent, conscientious staff in numbers sufficient to promptly service customers and to comply with staffing and service criteria, which may include without limitation specified positions that we may designate from time to time as necessary or appropriate for providing quality member experience according to our standards. We will provide our requirements for service/function positions that we may establish from time to time and which will be set forth in our Brand Manuals.

8.3.2 For the sake of efficiency and to enhance and protect our brand you and your staff must, at all times, cooperate with us and with our representatives, and conduct the operation of the business in a first-class and professional manner in terms of dealing with customers, vendors, and our staff as well.

8.3.3 Your employees must comply with such dress code and other brand standards as we may reasonably require, which may include use of branded (or other "**uniform**") apparel, and otherwise identify themselves with the Proprietary Marks at all times in the manner we specify (whether in the Brand Manual or otherwise in writing) while on a job for the Franchised Business. We may also require that you (and that you ensure that your employees also) comply with our brand standards concerning personal appearance (including dress code, footwear, hair color, body art, piercing, sanitation and personal hygiene, foundation garments, personal displays at work stations, etc.).

8.3.4 You agree to develop, cultivate, and at all times maintain a cooperative, cordial, and respectful work environment for your staff and among all of the owners of the Franchised Business.

8.4 *Operate According to Our Standards.* To insure that the highest degree of quality and service is maintained, you agree to operate your Franchised Business in strict conformity with such methods, standards, and specifications that we may periodically require in the Brand Manual or otherwise in writing. In this regard, you agree to do all of the following:

8.4.1 You agree to maintain in sufficient supply, and to use at all times only the items, products, equipment, services, materials, and supplies that meet our written standards and specifications, and you also agree not to deviate from our standards and specifications by using or offering any non-conforming items without our specific prior written consent.

8.4.2 You agree: (a) to use, offer, and sell only those Programs, services, Studio Equipment and Supply Items, and Retail Products using the standards and techniques that we have approved in writing for you to offer and use at your Franchised Business; (b) to use, offer, and sell all Programs, services, Studio Equipment and Supply Items, and Retail Products using the standards and techniques that we specify in writing; (c) not to deviate from our standards and specifications; (d) to stop using, offering, and selling any Programs, services, Studio Equipment and Supply Items, or Retail Products that we at any time disapprove in writing (recognizing that we have the right to do so at any time); and (e) that if you propose to deviate (or if you do deviate) from our standards and specifications, whether or not we have approved the deviation, that deviation will become our property.

8.4.3 You agree to permit us, or our agents, at any reasonable time, to inspect the Programs provided or offered in the Studio, and to suspend such Programs by degree reasonably necessary for evaluation by us to determine whether the Programs meet our then-current standards and specifications. In addition to any other remedies we may have under this Agreement, we may require you to bear the cost of such evaluation if we had not previously approved the content of the Program.

8.4.4 You agree to permit us, or our agents, at any reasonable time, to inspect the equipment, items, and products used, sold, or offered for sale in the Studio, and to remove such equipment, items, or products, without payment, by degree reasonably necessary for testing by us or an independent third party to determine whether the equipment, items, or products meet our then-current standards and specifications. In addition to any other remedies we may have under this Agreement, we may require you to bear the cost of such testing if we had not previously approved the supplier of the equipment, item, or product.

8.4.5 You agree to buy and install, at your expense, all fixtures, furnishings, equipment, decor, and signs as we may specify, and to periodically make upgrades and other changes to such items at your expense as we may reasonably request in writing. Without limiting the above, you acknowledge and agree that changes in our System standard may require you to purchase new and/or additional equipment for use in the Franchised Business.

8.4.6 You agree not to install or permit to be installed on or about the premises of the Franchised Business, without our prior written consent, any fixtures, furnishings, equipment, machines, décor, signs, or other items that we have not previously in writing approved as meeting our standards and specifications.

8.4.7 You agree to immediately notify us in writing if you or any of your Principals are charged with and/or convicted of a felony, a crime involving moral turpitude, or any other crime or offense that is likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated with the Proprietary Marks, or our interest in the Proprietary Marks.

8.4.8 You agree to purchase or lease, and use, the music system and playlist that we require, and pay fees associated with playing that music (including to the licensing organization)

8.5 *Use of the Premises.* You may use the Accepted Location only for the purpose of operating the Franchised Business and for no other purpose. You agree not to co-brand or permit any other business to operate at the Accepted Location.

8.6 *Hours and Days of Operation.* You agree to keep the Franchised Business open and in normal operation for such hours and days as we may periodically specify in the Brand Manual or as we may otherwise approve in writing.

8.7 *Health Standards and Operating Codes*. You agree to meet and maintain the highest health standards and ratings applicable to the operation of the Franchised Business. You agree to fully and faithfully comply with all Operating Codes applicable to your Franchised Business. You will have the sole responsibility to fully and faithfully comply with any Operating Codes, and we will not review whether you are in compliance with any Operating Codes. As used in this Agreement, the term "**Operating Codes**" is agreed to mean all applicable laws, codes, ordinances, and/or regulations (whether federal, state, municipal, and/or local) that apply to the Programs, services, products, construction and design of the Studio and other aspects of operating the Franchised Business (including the ADA, laws pertaining to employment, etc.).

8.7.1 You agree to send us, within two (2) business days of your receipt, a copy of all inspection reports, warnings, citations, certificates, and/or ratings resulting from inspections conducted by any federal, state or municipal agency with jurisdiction over the Studio.

8.7.2 You must also obtain and maintain during the term of this Agreement all licenses and approvals from any governmental or regulatory agency required for the operation of the Franchised Business or provision of the Services you will offer, sell, and provide. Where required, you must obtain the approval of any regulatory authority with jurisdiction over the operation of your Franchised Business.

8.7.3 You acknowledge that we will have no liability to you or any regulatory authority for any failure by you to obtain or maintain during the term of this Agreement any necessary licenses or approvals required for the operation of the Franchised Business.

8.8 *Your Franchised Business:*

8.8.1 *Franchised Business Condition, Maintenance.* You agree that, at all times, you will maintain the Franchised Business in a high degree of sanitation, repair, and condition. In addition, you agree to make such repairs and replacements to the Franchised Business as may be required for that purpose (but no others without our prior written consent), including the periodic repainting or replacement of obsolete signs, furnishings, equipment, and decor that we may reasonably require. You also agree to obtain maintenance services from qualified vendors for any printing or related equipment as we may specify and maintain those service agreements at all times. Your maintenance and upkeep obligations under this Section 8.8,1 are separate from those with respect to periodic upgrades that we may require regarding fixtures, furnishings, equipment, decor, and signs, and Section 8.8.2 below with respect to Major Remodeling. We may also require you to complete a Minor Refurbishment but not more than once every three (3) years. (The term "**Minor Refurbishment**" includes

replacement, upgrading, and installation of new interior signage and related technology hardware, software, and firmware).

8.8.2 *Major Remodeling*. In addition to the maintenance and upkeep obligations requirements under Section 8.8.1 above, you agree to refurbish the Franchised Business at your expense to conform to our then-current building design, exterior facade, trade dress, signage, furnishings, decor, color schemes, and presentation of the Proprietary Marks in a manner consistent with the then-current image for new BASH Studios, including remodeling, redecoration, and modifications to existing improvements, all of which we may require in writing (collectively, "**Major Remodeling**"). In this regard, the parties agree that:

8.8.2.1 You will not have to conduct a Major Remodeling more than once during the term of this Agreement (and not in an economically unreasonable amount); provided, however, that we may require Major Remodeling more often if a Major Remodeling is required as a pre-condition to renewal (as described in Section 2.2.2 above); and

8.8.2.2 If your costs associated with implementing any single modification/redesign will exceed Fifty Thousand Dollars ($50,000), then you will have six (6) months after you receive our written notice within which to complete that Major Remodeling.

8.9 *Use of the Marks*. You agree that you will abide by all of our instructions and requirements regarding any marketing and promotional materials, signs, decorations, merchandise, any and all replacement trade dress products, and other items that we may designate to bear our then-current Proprietary Marks and logos (including our requirements as to the form, color, location, and manner for making use of those marks).

8.10 *If You Are an Entity:*

8.10.1 *Corporation*. If you are a corporation, then you agree to: (a) confine your activities, and your governing documents will at all times provide that your activities are confined, exclusively to operating the Franchised Business; (b) maintain stop transfer instructions on your records against the transfer of any equity securities and will only issue securities upon the face of which a legend, in a form satisfactory to us, appears which references the transfer restrictions imposed by this Agreement; (c) not issue any additional shares (whether voting securities or securities convertible into voting securities); and (d) maintain a current list of all owners of record and all beneficial owners of any class of voting stock of your company and furnish the list to us upon request.

8.10.2 *Partnership/LLP*. If you are a general partnership, a limited partnership, or a limited liability partnership (LLP), then you agree to: (a) confine your activities, and your governing documents will at all times provide that your activities are confined, exclusively to operating the Franchised Business; (b) furnish us with a copy of your partnership agreement as well as such other documents as we may reasonably request, and any amendments thereto; (c) prepare and furnish to us, upon request, a current list of all of your general and limited partners; and (d) consistent with the transfer restrictions set out in this Agreement, maintain instructions against the transfer of any partnership interests without our prior written approval.

8.10.3 *LLC*. If you are a limited liability company (LLC), then you agree to: (a) confine your activities, and your governing documents will at all times provide that your activities are confined, exclusively to operating the Franchised Business; (b) furnish us with a copy of your articles of organization and operating agreement, as well as such other documents as we may reasonably request, and any amendments thereto; (c) prepare and furnish to us, upon request, a current list of all members and managers in your LLC; and (d) maintain stop transfer instructions on your records against the transfer of equity securities and will only issue securities upon the face of which bear a legend, in a form satisfactory to us, which references the transfer restrictions imposed by this Agreement.

8.10.4 *Guarantees*. You agree to obtain, and deliver to us, a guarantee of your performance under this Agreement and covenant concerning confidentiality and competition, in the form attached as Exhibit B, from each current and future direct and indirect: (a) shareholder of a corporate Franchisee; (b) member of a limited liability company Franchisee; (c) partner of a partnership Franchisee; and/or (d) partner of a limited liability partnership Franchisee.

8.11 *Quality-Control and Customer Survey Programs.* We may periodically designate an independent evaluation service to conduct a "mystery shopper," "customer survey," and/or similar quality-control and evaluation programs with respect to BASH Studios. You agree to participate in such programs as we require, and promptly pay the then-current charges of the evaluation service. If you receive an unsatisfactory or failing report in connection with any such program, then you agree to: (a) immediately implement any remedial actions we require; and (b) reimburse us for the expenses we incur as a result thereof (including the cost of having the evaluation service re-evaluate the Franchised Business, our inspections of the Franchised Business, and other costs or incidental expenses).

8.12 *Prices***.**

8.12.1 We may periodically provide suggested retail pricing; however (subject to Section 8.12.2 below), you will always have the right to set your own prices.

8.12.2 You agree that we may set reasonable restrictions on the maximum and minimum prices you may charge for the Programs, Retail Products and services offered and sold at the Studio under this Agreement. You will have the right to set the prices that you will charge to your customers; provided, however, that (subject to applicable law): (a) if we have established a maximum price for a particular item, then you may charge any price for that item up to and including the maximum price we have established; and (b) if we have established a minimum price for a particular item, then you may charge any price for that item that is equal to or above the minimum price we have established.

8.13 *Inter-Club Reciprocal Membership.* You agree to participate in our inter-club reciprocal membership program, under which members are allowed to visit BASH Studios other than where they have an established membership under such terms as we specify in the Brand Manual. We have the right to periodically update or modify the terms of our inter-club reciprocal membership program.

8.14 *Environmental Matters*. We are committed to working to attain optimal performance of BASH Studios with respect to environmental, sustainability, and energy performance. Both parties recognize and agree that there are changing standards in this area in terms of applicable law, competitors' actions, consumer expectations, obtaining a market advantage, available and

affordable solutions, and other relevant considerations. In view of those and other considerations, as well as the long-term nature of this Agreement, you agree that we have the right to periodically set reasonable standards with respect to environmental, sustainability, and energy for the System through the Brand Manual, and you agree to abide by those standards.

8.15 *Innovations.* You agree to disclose to us all ideas, concepts, methods, techniques, programs, and products conceived or developed by you, your affiliates, owners, Coaches, other employees, and/or contractors during the term of this Agreement relating to the development and/or operation of the BASH Studios. All such products, services, concepts, methods, techniques, and new information will be deemed to be our sole and exclusive property and works made-for-hire for us. You hereby grant to us (and agree to obtain from your affiliates, owners, Coaches, employees, and/or contractors), a perpetual, non-exclusive, and worldwide right to use any such ideas, concepts, methods, techniques and products in any businesses that we and/or our affiliates, franchisees and designees operate. We will have the right to use those ideas, concepts, methods, techniques, and/or products without compensation to you or anyone else. You agree not to use or allow any other person or entity to use any such concept, method, technique program, or product without obtaining our prior written approval. You agree not to innovate without our prior written consent.

8.16 *Suspending Operation*. You agree to immediately suspend operating the Franchised Business and promptly notify us in writing if: (a) any equipment, programs, products, or services used, provided, offered, or sold at the Studio materially deviate from our standards; (b) any equipment, programs, products, or services used, provided, offered, or sold at the Studio fail to comply with applicable laws or regulations; and/or (c) you fail to maintain the equipment, Studio premises, personnel, or operation of the Studio in accordance with any applicable law or regulations. You agree to promptly remedy the unsafe or nonconforming condition or other violation of the applicable law or regulation. We have the right to require you to suspend operation of (and close) the Studio in the event of such an unsafe or nonconforming condition, or other violation of applicable law or regulation. In the event of such closure, you agree not to reopen the Studio until after we have inspected the Studio premises, and we have determined that you have corrected the condition and that all equipment, programs, products, or services used, provided, offered, or sold at the Studio comply with our standards. This Section 8.16 does not limit or restrict our other rights under this Agreement.

9 PROPRIETARY MARKS

9.1 *Our Representations*. We represent to you that we own (and/or have an appropriate license to) all right, title, and interest in and to the Proprietary Marks, and that we have taken (and will take) all steps reasonably necessary to preserve and protect the ownership and validity in, and of, the Proprietary Marks.

9.2 *Your Agreement*. With respect to your use of the Proprietary Marks, You agree that:

9.2.1 You will use only the Proprietary Marks that we have designated in writing, and you will use them only in the manner we have authorized and permitted in writing; and all items bearing the Proprietary Marks must bear the then-current logo.

9.2.2 You will use the Proprietary Marks only for the operation of the business franchised under this Agreement and only at the location authorized under this Agreement, or in franchisor-approved marketing for the business conducted at or from that location (subject to the other provisions of this Agreement).

9.2.3 Unless we otherwise direct you in writing to do so, you agree to operate and advertise the Franchised Business only under the name "*BASH Boxing*" without prefix or suffix.

9.2.4 During the term of this Agreement and any renewal of this Agreement, you agree to identify yourself (in a manner reasonably acceptable to us) as the franchisee and owner of the Franchised Business in conjunction with any use of the Proprietary Marks, including uses on invoices, order forms, receipts, and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the Studio and any Vehicle (visible to customers or visible only to your staff) and otherwise as we may designate in writing.

9.2.5 Your right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of our rights.

9.2.6 You agree not to use the Proprietary Marks to incur any obligation or indebtedness on our behalf.

9.2.7 You agree not to use the Proprietary Marks: (a) as part of your corporate or other legal name; (b) as part of any e-mail address, domain name, social networking site page, or other identification of you in any electronic medium (except as otherwise provided in Section 14.11); and/or (c) in any human relations (HR) document or materials, including job applications, employment agreements, pay checks, pay stubs, and the like.

9.2.8 You agree to: (a) comply with our instructions in filing and maintaining requisite trade name or fictitious name registrations; and (b) execute any documents that we (or our affiliates) deem necessary to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability, including any additional license agreements we may require for use of the Proprietary Marks on the Internet or in other marketing.

9.2.9 With respect to litigation involving the Proprietary Marks, the parties agree that:

9.2.9.1 You agree to promptly notify us of any suspected infringement of the Proprietary Marks, any known challenge to the validity of the Proprietary Marks, or any known challenge to our ownership of, or your right to use, the Proprietary Marks licensed under this Agreement. You agree to communicate only with us, our affiliates, our counsel, or your counsel regarding any such infringement or challenge. You acknowledge that we have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement thereof. We will also have the sole right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks.

9.2.9.2 Defense and Costs:

(a) *If You Used the Marks in Accordance with this Agreement*: If you have used the Proprietary Marks in accordance with this Agreement, then we will defend you at our expense against any third party claim, suit, or demand involving the Proprietary Marks arising out of your use thereof, and we agree to reimburse you for your out-of-pocket litigation costs in doing such acts and things (except that you will bear the salary costs of

your employees, and we will bear the costs of any judgment or settlement). .

(b) *If You Used the Marks Other Than in Accordance with this Agreement*: If you used the Proprietary Marks in any manner that was not in accordance with this Agreement (including our instructions), then we will still defend you, but at your expense, against such third party claims, suits, or demands (including all of the costs of defense as well as the cost of any judgment or settlement). You agree to reimburse us for the cost of such litigation (or, upon our written request, pay our legal fees directly), including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses, as well as the cost of any judgment or settlement.

9.2.9.3 If we undertake the defense or prosecution of any litigation or other similar proceeding relating to the Proprietary Marks, then you agree to sign any and all documents, and do those acts and things that may, in our counsel's opinion, be necessary to carry out the defense or prosecution of that matter (including becoming a nominal party to any legal action).

9.3 *Your Acknowledgments*. You expressly understand and acknowledge that:

9.3.1 We own all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them.

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

9.3.3 Neither you nor any of your owners, principals, or other persons acting on your behalf will directly or indirectly contest the validity or our ownership of the Proprietary Marks, nor will you, directly or indirectly, seek to register the Proprietary Marks with any government agency (unless we have given you our express prior written consent to do so).

9.3.4 Your use of the Proprietary Marks does not give you any ownership interest or other interest in or to the Proprietary Marks, except the license granted by this Agreement.

9.3.5 Any and all goodwill arising from your use of the Proprietary Marks shall inure solely and exclusively to our benefit, and upon expiration or termination of this Agreement and the license granted as part of this Agreement, there will be no monetary amount assigned as attributable to any goodwill associated with your use of our System or of our Proprietary Marks.

9.3.6 The license that we have granted to you under this Agreement to use our Proprietary Marks is not exclusive, and therefore we have the right, among other things:

9.3.6.1 To use the Proprietary Marks ourselves in connection with selling Products and Services;

9.3.6.2 To grant other licenses for the Proprietary Marks, in addition to licenses we may have already granted to you and other licensees; and

9.3.6.3 To develop and establish other systems using the same or similar Proprietary Marks, or any other proprietary marks, and to grant licenses or franchises for those other marks without giving you any rights to those other marks.

9.4 *Change to Marks*. We reserve the right to substitute different Proprietary Marks for use in identifying the System and the businesses operating as part of the System if our currently owned Proprietary Marks no longer can be used, or if we determine, exercising our right to do so, that substitution of different, updated, or changed Proprietary Marks will be beneficial to the System. In such circumstances, you agree to adopt the new Proprietary Marks and also that your right to use the substituted proprietary marks shall be governed by (and pursuant to) the terms of this Agreement.

10 CONFIDENTIAL MATERIALS

10.1 *Brand Manual.* We will provide you with access to our confidential Brand Manual during the term of this Agreement.

10.1.1 *You Agree to Abide by the Brand Manual*. In order to protect our reputation and goodwill and to maintain high standards of operation under our Proprietary Marks, you agree to conduct your business in accordance with the written instructions that we provide, including the Brand Manual. We will lend to you (or permit you to have access to) one (1) copy of our Brand Manual, only for the term of this Agreement, and only for your use in connection with operating the Franchised Business during the term of this Agreement.

10.1.2 *Format of the Brand Manual*. We will have the right to provide the Brand Manual in any format that we determine is appropriate (including paper and/or by making some or all of the Brand Manual available to you only in electronic form, such as through an internet website or an extranet), and we may change how we provide the Brand Manual from time to time. If at any time we choose to provide some or all the Brand Manual electronically, you agree to immediately return to us any and all physical copies of the portions of the Brand Manual that we have previously provided to you.

10.1.3 *We Own the Brand Manual*. The Brand Manual will at all times remain our sole property and you agree to promptly return the Brand Manual (including any and all copies of some or all of the Brand Manual) when this Agreement expires and/or is terminated.

10.1.4 *Confidentiality and Use of the Brand Manual*.

10.1.4.1 The Brand Manual contains our proprietary information and you agree to keep the Brand Manual confidential both during the term of this Agreement and after this Agreement expires and/or is terminated. You agree that, at all times, you will insure that your copy of the Brand Manual will be available at the Franchised Business premises in a current and up-to-date manner. Whenever the Brand Manual is not in use by authorized personnel, you agree to maintain secure access to the Brand Manual at the premises of the Franchised Business, and you agree to grant only authorized personnel (as

defined in the Brand Manual) with access to the security protocols for the Brand Manual.

10.1.4.2 You agree to never make any unauthorized use, disclosure, and/or duplication of the Brand Manual in whole or in part.

10.1.5 *You Agree to Treat Brand Manual as Confidential*. You agree that at all times, you will treat the Brand Manual, any other manuals that we create (or approve) for use in the operation of the Franchised Business, and the information contained in those materials, as confidential, and you also agree to use your best efforts to maintain such information as secret and confidential. You agree that you will never copy, duplicate, record, or otherwise reproduce those materials, in whole or in part, nor will you otherwise make those materials available to any unauthorized person.

10.1.6 *Which Copy of the Brand Manual Controls*. You agree to keep your copy of the Brand Manual only at the Studio (and as provided in Section 10.1.4 above) and also to ensure that the Brand Manual are kept current and up to date. You also agree that if there is any dispute as to the contents of the Brand Manual, the terms of the master copy of the Brand Manual that we maintain in our home office will be controlling. Access to any electronic version of the Brand Manual will also be subject to our reasonable requirements with respect to security and other matters, as described in Section 14 below.

10.1.7 *Revisions to the Brand Manual*. We have the right to revise the contents of the Brand Manual whenever we deem it appropriate to do so, and you agree to make corresponding revisions to your copy of the Brand Manual and to comply with each new or changed standard.

10.1.8 *Modifications to the System*. You recognize and agree that we may periodically change or modify the System and you agree to accept and use for the purpose of this Agreement any such change in the System (which may include, among other things, new or modified trade names, service marks, trademarks or copyrighted materials, new products, new equipment or new techniques, as if they were part of this Agreement at the time when you and we signed this Agreement). You agree to make such expenditures and such changes or modifications as we may reasonably require pursuant to this Section and otherwise in this Agreement.

10.2 *Workout Template Materials.* We will provide you with access to periodically released and updated BASH Boxing workout template materials, which will be released on a monthly basis (the "**Monthly Workout Templates**"). We reserve the right to change the frequency with which the workout template materials are released and updated.

10.2.1 *You Agree to Incorporate the Monthly Workout Templates*. In order to facilitate a uniformly high-caliber group fitness experience across the BASH Boxing Franchise System, you agree to update the Programs offered at your Studio in accordance with the Monthly Workout Templates.

10.2.2 *Format of the Monthly Workout Template Materials*. We will have the right to provide the Monthly Workout Templates in any format that we determine is appropriate (including in multimedia electronic form), and we have the right to change the format or method of providing the Monthly Workout Templates.

10.2.3 *We Own the Monthly Workout Templates*. The Monthly Workout Templates will at all times remain our sole property and you agree to promptly return all Monthly Workout Templates and any print or electronic copies thereof when this Agreement expires and/or is terminated.

10.2.4 *Confidentiality and Use of the Monthly Workout Templates*.

10.2.4.1 The Monthly Workout Templates contain our proprietary information and you agree to keep the contents of the Templates confidential both during the term of this Agreement and after this Agreement expires and/or is terminated. You agree to maintain secure access to the Monthly Workout Templates at the premises of the Franchised Business and to grant only Highly Trained Personnel and Coaches access to the security protocols for the Monthly Workout Templates.

10.2.4.2 You agree never to make any unauthorized use, disclosure, and/or duplication of the Monthly Workout Templates in whole or in part, or to otherwise make the Monthly Workout Templates available to any unauthorized person.

10.2.4.3 You agree that at all times, you will treat the Monthly Workout Templates, and any other Program materials, and the information contained in those materials, as confidential, and to use your best efforts to maintain such information as secret and confidential.

10.2.4.4 No part of this Section 10 of this Agreement shall be construed to limit the ability of designated Studio Coaches to provide BASH Boxing Programs to customers of the Franchised Business attending such Programs on the Studio's premises.

11 CONFIDENTIAL INFORMATION

11.1 *Confidentiality*.

11.1.1 You agree that you will not, during the term of this Agreement or at any time thereafter, communicate, divulge, or use (for yourself and/or for the benefit of any other person, persons, partnership, entity, association, or corporation) any Confidential Information that may be communicated to you or of which you may be apprised by virtue of your operation under the terms of this Agreement. You agree that you will divulge our Confidential Information only to those of your employees as must have access to it in order to operate the Franchised Business.

11.1.2 Any and all information, knowledge, know-how, and techniques that we designate as confidential will be deemed Confidential Information for purposes of this Agreement, except information that you can demonstrate came to your attention before disclosure of that information by us; or which, at or after the time of our disclosure to you, had become or later becomes a part of the public domain, through publication or communication by another party that has the right to publish or communicate that information.

11.1.3 Any employee who may have access to any Confidential Information regarding the Franchised Business must execute a covenant that s/he will maintain the confidentiality of information they receive in connection with their association with you.

Such covenants must be on a form that we provide, which form will, among other things, designate us as a third party beneficiary of such covenants with the independent right to enforce them.

11.1.4 As used in this Agreement, the term "**Confidential Information**" includes, without limitation, our business concepts and plans, equipment, printing and digital document management methods, operating techniques, marketing methods, processes, vendor information, results of operations and quality control information, financial information, demographic and trade area information, prospective site locations, market penetration techniques, plans, or schedules, the Brand Manuals, customer profiles, preferences, or statistics, itemized costs, franchisee composition, territories, and development plans, and all related trade secrets or other confidential or proprietary information treated as such by us, whether by course of conduct, by letter or report, or by the use of any appropriate proprietary stamp or legend designating such information or item to be confidential or proprietary, by any communication to such effect made before or at the time any Confidential Information is disclosed to you.

11.2 *Consequences of Breach*. You acknowledge and agree that any failure to comply with the requirements of this Section 11 will cause us irreparable injury, and you agree to pay all costs (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur in obtaining specific performance of, or an injunction against violation of, the requirements of this Section 11.

12 ACCOUNTING, FINANCIAL AND OTHER RECORDS, AND INSPECTIONS

12.1 *Accounting Records and Sales Reports*.

12.1.1 With respect to the operation and financial condition of the Franchised Business, we will have the right to designate, and you agree to adopt, the fiscal year and interim fiscal periods that we decide are appropriate for the System.

12.1.2 With respect to the Studio, you agree to maintain for at least seven (7) years during (as well as after) the term of this Agreement (and also after any termination and/or transfer), full, complete, and accurate books, records, and accounts prepared in accordance with generally accepted accounting principles and in the form and manner we have prescribed periodically in the Brand Manual or otherwise in writing, including: (a) daily cash reports; (b) cash receipts journal and general ledger; (c) cash disbursements and weekly payroll journal and schedule; (d) monthly bank statements, daily deposit slips and cancelled checks; (e) all tax returns; (f) supplier's invoices (paid and unpaid); (g) dated daily and weekly cash register journals and POS reports in accordance with our standards; (h) semi-annual fiscal period balance sheets and fiscal period profit and loss statements; (i) operational schedules and weekly inventory records; (j) records of promotion and coupon redemption; and (k) such other records that we may periodically and reasonably request. You agree to allow us access to review all of these records as specified below in Section 12.6.

12.1.3 We have the right to specify the accounting software and a common chart of accounts, and, if we do so, you agree to use that software and chart of accounts (and require your bookkeeper and accountant to do so) in preparing and submitting your financial statements to us. We have the right to require you to use only an approved bookkeeping service and an approved independent certified public accountant. You agree to provide to the accounting service provider complete and accurate information that we or the accounting service provider require, and agree that we will have full

access to the data and information that you provide to the accounting service provider or through the designated program. Additionally, if you fail to comply with the accounting standards and requirements under this Agreement, we may require that you use an approved independent bookkeeper and/or independent accounting firm and/or services and programs.

12.1.4 Each Week, you agree to submit to us, in the form we specify and/or utilizing our Required Software, as that term is defined in Section 14.1.3 below), a sales report for the immediately preceding Week. You agree to submit the report to us by whatever method that we reasonably require (whether electronically through your use of our Required Software or otherwise) for our receipt no later than the times required under Section 4.3 above. You agree that if you do not submit those reports to us in a timely manner, and/or if you do not permit us to access your Computer System as provided, we will have the right to charge you for the costs that we incur in auditing your records. We reserve the right to change the frequency with which we require those reports.

12.2 *Financial Statements*.

12.2.1 You agree to provide us, at your expense, and in a format that we reasonably specify, a complete annual financial statement prepared on a review basis by an independent certified public accountant (as to whom we do not have a reasonable objection) within ninety (90) days after the end of each fiscal year of the Franchised Business during the term of this Agreement (subject to Section 12.6.1.2 below). Your financial statement must be prepared according to generally accepted accounting principles, include a fiscal year-end balance sheet, an income statement of the Franchised Business for that fiscal year reflecting all year-end adjustments, and a statement of changes in your cash flow reflecting the results of operations of the Franchised Business during the most recently completed fiscal year.

12.2.2 In addition, every four-Week period (that we specify, with the understanding that there will be 13 four-Week periods each year) during the term of this Agreement after the opening of the Studio, you agree to submit to us, in a format acceptable to us (or, at our election, in a form that we have specified): (a) a fiscal period and fiscal year-to-date profit and loss statement and a quarterly balance sheet (which may be unaudited) for the Studio; (b) reports of those income and expense items of the Studio that we periodically specify for use in any revenue, earnings, and/or cost summary we choose to furnish to prospective franchisees (provided that we will not identify to prospective franchisees the specific financial results of the Studio); and (c) copies of all state sales tax returns for the Studio. You agree to provide to us the materials required by Sections 12.2.2(a) and 12.2.2(b) above by the tenth (10th) day of each four-Week period for the preceding four-Week period, and the materials required by Section 12.2.2(c) within ten (10) days after you have filed those returns with the appropriate taxing authorities. We reserve the right to change the frequency with which we require all such reports

12.2.3 Upon our request, you agree to take a physical inventory of the Studio Equipment and Supply Items and Retail Products of your Franchised Business and to provide us with a written report on the results of that inventory.

12.2.4 You must certify as correct and true all reports and information that you submit to us pursuant to this Section 12.2.

12.2.5 You agree that upon our request, and for a limited period of time, you will provide us (and/or our agents, such as our auditors) with passwords and pass codes necessary for the limited purpose of accessing your computer system in order to conduct the inspections specified in this Section 12. You also agree that you will change all passwords and pass codes after the inspection is completed.

12.3 *Additional Information*. You also agree to submit to us (in addition to the sales reports required pursuant to Section 12.1.4 above), for review or auditing, such other forms, reports, records, information, and data as and when we may reasonably designate, in the form and format, and at the times and places as we may reasonably require, upon request and as specified periodically in the Brand Manual or otherwise in writing, including: (a) information in electronic format; (b) restated in accordance with our financial reporting periods; (c) consistent with our then-current financial reporting periods and accounting practices and standards; and/or (d) as necessary so that we can comply with reporting obligations imposed upon us by tax authorities with jurisdiction over the Franchised Business and/or our company. The reporting requirements of this Section 12.3 will be in addition to, and not in lieu of, the electronic reporting required under Section 14 below.

12.4 *PCI Compliance and Credit Cards*. With respect to your acceptance and processing of customer payments by credit and debit cards, you agree to do all of the following:

12.4.1 You agree to maintain, at all times, credit-card relationships with the credit- and debit-card issuers or sponsors, check or credit verification services, financial-center services, merchant service providers, and electronic-fund-transfer systems (together, "**Payment Vendors**") that we may periodically designate as mandatory. The term "Payment Vendors" includes, among other things, companies that provide services for electronic payment, such as near field communication vendors (for example, "Apple Pay" and "Google Wallet").

12.4.2 You agree not to use any Credit Card Vendor for which we have not given you our prior written approval or as to which we have revoked our earlier approval.

12.4.3 We have the right to modify our requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke our approval of any service provider.

12.4.4 You agree to comply with all of our policies regarding acceptance of payment by credit and/or debit cards, including for example minimum purchase requirements for a customer's use of a credit card (we may set these requirements in the Brand Manual).

12.4.5 In addition to the other requirements of this Agreement to provide us with various information and reports, you agree to provide us with the information that we reasonably require concerning your compliance with data and cybersecurity requirements.

12.4.6 You agree to comply with our requirements concerning data collection and protection, as specified in Section 14.3 below.

12.4.7 You agree to comply with the then-current Payment Card Industry Data Security Standards as those standards may be revised and modified by the PCI Security Standards Council, LLC (see www.pcisecuritystandards.org), or any successor organization or standards that we may reasonably specify. Among other things, you agree to implement the enhancements, security requirements, and other standards

that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards.

12.5 *Gift Cards and Incentive Programs*. You agree to offer for sale, and to honor for purchases by customers, all gift cards and other incentive or convenience programs that we may periodically institute (including loyalty programs that we or a third party vendor operate, as well as mobile payment and/or customer affinity applications); and you agree to do all of those things in compliance with our standards and procedures for such programs. For this purpose, you must purchase the software, hardware, and other items needed to sell and process gift cards, and to contact with the supplier of gift cards and gift card processing services, as we may specify in writing in the Brand Manuals or otherwise. You must also pay such monthly and per-swipe transaction fees as may be required by the vendors of the gift card system. You agree not to sell, issue, or redeem coupons, gift certificates and gift cards other than gift cards that we have approved in writing.

12.6 *Our Right to Inspect Your Books and Records*. We have the right at all reasonable times to examine, copy, and/or personally review or audit (at our expense) all of your sales receipts, books, records, and sales and income tax returns in person or through electronic access (at our option). We will also have the right, at any time, to have an independent audit made of your books and records.

12.6.1 If an inspection should reveal that you have understated your sales in any report or statement to us and/or underpaid your royalties by:

12.6.1.1 Two percent (2%) or less: then you must immediately pay the full amount owed with interest (calculated as provided in Section 4.5.2 above);

12.6.1.2 More than two percent (2%) but less than five percent (5%), then: (a) you must immediately pay the full amount owed with interest (calculated as provided in Section 4.5.2 above) and reimburse us for all of the costs and expenses that we incur in connection with the inspection (including travel, lodging and wages expenses, and reasonable accounting and legal costs); and (b) we will also have the right to require you to provide annual audited financial statements in the future, subject to the terms set forth in Section 12.2;

12.6.1.3 More than five percent (5%): in addition to the above provisions, we will have the right to terminate the Franchise Agreement pursuant to Section 17.2.10 below; and

12.6.1.4 More than two percent (2%) three or more times in any thirty-six (36) month period: we have the right to terminate the Franchise Agreement pursuant to Section 17.2.10 below.

12.6.2 If you did not maintain and/or provide us with access to your records, then you agree (in addition to paying us any overdue amount and interest) to reimburse us for any and all costs and expenses we incur in connection with the inspection (including travel, lodging and wages expenses, and reasonable accounting and legal costs).

12.6.3 The remedies noted above are in addition to any other remedies we may have at law, in equity, under this Agreement, and/or otherwise. We may exercise our rights under this Section 12 directly or by engaging outside professional advisors (for example, a CPA) to represent us.

12.7 *Operational Inspections*. In addition to the provisions of Section 12.6 above, you also grant to us and our agents the right to enter upon the Franchised Business premises at any reasonable time for the purpose of conducting inspections, for among other purposes, preserving the validity of the Proprietary Marks, and verifying your compliance with this Agreement and the policies and procedures outlined in the Brand Manual. You agree to cooperate with our representatives in such inspections by rendering such assistance as they may reasonably request; and, upon notice from us or from our agents (and without limiting our other rights under this Agreement), you agree to take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. You further agree to pay us our then-current per diem fee for our representative(s) and to reimburse us for our reasonable travel expenses if additional inspections at the Franchised Business are required when a violation has occurred and you have not corrected the violation, or if you did not provide us with your records or access to your records upon reasonable request that is permitted under this Agreement.

13 MARKETING

13.1 *Marketing Contribution*.

13.1.1 For each Week during the term of this Agreement, you agree to contribute or spend an amount equal to three percent (3%) of your Franchised Business' Adjusted Gross Sales during the preceding Week (the "**Marketing Contribution**"), allocated as provided in Section 13.1.2 below. We have the right to increase the Marketing Contribution to be in an amount up to five percent (5%) of your Franchised Business' Adjusted Gross Sales and as provided in Section 13.3.6 below. You agree to pay the Marketing Contribution in the manner and at the times required under Section 4.3 above (and as otherwise provided in this Section 13). In addition to the Marketing Contribution, you agree to engage in and conduct the Grand Opening Marketing Program as provided in Section 13.5 below.

13.1.2 We will have the right to allocate your Marketing Contribution in the proportion that we designate among the following: (a) our System-wide marketing and promotional fund (the "**Brand Fund**"), if established as noted below; (b) any Regional Fund established for your area, as provided in Section 13.3 below (but we are not required to establish a Regional Fund for your area); and (c) to be spent by you on local marketing and promotion.

13.1.3 We currently allocate the Marketing Contribution as follows:

2.0%	To be contributed to the Brand Fund; and
1.0%	To be spent by you on local marketing and promotion, as specified in Sections 13.3 and 13.4 below.

13.1.4 We have the right to periodically make changes to the allocation of the Marketing Contribution (or as noted above to increase the Marketing Contribution up to five percent (5%) of Adjusted Gross Sales) by giving you thirty (30) days' written notice of the change.

13.1.5 No part of the Marketing Contribution shall be subject to refund or repayment under any circumstances.

13.2 *Brand Fund*. We have the right (but not the obligation) to establish and manage a Brand Fund that, in addition to traditional advertising fund activities will have other authorized uses meant to advance, enhance, and protect the BASH brand and System. The following provisions will apply to the Brand Fund:

13.2.1 We (or our designee) will have the right to direct all marketing programs, with sole decision-making authority over the concepts, materials, and media used in such programs and the placement and allocation thereof. You agree and acknowledge that the Brand Fund is intended to maximize general public recognition, acceptance, and use of the System; and that we and our designee are not obligated, in administering the Brand Fund, to make expenditures for you that are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Brand Fund.

13.2.2 The Brand Fund, all contributions to that fund, and any of that fund's earnings, will be used exclusively to meet any and all costs of maintaining, administering, staffing, directing, conducting, preparing advertising, marketing, public relations and/or promotional programs and materials, and any other activities that we believe will enhance the image of the System (including, among other things, the costs of preparing and conducting marketing and media advertising campaigns on radio, television, cable, and other media; direct mail advertising; developing and implementing website, social networking/media, search optimization, and other electronic marketing strategies; marketing surveys and other public relations activities; employing marketing personnel (including salaries for personnel directly engaged in consumer-oriented marketing functions), advertising and/or public relations agencies to assist in marketing; purchasing and distributing promotional items, conducting and administering visual merchandising, point of sale, and other merchandising programs; engaging individuals as spokespersons and celebrity endorsers; purchasing creative content for local sales materials; reviewing locally-produced ads; preparing, purchasing and distributing door hangers, free-standing inserts, coupons, brochures, and trademarked apparel; market research; conducting sponsorships, sweepstakes and competitions; engaging mystery shoppers for BASH Studios and their competitors; paying association dues (including the International Franchise Association), establishing third-party facilities for customizing local advertising; purchasing and installing signage; and providing promotional and other marketing materials and services to the BASH Studios operated under the System).

13.2.3 You agree to contribute the portion of the Marketing Contribution allocated to the Brand Fund in the manner and at the times that are specified above in Section 4.3. The Brand Fund may also be used to provide rebates or reimbursements to franchisees for local expenditures on products, services, or improvements, approved in advance by us, which products, services, or improvements we deem will promote general public awareness and favorable support for the System. All sums you pay to the Brand Fund will be maintained in an account separate from our other monies and will not be used to defray any of our expenses, except for such reasonable costs and overhead, if any, as we may incur in activities reasonably related to the direction and implementation of the Brand Fund and marketing programs for franchisees and the System. The Brand Fund and its earnings will not otherwise inure to our benefit. We (or our designee) will maintain separate bookkeeping accounts for the Brand Fund.

13.2.4 The Brand Fund is not and will not be our asset. We will prepare and make available to you upon reasonable request an annual statement of the operations of the Brand Fund as shown on our books.

13.2.5 Although once established the Brand Fund is intended to be of perpetual duration, we maintain the right to dissolve the Brand Fund at any time. The Brand Fund will not be terminated, however, until all monies in the Brand Fund have been expended for marketing or promotional purposes or until the balance in the fund has been rebated to the then-current franchisees, that are not in default, based on pro-rata contributions in the Brand Fund's last fiscal year.

13.3 *Regional Fund*. We have the right (but not the obligation) to establish regional advertising cooperatives (each individually a "**Regional Fund**") to increase brand awareness at the regional and/or state level. The following provisions will apply to each such Regional Fund:

13.3.1 Each Regional Fund will be organized and governed in a form and manner, and will commence operations on a date, all of which we must have approved in advance, in writing.

13.3.2 Each Regional Fund will be organized for the exclusive purpose of administering regional marketing programs and developing, subject to our approval, standardized promotional materials for use by the members in regional marketing.

13.3.3 No marketing, advertising or promotional plans or materials may be used by a Regional Fund or furnished to its members without our prior approval, pursuant to the procedures and terms as set forth in Section 13.8 below.

13.3.4 If a Regional Fund for the geographic area in which the Franchised Business is located has been established at the time you commence operations under this Agreement, then you must immediately become a member of such Regional Fund. If a Regional Fund for the geographic area in which the Franchised Business is located is established during the term of this Agreement, you must become a member of such Regional Fund within thirty (30) days after the date on which the Regional Fund commences operation. In no event will you be required to join more than one Regional Fund.

13.3.5 Once you become a member of a Regional Fund, you must contribute to a Regional Fund pursuant to the allocation that we specify in Section 13.1.2 above, at the time required under Section 4.3 above, together with such statements or reports that we, or the Regional Fund (with our prior written approval) may require. We also have the right to require that you submit your Regional Marketing Fund contributions and reports directly to us for distribution to the Regional Marketing Fund.

13.3.6 As a member of a Regional Fund, you agree to contribute or spend an amount equal to one percent (1%) of your Franchised Business' Adjusted Gross Sales during the preceding Week to the Regional Fund (the "**Regional Fund Contribution**"). We have the right to increase your Regional Fund Contribution to up to two percent (2%) upon thirty (30) days' notice. A majority of the BASH Studio owners in the Regional Fund may also vote to increase the amount of each BASH Studio owner's contribution to the Regional Fund to up to two percent (2%) You must contribute to the Regional Fund in accordance with any such vote by the Regional Fund to increase each BASH Studio's contribution as provided in this section.

13.3.7 Voting will be on the basis of one vote per BASH Studio, and any BASH Studios that we (or our affiliates) operate in the region will have the same voting rights as those owned by our franchisees. Each franchised Studio in the Regional Fund shall also have one vote (no matter how many people own the franchisee).

13.3.8 Once a Regional Fund is established, we maintain the right to discontinue the Regional Fund at any time. The Regional Fund will not be terminated, however, until all monies in the Regional Fund have been expended for marketing or promotional purposes or until the balance in the fund has been rebated to the then-current regional franchisees, that are not in default, based on pro-rata contributions in the Regional Fund's last fiscal year.

13.4 *Local Marketing and Promotion*. You must spend such amounts on local marketing and promotion as we specify in Sections 13.1.3 and 13.1.4 above on a continuous basis (weekly if not otherwise as agreed with us in writing). As used in this Agreement, the term "local marketing and promotion" will consist only of the direct costs of purchasing and producing marketing materials (including camera ready advertising and point of sale materials), media (space or time), and those direct out of pocket expenses related to costs of marketing and sales promotion that you spend in your local market or area, advertising agency fees and expenses, postage, shipping, telephone, and photocopying; however, the parties expressly agree that local marketing may not include costs or expenses that you incur or that are spent on your behalf in connection with any of the following:

13.4.1 Salaries and expenses of your employees, including salaries or expenses for attendance at marketing meetings or activities, or incentives provided or offered to such employees, including discount coupons (however, you may also include within local marketing and promotional complimentary classes, but only the wholesale cost plus direct labor associated with the complimentary classes);

13.4.2 Charitable, political, or other contributions or donations (except Community Events as noted below); and/or

13.4.3 The value of discounts provided to consumers.

13.5 *Grand Opening Marketing Program*. In addition to the Marketing Contribution, you agree to spend a minimum of Twenty-Thousand Dollars ($20,000) during the pre-opening period of up to ninety (90) days and up to thirty (30) days after opening pursuant to a promotional program that you develop and that we approve in writing (the "**Grand Opening Marketing Program**"). We will provide you with our base line recommended Grand Opening Marketing Program. You will review and modify the guidelines provided and submit to us for our approval your proposed Grand Opening Marketing Program and detailed budget no later than forty-five (45) days before the scheduled commencement date for the Franchised Business (subject to Section 13.8 below). For the purpose of this Agreement, the Grand Opening Marketing Program will be considered local marketing and promotion, as provided under Section 13.4 above (but the expenditure will be in addition to local marketing and promotion). You may include complimentary classes in the Grand Opening Marketing Program (but only the wholesale cost plus direct labor associated with the complimentary classes).

13.6 *Materials Available for Purchase*. We may periodically make available to you for purchase marketing plans and promotional materials, including newspaper mats, coupons, merchandising materials, sales aids, point-of-purchase materials, special promotions, direct mail materials, community relations programs, and similar marketing and promotional materials for use in local marketing.

13.7 *Standards*. All of your local marketing and promotion must: (a) be in the media, and of the type and format, that we may approve; (b) be conducted in a dignified manner; and (c) conform to the standards and requirements that we may specify. You agree not to use any advertising, marketing materials, and/or promotional plans unless and until you have received our prior

written approval, as specified in Section 13.8 below. We have the right to require you to discontinue the use of any previously approved advertising or marketing material upon reasonable notice.

13.8 *Our Review and Right to Approve All Proposed Marketing*. For all proposed advertising, marketing, and promotional plans, you (or the Regional Fund, where applicable) must submit to us samples of such plans and materials (by means described in Section 24 below), for our review and prior written approval. If you (or the Regional Fund) have not received our written approval within ten (10) days after we have received those proposed samples or materials, then we will be deemed to have disapproved them. You acknowledge and agree that any and all copyright in and to advertising, marketing materials, and promotional plans developed by or on behalf of you will be our sole property, and you agree to sign such documents (and, if necessary, require your employees and independent contractors to sign such documents) that we deem reasonably necessary to give effect to this provision.

13.9 *Rebates*. You acknowledge and agree that periodic rebates, giveaways and other promotions and programs will, if and when we adopt them, be an integral part of the System. Accordingly, you agree to honor and participate (at your expense) in reasonable rebates, giveaways, marketing programs, and other promotions that we establish and/or that other franchisees sponsor, so long as they do not violate regulations and laws of appropriate governmental authorities.

13.10 *Considerations as to Charitable Efforts*. You acknowledge and agree that certain associations between you and/or the Franchised Business and/or the Proprietary Marks and/or the System, on the one hand, and certain political, religious, cultural or other types of groups, organizations, causes, or activities, on the other, however well-intentioned and/or legal, may create an unwelcome, unfair, or unpopular association with, and/or an adverse effect on, our reputation and/or the good will associated with the Proprietary Marks. Accordingly, you agree that you will not, without our prior written consent, take any actions that are, or which may be perceived by the public to be, taken in the name of, in connection or association with you, the Proprietary Marks, the Franchised Business, us, and/or the System involving the donation of any money, products, services, goods, or other items to, any charitable, political or religious organization, group, or activity.

13.11 *Additional Marketing Expenditure Encouraged*. You understand and acknowledge that the required contributions and expenditures are minimum requirements only, and that you may (and we encourage you to) spend additional funds for local marketing and promotion, which will focus on disseminating marketing directly related to your Franchised Business.

14 TECHNOLOGY

14.1 *Computer Systems and Required Software.* With respect to computer systems and required software:

14.1.1 We have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware to be used by, between, or among BASH Studios, and in accordance with our standards, including: (a) back office and point of sale systems, data, audio, video (including managed video security surveillance), telephone, voice messaging, retrieval, and transmission systems for use at BASH Studios, between or among BASH Studios, and between and among your BASH Studio, and you, and us; (b) point-of-sale (POS) (defined in Section 14.6 below); (c) physical, electronic, and other security systems and measures; (d) printers and other peripheral devices; (e) archival back-up systems; (f) internet access mode (e.g.,

form of telecommunications connection) and speed; (g) technology used to enhance and evaluate the customer experience (including the BB App); (h) digital and virtual signage and related technology, hardware, software, and firmware; (i) front-of-the-house WiFi and other connectivity service for customers; (j) cloud-based back-end management systems and storage sites; and (k) in-Studio music systems under Section 8.4.8 above; (collectively, all of the above are referred to as the "**Computer System**")

14.1.2 You agree to install, use, maintain, and update the equipment needed so that you and your customers may make full use of the BASH Boxing mobile application (the "**BB App**"). The BB App is currently the primary customer interface for reservations, scheduling, class package purchases, and user account maintenance across the BASH Boxing Franchise System. We reserve the right to modify, update, or replace the BB App. You agree to use and accommodate customers' access for the versions of the BB App that we designate.

14.1.3 We have the right, but not the obligation, to develop or have developed for us, or to designate: (a) computer software programs and accounting system software that you must use in connection with the Computer System (including applications, technology platforms, and other such solutions) ("**Required Software**"), which you must install and maintain; (b) updates, supplements, modifications, or enhancements to the Required Software, which you must install and maintain; (c) the media upon which you must record data; and (d) the database file structure of your Computer System. If we require you to use any or all of the above items, then you agree that you will do so. The term "Required Software" includes the BB App and also includes the affinity program cards required under Section 12.5 above.

14.1.4 You agree to install, use, maintain, update, and replace (as needed) the Computer System and Required Software at your expense. You agree to pay us or third party vendors, as the case may be, initial and ongoing fees in order to install, maintain, and continue to use the Required Software, hardware, and other elements of the Computer System.

14.1.5 You agree to implement and periodically make upgrades and other changes at your expense to the Computer System and Required Software as we may reasonably request in writing (collectively, "**Computer Upgrades**").

14.1.6 You agree to comply with all specifications that we issue with respect to the Computer System and the Required Software, and with respect to Computer Upgrades, at your expense. You agree to afford us unimpeded access to your Computer System and Required Software, including all information and data maintained thereon, in the manner, form, and at the times that we request.

14.1.7 You also agree that we will have the right to approve or disapprove your use of any other technology solutions (including beacons and other tracking methodologies).

14.1.8 Each month, you agree to pay us a technology fee in our then-current amount (currently Seven Hundred Dollars ($700) per month) which we have the right to periodically change as circumstances warrant by giving you prior written notice of that change at least thirty (30) days ahead of time. You may also be charged fees by tech vendors that provide products and/or services to you, and you agree to pay those charges in the ordinary course of business.

14.2 *Data*.

14.2.1 You agree that all data that you collect, create, provide, or otherwise develop on your Computer System (whether or not uploaded to our system from your system and/or downloaded from your system to our system) (excluding customers' credit card details and/or other payment details, such as bank account details) is and will be owned exclusively by us, and that we will have the right to access, download, and use that data in any manner that we deem appropriate without compensation to you.

14.2.2 You agree that all other data that you create or collect in connection with the System, and in connection with your operation of the Franchised Business (including customer and transaction data), is and will be owned exclusively by us during the term of, and after termination or expiration of, this Agreement.

14.2.3 In order to operate your Studio under this Agreement, we hereby license use of such data back to you, at no additional cost, solely for the term of this Agreement and for your use in connection with operating the Franchised Business. You acknowledge and agree that except for the right to use the data under this clause, you will not develop or have any ownership rights in or to the data.

14.2.4 You agree to transfer to us all data (in the digital machine-readable format that we specify, and/or printed copies, and/or originals) promptly upon our request when made, whether periodically during the term of this Agreement, upon termination and/or expiration of this Agreement, any transfer of an interest in you, and/or a transfer of the Studio.

14.3 *Data Requirements and Usage*. We may periodically specify in the Brand Manual or otherwise in writing the information that you agree to collect and maintain on the Computer System installed at the Franchised Business, and you agree to provide to us such reports as we may reasonably request from the data so collected and maintained. In addition:

14.3.1 You agree to abide by all applicable laws pertaining to the privacy of consumer, employee, vendor, and transactional information ("**Privacy Laws**").

14.3.2 You agree to comply with our standards and policies that we may issue (without any obligation to do so) pertaining to the privacy of consumer, employee, vendor, and transactional information. If there is a conflict between our standards and policies and Privacy Laws, you agree to: (a) comply with the requirements of Privacy Laws; (b) immediately give us written notice of such conflict; and (c) promptly and fully cooperate with us and our counsel in determining the most effective way, if any, to meet our standards and policies pertaining to privacy within the bounds of Privacy Laws.

14.3.3 You agree to not publish, disseminate, implement, revise, or rescind a data privacy policy without our prior written consent as to such policy.

14.3.4 You agree to implement at all times appropriate physical and electronic security as is necessary to secure your Computer System, including complex passwords that you change periodically, and to comply with any standards and policies that we may issue (without obligation to do so) in this regard.

14.4 *Extranet*. You agree to comply with our requirements (as set forth in the Brand Manual or otherwise in writing) with respect to establishing and maintaining telecommunications

connections between your Computer System and our Extranet and/or such other computer systems as we may reasonably require. The term "**Extranet**" means a private network based upon Internet protocols that will allow users inside and outside of our headquarters to access certain parts of our computer network via the Internet. We may establish an Extranet (but are not required to do so or to maintain an Extranet). If we establish an Extranet, then you agree to comply with our requirements (as set forth in the Brand Manual or otherwise in writing) with respect to connecting to the Extranet, and utilizing the Extranet in connection with the operation of your Franchised Business. The Extranet may include, without limitation, the Brand Manual, training and other assistance materials, and management reporting solutions (both upstream and downstream, as we may direct). You agree to purchase and maintain such computer software and hardware (including telecommunications capacity) as may be required to connect to and utilize the Extranet. You agree to execute and deliver to us such documents as we may deem reasonably necessary to permit you to access the Extranet.

14.5 *Separate Digital Sites or Mobile Applications.*

14.5.1 Unless we have otherwise approved in writing, you agree not to establish or develop or permit any other party to establish or develop a Digital Site or Mobile Application relating in any manner whatsoever to the Franchised Business or referring to the Proprietary Marks. We will have the right, but not the obligation, to provide one or more references or webpage(s), as we may periodically designate, within our Digital Site and/or the BB App. The term "**Digital Site**" means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including the Internet, World Wide Web, webpages, microsites, social media and networking sites (including Facebook, Twitter, LinkedIn, You Tube, Snapchat, Pinterest, Instagram, TikTok, etc.), blogs, vlogs, podcasts, and other applications, etc. (whether they are now in existence or developed at some point in the future). The term "**Mobile Application**" means a specialized software program developed for use on and downloaded onto a wireless mobile communication device (including the BB App). The term "Digital Site" as used in this Agreement includes Mobile Applications.

14.5.2 If we give you our prior written consent to have some form of separate Digital Site (which we are not obligated to approve), then each of the following provisions will apply:

14.5.2.1 You agree that you will not establish, develop, or use any Digital Site without our prior written approval.

14.5.2.2 Any Digital Site that you own or that is maintained by you or for your benefit will be deemed "marketing" under this Agreement, and will be subject to (among other things) our right of review and prior approval under Section 13.8 above.

14.5.2.3 Before establishing any Digital Site, you agree to submit to us, for our prior written approval, a sample of the proposed Digital Site domain name, format, capabilities, visible content (including proposed screen shots, links, and other content), and non-visible content (including meta tags, cookies, and other electronic tags) in the form and manner we may reasonably require.

14.5.2.4 You may not use or modify such Digital Site without our prior written approval as to such proposed use or modification.

14.5.2.5 In addition to any other applicable requirements, you agree to comply with the standards and specifications for Digital Sites that we may periodically prescribe in the Brand Manual or otherwise in writing (including requirements pertaining to designating us as the sole administrator or co-administrator of the Digital Site).

14.5.2.6 If we require you to do so, you agree to establish such hyperlinks as we may request in writing, including our Digital Site and/or the BB App.

14.5.2.7 If we require you to do so, you agree to make weekly or other periodic updates to our Digital Site to reflect information regarding specials and other promotions at your Franchised Business.

14.5.2.8 We may require you to make us the sole administrator (or co-administrator) of any social networking accounts that you maintain or that are maintained on your behalf, and we will have the right (but not the obligation) to exercise all of the rights and privileges that an administrator may exercise.

14.6 *POS Systems*. You agree to record all sales on integrated computer-based point of sale systems we approve or on such other types of cash registers and other devices (such as iPads, touch screens, printers, bar code readers, card readers, digital menu boards, cash drawers, battery back-up, etc.) that we may designate in the Brand Manual or otherwise in writing ("**POS Systems**"), which will be deemed part of your Computer System. You agree to utilize POS Systems that are fully compatible with any program, software program, and/or system which we may employ (including mobile or remote device, application and payment systems), and you agree to record all Adjusted Gross Sales and all sales information on such equipment. We may designate one or more third party suppliers or servicers to provide installation, maintenance, and/or support for the POS System, and you agree to enter into and maintain such agreements (including making such payments) as we or the third party suppliers and/or servicers require in connection with the installation, maintenance, and/or support for the POS System. The POS System is part of the Computer System. You agree to at all times maintain a continuous high-speed Ethernet-cabled (not wireless) connection to the Internet to send and receive POS data to us.

14.7 *Electronic Communications*. You agree not to transmit or cause any other party to transmit advertisements or solicitations by e-mail, text message, and/or other electronic method without obtaining our prior written consent as to: (a) the content of such electronic advertisements or solicitations; and (b) your plan for transmitting such advertisements. In addition to any other provision of this Agreement, you will be solely responsible for compliance with any laws pertaining to sending electronic communication including, the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (known as the "CAN-SPAM Act of 2003") and the Federal Telephone Consumer Protection Act, and the Canada Anti-Spam Law (known as "CASL"). (As used in this Agreement, the term "**electronic communication**" includes all methods for sending communication electronically, whether or not currently invented or used, including e-mails, text messages, app- and/or internet-based communication, and faxes.)

14.8 *Outsourcing*. You agree not to hire third party or outside vendors to perform any services or obligations in connection with the Computer System, Required Software, and/or any other of your obligations, without our prior written approval. Our consideration of any proposed outsourcing vendors may be conditioned upon, among other things, such third party or outside vendor's entry into a confidentiality agreement with us and you in a form that we may reasonably provide and the third party or outside vendor's agreement to pay for all initial and ongoing costs related to interfaces with our computer systems. The provisions of this section

are in addition to and not instead of any other provision of this Agreement. You agree not to install (and/or remove) any software or firmware from the Computer System without our prior written consent.

14.9 *Telephone Service*. You agree to use the telephone service for the Franchised Business that we select, which may be one or more centralized vendors that we designate for that purpose.

14.10 *Changes*. You acknowledge and agree that changes to technology are dynamic and likely during the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, you agree that we will have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and you agree to abide by those reasonable new standards as if this Section 14 were periodically revised by us for that purpose, and you also agree to pay vendors' charges for those new items and services.

14.11 *Electronic Communication – Including E-Mail, Texts, and other Messaging*. You acknowledge and agree that exchanging information with us by electronic communication methods is an important way to enable quick, effective, and efficient communication, and that we are entitled to rely upon your use of electronic communications as part of the economic bargain underlying this Agreement. To facilitate the use of electronic communication to exchange information, you authorize the transmission of those electronic communications by us and our employees, vendors, and affiliates (on matters pertaining to the business contemplated under this Agreement) (together, "**Official Senders**") to you during the term of this Agreement.

14.11.1 In order to implement the terms of this Section 14.11, you agree that: (a) Official Senders are authorized to send electronic communications to those of your employees as you may occasionally designate for the purpose of communicating with us and others; (b) you will cause your officers, directors, members, managers, and employees (as a condition of their employment or position with you) to give their consent (in an electronic communication or in a pen-and-paper writing, as we may reasonably require) to Official Senders' transmission of electronic communication to those persons, and that such persons may not opt-out, or otherwise ask to no longer receive electronic communication, from Official Senders during the time that such person works for or is affiliated with you; and (c) you will not opt-out, or otherwise ask to no longer receive electronic communications, from Official Senders during the term of this Agreement.

14.11.2 The consent given in this Section 14.11 will not apply to the provision of notices by either party under this Agreement using e-mail unless the parties otherwise agree in a pen-and-paper writing signed by both parties.

14.11.3 We may permit or require you to use a specific e-mail address (or address using another communications method) (for example, one that will contain a Top Level Domain Name that we designate, such as "john.jones@BASH-boxing.com") (the "**Permitted E-mail Address**") in connection with the operation of the Franchised Business, under the standards that we set for use of that Permitted E-mail Address. You will be required to sign the form E-Mail authorization letter that we may specify for this purpose. If we assign you a Permitted E-mail Address, then you agree that you (and your employees) will use only that e-mail account for all business associated with your Franchised Business.

15 INSURANCE

15.1 *Required Insurance Coverage*. Before starting any activities or operations under this Agreement, you agree to procure and maintain in full force and effect during the term of this Agreement (and for such period thereafter as is necessary to provide the coverages required under this Agreement for events having occurred during the Term of this Agreement), at your expense, at least the following insurance policy or policies in connection with the Franchised Business or other facilities on premises, or by reason of the construction, operation, or occupancy of the Franchised Business or other facilities on premises. Such policy or policies must be written by an insurance company or companies we have approved, having at all times a rating of at least "A-" in the most recent Key Rating Guide published by the A.M. Best Company (or another rating that we reasonably designate if A.M. Best Company no longer publishes the Key Rating Guide) and licensed and admitted to do business in the state in which the Franchised Business is located, and must include, at a minimum, the following (all subject to the additional requirements of this Section 15):

15.1.1 Commercial general liability insurance (subject to Section 15.2 below) protecting against any and all claims for personal, bodily and/or property injury occurring in or about the Studio and protecting against assumed or contractual liability under this Agreement with respect to the Studio and your operations, with such policy to be placed with minimum limits of One Million Dollars ($1,000,000) combined single limit per occurrence and One Million Dollars ($1,000,000) general aggregate per location; provided, however, that at our election, such minimum limits may be periodically increased. This coverage shall not exclude losses due to assault, battery, and/or the use or brandishing of firearms.

15.1.2 Comprehensive automobile liability insurance (subject to Section 15.2 below), including owned, non-owned and hired car coverage providing third party liability insurance, covering all licensed vehicles owned or operated by or on behalf of you, with limits of liability not less than One Million Dollars ($1,000,000) combined single limit for both bodily injury and property damage. Such policy must have the contractual exclusion removed, unless you provide separate evidence that contractual liability for automobile exposure is otherwise insured.

15.1.3 Statutory workers' compensation insurance and employer's liability insurance (all subject to Section 15.2 below) for a minimum limit equal to at least the greater of One Million Dollars ($1,000,000) or the amounts required as underlying by your umbrella carrier, as well as such other disability benefits type insurance as may be required by statute or rule of the state in which the Studio is located.

15.1.4 Data theft and cybersecurity coverage (subject to Section 15.2 below) with limits of liability not less than One Million Dollars ($1,000,000) combined single limit.

15.1.5 Employment practices liability insurance (subject to Section 15.2 below) with limits of liability not less than One Million Dollars ($1,000,000) combined single limit.

15.1.6 Commercial umbrella liability insurance (subject to Section 15.2 below) with limits which bring the total of all primary underlying coverages (commercial general liability, comprehensive automobile liability, and employers liability) to not less than Five Million Dollars ($5,000,000) total limit of liability. Such umbrella liability must provide at a minimum those coverages and endorsements required in the underlying policies.

15.1.7 Property insurance (subject to Section 15.2 below) providing coverage for direct physical loss or damage to real and personal property in minimum coverage of Five Hundred Thousand Dollars ($500,000) for the building and Two Hundred and Fifty Thousand Dollars ($250,000) for contents coverage (with no more than a $5,000 deductible) for all risk perils, including the perils of flood and earthquake. Appropriate coverage must also be provided for boiler and machinery exposures and business interruption/extra expense exposures, written on an actual loss sustained basis. The policy should include coverage off-premises service interruption, ordinance and law, civil authority, as well as sewer and drain back up. The policy or policies must value property (real and personal) on a new replacement cost basis without deduction for depreciation and the amount of insurance must not be less than 90% of the full replacement value of the Studio, its furniture, fixtures, equipment, and stock (real and personal property). The policy should include wind or named storm deductible at 2% with Twenty-Five Thousand Dollars ($25,000) minimum per occurrence deductible. Any deductibles contained in such policy will be subject to our review and approval.

15.1.8 Any other insurance coverage that is required by federal, state, or municipal law (subject to Section 15.2 below).

15.1.9 All coverages must be written with no coinsurance penalty.

15.2 *Additional Terms Applicable to All Policies.* In addition to the other provisions of this Section 15 (above and those below), you agree that:

15.2.1 All policies listed in Section 15.1 above (unless otherwise noted below) must contain such endorsements as we will periodically specify in the Brand Manual.

15.2.2 All policies must waive subrogation as between us (and our insurance carriers) and you (and your insurance carriers).

15.2.3 All public liability and property damage policies must: (a) list as additional insureds, us (BASH Boxing Franchising LLC) and any entity in which we have an interest and any entity affiliated with us, and each of those parties' respective members, managers, shareholders, directors, officers, partners, joint venturers, employees, servants, and agents, and their successors and assigns; and (b) contain a provision that we, although named as an additional insured, will nevertheless be entitled to recover under said policies on any loss occasioned to us or our servants, agents, or employees by reason of the negligence of you or your servants, agents, or employees.

15.2.4 You agree to provide us with sixty (60) days' advance written notice In the event of cancellation, material change, or non-renewal of any policy, in the manner provided in Section 24 below.

15.3 *Construction Coverages*. In connection with all significant construction, reconstruction, or remodeling of the Franchised Business during the term of this Agreement, you agree to require the general contractor, its subcontractors, and any other contractor, to effect and maintain at general contractor's and all other contractor's own expense, such insurance policies and bonds with such endorsements as are set forth in the Brand Manual, all written by insurance or bonding companies that we have approved, having a rating as set forth in Section 15.1 above.

15.4 *Other Insurance Does Not Impact your Obligation*. Your obligation to obtain and maintain the foregoing policy or policies in the amounts specified will not be limited in any way by reason of

any insurance that we may maintain, nor will your performance of that obligation relieve you of liability under the indemnity provisions set forth in Section 21.4 below. Additionally, the requirements of this Section 15 will not be reduced, diminished, eroded, or otherwise affected by insurance that you carry (and/or claims made under that insurance) for other businesses, including other BASH Studios that you (and/or your affiliates) operate under the System.

15.5 *Certificates of Insurance*. At least thirty (30) days before the time you are first required to carry any insurance under this Agreement, and from then on, at least thirty (30) days before the expiration of any such policy, you agree to deliver to us certificates of insurance evidencing the proper coverage with limits not less than those required under this Agreement. All certificates must expressly provide that we will receive at least thirty (30) days' prior written notice if there is a material alteration to, cancellation, or non-renewal of the coverages evidenced by such certificates. Any additional certificates that prove that the insurance required above in Section 15.1 is in effect must: (a) also name us (as well as our affiliates, parents, subsidiaries, and predecessors, and our/their respective officers, directors, members, managers, agents, and employees) as additional insured parties; and (b) expressly provide that our coverage and that of the other additional insured parties will not be impacted or diminished if you breach any policy provisions for that coverage.

15.6 *Proof of Coverage*. In addition to your obligations under Section 15.5 above, on the first anniversary of the Effective Date, and on each subsequent anniversary of the Effective Date, you agree to provide us with proof of insurance evidencing the proper coverage with limits not less than those required under this Agreement, in such form as we may reasonably require.

15.7 *Required Coverages are Minimums*. You acknowledge and agree that the specifications and coverage requirements in this Section 15 are minimums only, and that we recommend that you review these with your own insurance advisors to determine whether additional coverage is warranted in the operation of your Franchised Business.

15.8 *Changes*. We will have the right, periodically, to make such changes in minimum policy limits and endorsements as we may determine are necessary or appropriate. You agree that we may reasonably specify additional coverages and higher policy limits in the Brand Manual or otherwise in writing to reflect inflation, identification of new risks, changes in the law or standards of liability, higher damage awards, and/or other relevant changes in circumstances.

15.9 *Obtaining Coverage*. If you fail to maintain or acquire insurance, we will have the right (but not the obligation) to obtain insurance coverage on your behalf, in which case we will invoice you for the insurance premiums plus our reasonable expenses, and you agree to pay those invoices within five (5) days after we send them to you.

16 TRANSFER OF INTEREST

16.1 *By Us*. We will have the right to transfer or assign this Agreement and all or any part of our rights or obligations under this Agreement to any person or legal entity, and any assignee of us, which assignee will become solely responsible for all of our obligations under this Agreement from the date of assignment.

16.2 *Your Principals*. Each party that holds any interest whatsoever in you (whether directly, indirectly, and/or beneficially) (each, a "**Principal**"), and the interest that each Principal holds in you (directly, indirectly, and/or beneficially) is identified in Exhibit C to this Agreement. You represent and warrant to us, and agree, that your owners (and their details) are accurately set forth on Exhibit C to this Agreement, and you also agree not to permit the identity of those owners, and/or their respective interests in you, to change without complying with this Agreement.

16.3 *Principals*. We will have a continuing right to designate any person or entity that owns a direct or indirect interest in you as a Principal, and Exhibit C will be so amended automatically upon written notice to you.

16.4 *By You*. You understand and acknowledge that the rights and duties set forth in this Agreement are personal to you, and that we have granted this franchise in reliance on your (or your Principals') business skill, financial capacity, and personal character. Accordingly:

16.4.1 You agree not to make a transfer (and not to permit any other party to make a transfer) without our prior written consent.

16.4.1.1 As used in this Agreement, the term "**transfer**" is agreed to mean any sale, assignment, conveyance, pledge, encumbrance, merger, creation of a security interest in, and/or giving away of any direct or indirect interest in: (a) this Agreement; (b) you; (c) any or all of your rights and/or obligations under this Agreement; and/or (d) all or substantially all of the assets of the Franchised Business.

16.4.1.2 Any purported assignment or transfer that does not have our prior written consent as required by this Section 16 will be null and void and will also constitute a material breach of this Agreement, for which we may immediately terminate this Agreement without opportunity to cure, pursuant to Section 17.2.5 below.

16.4.2 If you are an entity (other than a partnership or a limited liability partnership), then you agree that: (a) without our prior written approval, you will not issue any voting securities or interests, or securities or interests convertible into voting securities; and (b) the recipient of any such security or other interest will become a Principal under this Agreement, if we designate them as such.

16.4.3 If you are a general partnership, limited partnership, or limited liability partnership, then the partners of that partnership will not, without our prior written consent, admit additional limited or general partners, remove a general partner, or otherwise materially alter the powers of any general partner. Each general partner in such a partnership will automatically be deemed to be a Principal.

16.4.4 Principals must not, without our prior written consent, transfer, pledge, and/or otherwise encumber their interest in you. Any such transaction shall also be deemed a "transfer" under this Agreement.

16.4.5 You also agree that in the case of any proposed transfer, you authorize us truthfully answer questions posed to us by the proposed transferee, including providing that party with information relating to your Studio (such as sales reports) (although we will have the right not to provide any or all such information).

16.5 *Transfer Conditions*. We will not unreasonably withhold any consent required by Section 16.4 above; provided, that if you propose to transfer your obligations under this Agreement or any material asset, or if any party proposes to transfer any direct or indirect interest in you, then we will have the right to require that you satisfy any or all of the following conditions before we grant our approval to the proposed transfer:

16.5.1 The transferors and transferees must have executed a transfer agreement with a mutual general release in a form that we will provide (which will contain limited

exclusions). The mutual general release will release all claims against us and our affiliates, parents, subsidiaries, and/or predecessors, and our/their respective officers, directors, members, managers, agents, and employees. If you are an entity, then your affiliates and your respective direct and indirect owners (and any other parties that we reasonably request) must also sign and deliver that release to us.

16.5.2 The transferee of a Principal will be designated as a Principal and each transferee who is designated a Principal must enter into a written agreement, in a form satisfactory to us, agreeing to be bound as a Principal under the terms of this Agreement as long as such person or entity owns any interest in you; and, if your obligations were guaranteed by the transferor, the Principal must guarantee the performance of all such obligations in writing in a form satisfactory to us.

16.5.3 The proposed new Principals (after the transfer) must meet our educational, managerial, and business standards; each must possess a good moral character, business reputation, and credit rating; have the aptitude and ability to operate the Franchised Business, as may be evidenced by prior related business experience or otherwise; and have adequate financial resources and capital to operate the Franchised Business.

16.5.4 We will have the right to require that you execute, for a term ending on the expiration date of this Agreement, the form of franchise agreement that we are then offering to new System franchisees, and such other ancillary agreements that we may require for the business franchised under this Agreement, and those agreements will supersede this Agreement and its ancillary documents in all respects, and the terms of which may differ from the terms of this Agreement including a higher royalty and marketing fee.

16.5.5 If we request, then you must conduct Major Remodeling and purchase new equipment to conform to the then-current standards and specifications of new BASH Studios then being established in the System, and you agree to complete the upgrading and other requirements specified above in Section 8.8.2 within the time period that we specify.

16.5.6 You agree to pay in full all of your monetary obligations to us and our affiliates, and to all vendors (whether arising under this Agreement or otherwise), and you must not be otherwise in default of any of your obligations under this Agreement (including your reporting obligations).

16.5.7 The transferor must remain liable for all of the obligations to us in connection with the Franchised Business that arose before the effective date of the transfer, and any covenants that survive the termination or expiration of this Agreement, and must execute any and all instruments that we reasonably request to evidence such liability.

16.5.8 A Principal of the transferee whom we designate to be a new Operating Owner, and those of the transferee's Specially Trained Management Employees as we may require, must successfully complete (to our satisfaction) all training programs that we require upon such terms and conditions as we may reasonably require (and while we will not charge a fee for attendance at such training programs, the transferee will be responsible for the salary and all expenses of the person(s) that attend training).

16.5.9 You agree to pay us a transfer fee to compensate us for our legal, accounting, and other expenses incurred in connection with the transfer. The transfer fee will be in an amount equal to Ten Thousand Dollars ($10,000) or twenty-five percent (25%) of the initial franchise fee that we are then charging to new BASH Studio franchisees

(whichever is more). If any party has engaged a broker with respect to the transfer, you must also pay (or ensure the buyer's payment of) any applicable commission to the broker in connection with the transfer. The transferee must also pay our then-current discounted initial training fee, which is currently Five Thousand Dollars ($5,000).

16.5.10 In certain instances, we will not require the payment of a transfer fee so long as you instead reimburse us for our reasonable out-of-pocket expenses incurred in reviewing, approving, and documenting your proposed transaction (including our attorneys' fees), including where the transferee (i) is an entity that you own and control; (ii) is an entity that has been a franchisee in good standing for at least five (5) years; (iii) is an entity in which the principal managed a franchised or company-owned BASH Studio for at least five (5) years; and/or (iv) is a party that buys the business upon your death or incapacity as set forth below in Section 16.7 below.

16.5.11 The transferor must acknowledge and agree that the transferor will remain bound by the covenants contained in Sections 19.3, 19.4 and 19.5 below.

16.6 *Right of First Refusal*. If you or any of your Principals wish to accept any *bona fide* offer from a third party to purchase you, any of your material assets, or any direct or indirect interest in you, then all of the following will apply:

16.6.1 You (or the Principal who proposes to sell his/her interest) must promptly notify us in writing of the offer and provide to us the information and documentation relating to the offer that we may require. We will have the right and option, exercisable within thirty (30) days after we have received all such information that we have requested, to send written notice to the seller that we intend to purchase the seller's interest on the same economic terms and conditions offered by the third party. After exercising our right, we will also have the right to conduct additional reasonable due diligence and to require the seller to enter into a purchase agreement in a form mutually acceptable to us and to the seller. If we elect to purchase the seller's interest, then the closing on such purchase will occur within thirty (30) days from the date of notice to the seller of the election to purchase by us.

16.6.2 Any material change in the terms of the offer before closing will constitute a new offer subject to our same rights of first refusal (as set forth in this Section 16.6) as in the case of the third party's initial offer. If we do not exercise the option afforded by this Section 16.6 that will not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 16, with respect to a proposed transfer.

16.6.3 If the consideration, terms, and/or conditions offered by a third party are such that we may not reasonably be required to furnish the same consideration, terms, and/or conditions, then we may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, and/or conditions offered by the third party, they must attempt to appoint a mutually acceptable independent appraiser to make a binding determination. If the parties are unable to agree upon one independent appraiser, then we will promptly designate an independent appraiser and you will promptly designate another independent appraiser and those two appraisers will, in turn, promptly designate a third appraiser; and all three appraisers will promptly confer and reach a single determination (or, if unable to reach a single determination, a valuation determined by a majority vote of those appraisers), which determination

will be binding upon both you and us. Both parties will equally share the cost of any such appraisal.

16.6.4 If we exercise our rights under this Section 16.6, then we will have the right to set off all amounts due from you (including one-half (½) of the cost of an appraisal, if any, conducted under Section 16.6.3 above) against any payment to you.

16.7 *Death or Incapacity*. If you or any Principal dies, becomes incapacitated, or enters bankruptcy proceedings, that person's executor, administrator, personal representative, or trustee must promptly notify us of the circumstances, and apply to us in writing within three (3) months after the event (death, declaration of incapacity, or filing of a bankruptcy petition) for consent to transfer the person's interest. The transfer will be subject to the provisions of this Section 16, as applicable; however, we will not impose a transfer fee for such a transfer if you reimburse us for our reasonable out-of-pocket expenses incurred in reviewing, approving, and documenting your proposed transaction, including our attorneys' fees.

16.7.1 In addition, if the deceased or incapacitated person is the Operating Owner, we will have the right (but not the obligation) to take over operation of the Franchised Business until the transfer is completed and to charge a reasonable management fee for our services.

16.7.2 For purposes of this section, "**incapacity**" means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement: (a) for a period of thirty (30) or more consecutive days; or (b) for sixty (60) or more total days during a calendar year. In the case of transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of Section 16.5 above, the executor may transfer the decedent's interest to another successor that we have approved, subject to all of the terms and conditions for transfers contained in this Agreement.

16.7.3 If an interest is not disposed of under this section within six (6) months after the date of death or appointment of a personal representative or trustee, we may terminate this Agreement under Section 17.2 below.

16.8 *Consent to Transfer*. Our consent to a transfer that is the subject of this Section 16 will not constitute a waiver of any claims that we may have against the transferring party, nor will it be deemed a waiver of our right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

16.9 *No Transfers to a Non-Franchisee Party to Operate a Similar Business*. You agree that neither you nor any Principal of yours will transfer or attempt to transfer any or all of your Franchised Business to a third party who will operate a similar business at the Accepted Location but not under the System and the Proprietary Marks, and not under a franchise agreement with us.

16.10 *Bankruptcy Issues*. If you or any person holding any interest (direct or indirect) in you become a debtor in a proceeding under the U.S. Bankruptcy Code or any similar law in the U.S. or elsewhere, it is the parties' understanding and agreement that any transfer of you, your obligations, and/or rights under this Agreement, any material assets of yours, and/or any indirect or direct interest in you will be subject to all of the terms of this Section 16, including the terms of Sections 16.4, 16.5, and 16.6 above.

16.11 *Securities Offers*. All materials for an offering of stock, ownership, and/or partnership interests in you or any of your affiliates that are required by federal or state law must be submitted to us

for review as described below before such materials are filed with any government agency. Any materials to be used in any exempt offering must be submitted to us for such review before their use.

16.11.1 You agree that: (a) no offering by you or any of your affiliates may imply (by use of the Proprietary Marks or otherwise) that we are participating in an underwriting, issuance, or offering of your securities or your affiliates; (b) our review of any offering will be limited solely to the relationship between you and us (and, if applicable, any of your affiliates and us); and (c) we will have the right, but not obligation, to require that the offering materials contain a written statement that we require concerning the limitations stated above.

16.11.2 You (and the offeror if you are not the offering party), your Principals, and all other participants in the offering must fully indemnify us and all of the Indemnified Parties (as defined in Section 21.4.3.3 below) in connection with the offering.

16.11.3 For each proposed offering, you agree to pay us a non-refundable fee of Ten Thousand Dollars ($10,000) or such greater amount as is necessary to reimburse us for our reasonable costs and expenses (including legal and accounting fees) for reviewing the proposed offering.

16.11.4 You agree to give us written notice at least thirty (30) days before the date that any offering or other transaction described in this Section 16.11 commences. Any such offering will be subject to all of the other provisions of this Section 16, including the terms set forth in Sections 16.4, 16.5, 16.6; and further, without limiting the foregoing, it is agreed that any such offering will be subject to our approval as to the structure and voting control of the offeror (and you, if you are not the offeror) after the financing is completed.

16.11.5 You also agree that after your initial offering, described above, for the remainder of the term of the Agreement, you will submit to us for our review and prior written approval all additional securities documents (including periodic reports, such as quarterly, annual, and special reports) that you prepare and file (or use) in connection with any such offering. You agree to reimburse us for our reasonable costs and expenses (including legal and accounting fees) that we incur in connection with our review of those materials.

17 DEFAULT AND TERMINATION

17.1 *Automatic*. If any one or more of the following events take place, then you will be deemed to be in default under this Agreement, and all rights granted in this Agreement will automatically terminate without notice to you: (a) if you become insolvent or make a general assignment for the benefit of creditors; (b) if a bill in equity or other proceeding for the appointment of a receiver for you or another custodian for your business or assets is filed and consented to by you; (c) if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; (d) if proceedings for a composition with creditors under any state or federal law is instituted by or against you; (e) if a final judgment against you remains unsatisfied or of record for thirty (30) days or longer (unless appealed or a supersedeas bond is filed); (f) if you are dissolved; or if execution is levied against your business or property; (g) if suit to foreclose any lien or mortgage against the Franchised Business premises or equipment is instituted against you and not dismissed within thirty (30) days; and/or (h) if the real or personal property of your Franchised Business will be sold after levy thereupon by any sheriff, marshal, or constable.

17.2 *With Notice.* If any one or more of the following events occur, then you will be in default under this Agreement, and we will have the right to terminate this Agreement and all rights granted under this Agreement, without affording you any opportunity to cure the default, effective immediately upon the delivery of our written notice to you (in the manner provided in Section 24 below):

17.2.1 If you do not obtain an Accepted Location for the Franchised Business within the time limits specified under the Site Selection Addendum, or if you do not construct and open the Franchised Business within the time limits and requirements specified in Sections 5.1 and 8.2 above;

17.2.2 If at any time: (a) you cease to operate or otherwise abandon the Franchised Business for three (3) or more consecutive business days and/or five (5) individual days in any twelve (12) month period (during which you are otherwise required to be open, and without our prior written consent otherwise, unless necessary due to an event of force majeure as defined in Section 22 below); (b) you lose the right to possession of the premises; (c) forfeit the right to do or transact business in the jurisdiction where the Franchised Business is located (however, if through no fault of yours, the premises are damaged or destroyed by an event such that you cannot complete repairs or reconstruction within ninety (90) days thereafter, then you will have thirty (30) days after that event in which to apply for our approval to relocate and/or reconstruct the premises, which approval we will not unreasonably withhold, subject to Section 1.2.3 above);

17.2.3 If you or any of your Principals are charged with and/or convicted of a felony, a crime involving moral turpitude, or any other crime or offense that we believe is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated with the Proprietary Marks, or our interest in this Proprietary Marks;

17.2.4 If a threat or danger to public health or safety results from the construction, maintenance, or operation of the Franchised Business and/or if you fail to comply with the requirements of Sections 8.7 and/or 8.16 above;

17.2.5 If you or any of your Principals purport to transfer any rights or obligations under this Agreement or any interest to any third party in a manner that is contrary to the terms of Section 16 above;

17.2.6 If you fail to comply with the requirements of Section 19 below;

17.2.7 If, contrary to the terms of Sections 10 or 11 above, you disclose or divulge the contents of the Brand Manual or other confidential information that we provide to you;

17.2.8 If an approved transfer of an interest in you is not completed within a reasonable time, as required by Section 16.7 above;

17.2.9 If you maintain false books or records, or submit any false reports (including information provided as part of your application for this franchise) to us;

17.2.10 If you understate your sales in any report or statement to us and/or underpay your royalties in violation of Section 12 above by (a) more than five percent (5%); and/or (b) more than two percent (2%) on three (3) or more occasions in any thirty-six (36) month period (whether or not each such default has been cured);

17.2.11 If you commit two (2) or more defaults under this Agreement in any fifty-two (52) week period (whether or not each such default has been cured);

17.2.12 If, after curing any default, you commit the same default again one (1) or more additional times within the same thirty-six (36) month period;

17.2.13 If, after receipt of notice from us of a violation of the provisions of Sections 7.1 and/or 8.4 above, you continue to purchase any Studio Equipment and Supply Items from an unapproved supplier, or sell any unauthorized products or services from the Studio, in violation of Sections 7.1 and/or 8.4 above;

17.2.14 If you engage in any conduct or practice that is fraudulent, unfair, unethical, or a deceptive practice; and/or

17.2.15 If you make any unauthorized or improper use of the Proprietary Marks, or if you or any of your Principals use the Proprietary Marks in a manner that we do not permit (whether under this Agreement and/or otherwise) or that is inconsistent with our direction, or if you or any of your Principals directly or indirectly contest the validity of our ownership of the Proprietary Marks, our right to use and to license others to use the Proprietary Marks, or seek to (or actually do) register any of our Proprietary Marks with any agency (public or private) for any purpose without our prior written consent to do so.

17.3 *With Notice and Opportunity to Cure*.

17.3.1 Except as otherwise provided above in Sections 17.1 and 17.2 above, if you are in default of your obligations under this Agreement, then we may terminate this Agreement by giving you written notice of termination (in the manner provided under Section 24 below) stating the nature of the default at least thirty (30) days before the effective date of termination; provided, however, that you may avoid termination by: (a) immediately initiating a remedy to cure such default; (b) curing the default to our satisfaction; and (c) promptly providing proof of the cure to us, all within the thirty (30) day period. If you do not cure any such default within the specified time (or such longer period as applicable law may require), then this Agreement will terminate without further notice to you effective immediately upon the expiration of the thirty (30) day period (or such longer period as applicable law may require).

17.3.2 If you are in default under the terms of any other franchise agreement or other contract between you (and/or your affiliates) and us (and/or our affiliates), that will also constitute a default under Section 17.3.1 above.

17.4 *Bankruptcy*. If, for any reason, this Agreement is not terminated pursuant to this Section 17, and this Agreement is assumed, or assignment of same to any person or entity who has made a *bona fide* offer to accept an assignment of this Agreement is contemplated, pursuant to the U.S. Bankruptcy Code, then notice of such proposed assignment or assumption, setting forth: (a) the name and address of the proposed assignee; and (b) all of the terms and conditions of the proposed assignment and assumption; must be given to us within twenty (20) days after receipt of such proposed assignee's offer to accept assignment of or assume the Agreement; and, in any event, within ten (10) days before the date application is made to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption. We will then have the prior right and option, to be exercised by notice given at any time before the effective date of such proposed assignment and assumption, to accept an assignment of the Agreement to us upon the same terms and conditions, and for the same

consideration, if any, as in the *bona fide* offer made by the proposed assignee, less any brokerage commissions that may be payable by you out of the consideration to be paid by such assignee for the assignment or assumption of this Agreement.

17.5 *Our Rights Instead of Termination*. If we are entitled to terminate this Agreement in accordance with Sections 17.2 or 17.3 above, we will also have the right to take any lesser action instead of terminating this Agreement, including terminating, modifying, or eliminating completely, the Protected Area described in Section 1.3 above.

17.6 *Reservation of Rights under Section 17.5*. If any rights, options, arrangements, or areas are terminated or modified in accordance with Section 17.5 above, such action will be without prejudice to our right to terminate this Agreement in accordance with Sections 17.2 or 17.3 above, and/or to terminate any other rights, options or arrangements under this Agreement at any time thereafter for the same default or as a result of any additional defaults of the terms of this Agreement.

17.7 *Damages*. You agree that you will pay us all damages, costs, and expenses (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses), that we incur as a result of any default by you under this Agreement and any other agreement between the parties (and their respective affiliates) (in addition to other remedies that we may have).

18 OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon termination or expiration of this Agreement, all rights granted under this Agreement to you will forthwith terminate, and all of the following will take effect (except to the extent otherwise permitted under a separate valid franchise agreement between you and/or one of your affiliates and us):

18.1 *Cease Operation*. You agree to: (a) immediately and permanently stop operating the Franchised Business; and (b) never directly or indirectly represent to the public that you are a present or former franchisee of ours.

18.2 *Stop Using Marks and Intellectual Property*. You agree to immediately and permanently cease to use, in any manner whatsoever, all aspects of the System, including any confidential methods, procedures and techniques associated with the System, the mark "BASH Boxing" and any and all other Proprietary Marks, distinctive forms, slogans, signs, symbols, and devices associated with the System, and any and all other intellectual property associated with the System. Without limiting the foregoing, you agree to stop making any further use of any and all signs, marketing materials, displays, stationery, forms, and any other articles that display the Proprietary Marks.

18.3 *Cancel Assumed Names*. You agree to take such action as may be necessary to cancel any assumed name or equivalent registration which contains the mark "BASH Boxing" and any and all other Proprietary Marks, and/or any other service mark or trademark of ours, and you will give us evidence that we deem satisfactory to provide that you have complied with this obligation within five (5) days after termination or expiration of this Agreement.

18.4 *Premises*. We will have the right (but not the obligation) to require you to assign to us any interest that you (and/or your affiliates) may have in the lease or sublease for the ground upon which the Studio is operated and/or for the building in which the Studio is operated.

18.4.1 If we do not elect or if we are unable to exercise any option we may have to acquire the lease or sublease for the premises of the Franchised Business, or otherwise

acquire the right to occupy the premises, you will make such modifications or alterations to the premises operated under this Agreement (including the changing of the telephone number) immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of said premises from that of other BASH Studios, and must make such specific additional changes thereto as we may reasonably request for that purpose. In addition, you will cease use of all telephone numbers and any domain names, websites, e-mail addresses, and any other print and online identifiers, whether or not authorized by us, that you have while operating the Franchised Business, and must promptly execute such documents or take such steps necessary to remove reference to the Franchised Business from all trade or business directories, including online directories, or at our request transfer same to us.

18.4.2 If you fail or refuse to comply with all of the requirements of this Section 18.4, then we (or our designee) will have the right to enter upon the premises of the Franchised Business, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required, at your cost, which expense you agree to pay upon demand.

18.5 *Our Option to Buy Your Assets*. We will have the right (but not the obligation), which we may exercise at any time within thirty (30) days after expiration, termination, or default under this Agreement and/or default under your lease/sublease for the premises, to buy from you (and/or your affiliates) any or all of your furnishings, equipment, signs, fixtures, supplies, or inventory related to the operation of the Franchised Business, at the lesser of your cost or fair market value. The parties agree that "cost" will be determined based upon a five (5) year straight-line depreciation of original costs. For equipment and fixtures that are five (5) or more years old, the parties agree that fair market value is deemed to be ten percent (10%) of the equipment's original cost. If we elect to exercise any option to purchase provided in this Section, we will have the right to set off all amounts due from you.

18.6 *No Use of the Marks in Other Businesses*. You agree, if you continue to operate or subsequently begin to operate any other business, that you will not use any reproduction, counterfeit copy, and/or colorable imitation of the Proprietary Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake, or deception, or which is likely to dilute our rights in and to the Proprietary Marks. You further agree not to use, in any manner whatsoever, any designation of origin, description, trademark, service mark, or representation that suggests or implies a past or present association or connection with us, the System, the equipment, and/or the Proprietary Marks.

18.7 *Pay All Sums Due*. You agree to promptly pay all sums owing to us and our affiliates (regardless whether those obligations arise under this Agreement or otherwise). In the event of termination for any of your defaults, those sums will include all damages, costs, and expenses (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses), that we incur as a result of the default.

18.8 *Pay Damages*. You agree to pay us all damages, costs, and expenses (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur as a result of your default under this Agreement and/or subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Section 18, which will be in addition to amounts due to us under Section 18.11 below.

18.9 *Return Confidential Information*. You agree to immediately return to us the Brand Manual, the Program Materials, and all other manuals, records, and instructions containing confidential

information (including any copies thereof, even if such copies were made in violation of this Agreement), all of which are acknowledged to be our property.

18.10 *Right to Enter and Continue Operations*. In order to preserve the goodwill of the System following termination, we (or our designee) will have the right to enter the Franchised Business (without liability to you, your Principals, or otherwise) for the purpose continuing the Franchised Business's operation and maintaining the goodwill of the business.

18.11 *Lost Future Royalties*. If we terminate this Agreement based on your default, or if you abandon or otherwise cease to operate the Franchised Business, in addition to all other amounts due to us under this Agreement, you agree to pay to us, as liquidated damages, an amount calculated as follows: (a) the average of your monthly Royalty Fees that are due under this Agreement for the twenty-four (24) months immediately before your abandonment or our delivery of the notice of default (or, if you have been operating for less than twenty-four (24) months, the average of your monthly Royalty Fees for the number of months you have operated the Studio); (b) multiplied by the lesser of twenty-four (24) or the number of months remaining in the then-current term of this Agreement under Section 2 above.

18.12 *Our Rights.* You agree not to do anything that would potentially interfere with or impede the exercise of our rights under this Section 18.

18.13 *Offsets*. We have the right to offset amounts that you owe to us against any payment that we may be required to make under this Agreement.

19 COVENANTS

19.1 *Full Time Efforts*. You agree that during the term of this Agreement, except as we have otherwise approved in writing, you (or the Operating Owner) will devote full time, energy, and best efforts to the management and operation of the Franchised Business.

19.2 *Understandings*.

19.2.1 You acknowledge and agree that: (a) pursuant to this Agreement, you will have access to valuable trade secrets, specialized training and Confidential Information from us and our affiliates regarding the development, operation, management, purchasing, sales and marketing methods and techniques of the System; (b) the System and the opportunities, associations and experience we have established and that you will have access to under this Agreement are of substantial and material value; (c) in developing the System, we and our affiliates have made and continue to make substantial investments of time, technical and commercial research, and money; (d) we would be unable to adequately protect the System and its trade secrets and Confidential Information against unauthorized use or disclosure and would be unable to adequately encourage a free exchange of ideas and information among franchisees in our system if franchisees were permitted to hold interests in Competitive Businesses (as defined below); and (e) restrictions on your right to hold interests in, or perform services for, Competitive Businesses will not unreasonably or unnecessarily hinder your activities.

19.2.2 As used in this Section 19, the term "**Competitive Business**" is agreed to mean any business as to which the sale of fitness program services composes ten percent (10%) or more of its gross revenues.

19.3 *Covenant Not to Compete or Engage in Injurious Conduct.* Accordingly, you covenant and agree that, during the term of this Agreement and for a continuous period of two (2) years after

the expiration or termination of this Agreement, and/or a transfer as contemplated in Section 16 above, you will not directly, indirectly, for yourself, or through, on behalf of, or in conjunction with any party, in any manner whatsoever, do any of the following:

19.3.1 Divert or attempt to divert any actual or potential business or customer of any BASH Studio to any competitor or otherwise take any action injurious or prejudicial to the goodwill associated with the Marks and the System.

19.3.2 Own, maintain, develop, operate, engage in, assist, franchise or license, make loans to, lease real or personal property to, and/or have any whatsoever interest in, or render services or give advice to, any Competitive Business.

19.4 *Where Restrictions Apply*.

19.4.1 During the term of this Agreement, there is no geographical limitation on the restrictions set forth in Section 19.3 above.

19.4.2 During the two-year period following the expiration or earlier termination of this Agreement, or a transfer as contemplated under Section 16 above, these restrictions will apply only: (a) within the Protected Area; (b) within ten (10) miles of the Protected Area; and (c) within ten (10) miles of any then-existing or planned BASH Studio elsewhere in the U.S.

19.4.3 These restrictions will not apply to businesses that you operate that we (or our affiliates) have franchised to you (or your affiliates) pursuant to a valid franchise agreement with us or one of our affiliates.

19.5 *Post-Term*. You further covenant and agree that, for a continuous period of two (2) years after (a) the expiration of this Agreement, (b) the termination of this Agreement, and/or (c) a transfer as contemplated in Section 16 above:

19.5.1 You will not directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, firm, partnership, corporation, or other entity, divert or attempt to divert any actual or potential business or customer of any BASH Studio to any competitor or otherwise take any action injurious or prejudicial to the goodwill associated with the Marks and the System.

19.5.2 You will not directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, firm, partnership, corporation, or other entity, sell, assign, lease, and/or transfer the Accepted Location to any person, firm, partnership, corporation, or other entity that you know, or have reason to know, intends to operate a Competitive Business at the Accepted Location; and

19.5.3 By the terms of any conveyance, selling, assigning, leasing or transferring your interest in the Accepted Location, you shall include these restrictive covenants as necessary to ensure that a Competitive Business that would violate this Section is not operated at the Accepted Location for this two-year period, and you will take all steps necessary to ensure that these restrictive covenants become a matter of public record.

19.6 *Periods of Non-Compliance*. Any period of non-compliance with the requirements of this Section 19, whether such non-compliance takes place after termination, expiration, and/or a transfer, will not be credited toward satisfying the two-year obligation specified above.

19.7 *Publicly-Held Entities*. Section 19.3.2 above will not apply to your ownership of less than five percent (5%) beneficial interest in the outstanding equity securities of any publicly-held corporation. As used in this Agreement, the term "**publicly-held corporation**" will be deemed to refer to a corporation which has securities that have been registered under the Securities Exchange Act of 1934.

19.8 *Personal Covenants*. You agree to require and obtain execution of covenants similar to those set forth in Sections 9.3, 11, 16, 18 above, and this Section 19 (as modified to apply to an individual), from your Specially Trained Management Employees and other managerial and/or executive staff, as well as your Principals. The covenants required by this section must be in the form provided in Exhibit F to this Agreement. If you do not obtain execution of the covenants required by this section and deliver to us those signed covenants, that failure will constitute a default under Section 17.2.6 above.

19.9 *Construction*. The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement. We have the right to reduce the scope of any part of this Section 19 and, if we do so, you agree to comply with the obligations as we have reduced them.

19.10 *Claims Not a Defense*. You agree that the existence of any claims you may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of the covenants in this Section 19. You agree to pay all costs and expenses (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur in connection with the enforcement of this Section 19.

19.11 *Covenant as to Anti-Terrorism Laws*. You and the owners of your business ("**Owners**") agree to comply with and/or to assist us to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, you and the Owners certify, represent, and warrant that none of their respective property or interests are "blocked" under any of the Anti-Terrorism Laws and that neither you nor any of the Owners are in violation of any of the Anti-Terrorism Laws. You also agree not to knowingly hire or do business with (or continue to employ or do business with) any party who is blocked under any of the Anti-Terrorism Laws. The term "**Anti-Terrorism Laws**" means Executive Order 13224 issued by the President of the United States, as supplemented, the USA PATRIOT Act, and all other laws and regulations addressing or in any way relating to terrorist acts and/or acts of war.

19.12 *Defaults*. You acknowledge and agree that your violation of the terms of this Section 19 would result in irreparable injury to us for which no adequate remedy at law may be available, and you accordingly consent to the issuance of an injunction prohibiting any conduct in violation of the terms of this Section 19.

20 TAXES, PERMITS, AND INDEBTEDNESS

20.1 *Payment of Taxes*. You agree to promptly pay when due all taxes levied or assessed, including unemployment and sales taxes, and all accounts and other indebtedness of every kind that you incur in the conduct of the business franchised under this Agreement. You agree to pay us an amount equal to any sales tax, gross receipts tax, or similar tax imposed on us with respect to any payments that you make to us as required under this Agreement, unless the tax is credited against income tax that we otherwise pay to a state or federal authority.

20.2 *Payment of Trade Creditors*. You agree to promptly pay when due all trade creditors and vendors (including any that are affiliated with us) that supply goods or services to you and/or the Franchised Business.

20.3 *Your Right to Contest Liabilities*. If there is a bona fide dispute as to your liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; however, in no event will you permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of the Franchised Business, or any improvements thereon.

20.4 *Compliance with Law*. You agree to comply with all Operating Codes and to timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the Franchised Business, including, licenses to do business, health certificates, fictitious name registrations, sales tax permits, and fire clearances. To the extent that the requirements of any Operating Codes are in conflict with the terms of this Agreement, the Brand Manual, or our other instructions, you agree to: (a) comply with said laws; (b) immediately provide us with written notice describing the nature of the conflict; and (c) cooperate with us and our counsel in developing a way to comply with the terms of this Agreement, as well as applicable law, to the extent that it is possible to do so.

20.5 *Notice of Violations and Actions*. You agree to notify us in writing within five (5) days after you receive notice of any health or safety violation, the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, or within five (5) days after any accident or injury that may adversely affect the operation of the Franchised Business, your financial condition, and/or give rise to liability or a claim against you or against us.

21 INDEPENDENT CONTRACTOR AND INDEMNIFICATION

21.1 *Independent Contractor Relationship.* The parties acknowledge and agree that:

21.1.1 this Agreement does not create a fiduciary relationship between them;

21.1.2 you are the only party that will be in day-to-day control of your franchised business, even though we will share the brand and Proprietary Marks as specified in this Agreement, and neither this Agreement nor any of the systems, guidance, computer programs, processes, or requirements under which you operate alter that basic fact;

21.1.3 nothing in this Agreement and nothing in our course of conduct is intended to make either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever; and

21.1.4 neither this Agreement nor our course of conduct is intended, nor may anything in this Agreement (nor our course of conduct) be construed, to state or imply that we are the employer of your employees and/or independent contractors, nor vice versa

21.2 *Notice of Status*. At all times during the term of this Agreement and any extensions hereof, you will hold yourself out, both to the public and also to your staff, as an independent contractor operating the business pursuant to a franchise from us. You agree to take such action as may be necessary to do so, including exhibiting a notice of that fact in conspicuous places at the Accepted Location, the content and placement of which we reserve the right to specify in the Brand Manual or otherwise.

21.3 *No Contracts in our Name*. It is understood and agreed that nothing in this Agreement authorizes you to make any contract, agreement, warranty, or representation on our behalf, or to incur any debt or other obligation in our name; and that we will in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action; nor will we be liable by reason of any act or omission in your conduct of the Franchised Business or for any claim or judgment arising therefrom against either party to this Agreement.

21.4 *Indemnification*.

21.4.1 You agree to indemnify, defend, and hold harmless each of the Indemnified Parties against any and all Expenses arising directly or indirectly from any Claim, as well as from any claimed breach by you of this Agreement, to the fullest extent permitted by law. Your indemnity obligations: (a) shall survive the expiration or termination of this Agreement; (b) shall not be affected by any insurance coverage that you and/or any Indemnified Party may maintain; and (c) shall exclude any Claim and/or Expense that a court with competent jurisdiction determines was caused solely by an Indemnified Party's gross negligence and/or willful misconduct. Claims involving the Proprietary Marks shall be governed by Section 9.2.9 above.

21.4.2 *Procedure*. We will give you notice of any Claim and/or Expense for which the Indemnified Parties intend to seek indemnification; however, if we do not give that notice, it will not relieve you of any obligation (except to the extent of any actual prejudice to you). You will have the opportunity to assume the defense of the Claim, at your expense and through legal counsel reasonably acceptable to us, provided that in our judgment, you proceed in good faith, expeditiously, and diligently, and that the defense you undertake does not jeopardize any defenses of the Indemnified Parties. We shall have the right: (i) to participate in any defense that you undertake with counsel of our own choosing, at our expense; and (ii) to undertake, direct, and control the defense and settlement of the Claim (at your expense) if in our sole judgment you fail to properly and competently assume defense of the Claim within a reasonable time and/or if, in our sole judgment, there would be a conflict of interest between your interest and that of any Indemnified Party.

21.4.3 *Definitions*. As used in this Section 21.4, the parties agree that the following terms will have the following meanings:

21.4.3.1 "**Claim**" means any allegation, cause of action, and or complaint asserted by a third party that is the result of, or in connection with, your exercise of your rights and/or carrying out of your obligations under this Agreement (including any claim associated with your operation of the Studio, sale or provision of Programs, Products or services, events occurring at the Studio, data theft or other data-related event, any claim brought by a prospective, current, or former employee and/or contractor of the Franchised Business, and/or any actual or perceived Operating Code violation) and/or any default by you under this Agreement (including all claims, demands, causes of action, suits, damages, settlement costs, liabilities, fines, penalties, assessments, judgments, losses, Expenses, and the consequences of any actual or perceived Operating Code violations).

21.4.3.2 "**Expenses**" includes fees for attorneys and their staff, arbitrators, and expert witnesses; fees for accountants, costs of investigation and proof of facts; court costs; travel and living expenses; interest charges; and other costs and expenses associated with investigative hearings, mediation, arbitration,

litigation, and/or alternative dispute resolution, whether or not a proceeding is formally commenced.

21.4.3.3 "**Indemnified Parties**" means us and our shareholders, parents, subsidiaries, predecessors, and affiliates, and our/their respective officers, directors, members, managers, agents, and employees.

21.5 We will indemnify you with respect to the Proprietary Marks as specified in Section 9.2.9 above.

22 FORCE MAJEURE

22.1 *Impact*. Neither party will be responsible to the other for non-performance or delay in performance occasioned by causes beyond its control, including without limiting the generality of the foregoing: (a) acts of nature; (b) acts of war, terrorism, or insurrection; (c) strikes, lockouts, labor actions, boycotts, floods, fires, hurricanes, tornadoes, and/or other casualties; and/or (d) our inability (and that of our affiliates and/or suppliers) to manufacture, purchase, and/or cause delivery of any services or products used in the operation of the Franchised Business.

22.2 *Transmittal of Funds*. The inability of either party to obtain and/or remit funds will be considered within control of such party for the purpose of Section 22.1 above. If any such delay occurs, any applicable time period will be automatically extended for a period equal to the time lost; provided, however, that the party affected makes reasonable efforts to correct the reason for such delay and gives to the other party prompt notice of any such delay; and further provided, however, that you will remain obligated to promptly pay all fees owing and due to us under this Agreement, without any such delay or extension.

23 APPROVALS AND WAIVERS

23.1 *Request for Approval*. Whenever this Agreement requires our prior approval or consent, agree to make a timely written request to us therefor, and such approval or consent must be obtained in writing.

23.2 *No Warranties or Guarantees*. You acknowledge and agree that we make no warranties or guarantees upon which you may rely, and that we assume no liability or obligation to you, by providing any waiver, approval, consent, or suggestion to you in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

23.3 *No Waivers*. No delay, waiver, omission, or forbearance on our part to exercise any right, option, duty, or power arising out of any breach or default by you or any other franchisee under any of the terms, provisions, covenants, or conditions of this Agreement, and no custom or practice by the parties at variance with the terms of this Agreement, will constitute our waiver of our right to enforce any such right, option, duty, or power as against you, or as to subsequent breach or default by you. If we accept late payments from you or any payments due, that will not be deemed to be our waiver of any earlier or later breach by you of any terms, provisions, covenants, or conditions of this Agreement. No course of dealings or course of conduct will be effective to amend the terms of this Agreement.

24 NOTICES

24.1 Any and all notices required or permitted under this Agreement must be in writing and must be personally delivered, sent by certified U.S. mail, or by other means that provides the sender

with evidence of delivery, rejected delivery, and/or attempted delivery. Any notice by a means that gives the sender evidence of delivery, rejected delivery, or delivery that is not possible because the recipient moved and left no forwarding address will be deemed to have been given at the date and time of receipt and/or rejected/attempted delivery.

24.2 Notices shall be sent to the address designated on the signature page of this Agreement (unless a party changes its address for those notices by giving prior written notice to the other party in the manner specified above).

24.3 The Brand Manual, any changes that we make to the Brand Manual, and/or any other written instructions that we provide relating to operational matters, are not considered to be "notices" for the purpose of the delivery requirements in this Section 24.

25 ENTIRE AGREEMENT AND AMENDMENT

25.1 *Entire Agreement*. This Agreement and the exhibits referred to in this Agreement constitute the entire, full, and complete Agreement between the parties to this Agreement concerning the subject matter hereof, and supersede all prior agreements. The parties confirm that: (a) they were not induced by any representations other than the words of this Agreement (and the FDD) before deciding whether to sign this Agreement; (b) that this Agreement replaces and supersedes any previous communications that they may have had concerning the subject matter of this Agreement; and (c) they relied only on the words printed in this Agreement in deciding whether to enter into this Agreement. (However, nothing in this Agreement is intended (nor may it be interpreted) as a disclaimer by us of any representation made in our Franchise Disclosure Document ("**FDD**"), including the exhibits and any amendments to the FDD).

25.2 *Amendment*. Except for those changes that we are permitted to make unilaterally under this Agreement, no amendment, change, or variance from this Agreement will be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

26 SEVERABILITY AND CONSTRUCTION

26.1 *Introductory Paragraphs*. The parties agree that the introductory paragraphs of this Agreement, preceding and under the heading "Introduction," are accurate, and the parties agree to incorporate those paragraphs into the text of this Agreement as if they were printed here in full.

26.2 *Severability*. Except as expressly provided to the contrary in this Agreement, each portion, section, part, term, and/or provision of this Agreement will be considered severable; and if, for any reason, any section, part, term, and/or provision in this Agreement is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such will not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible; and the latter will continue to be given full force and effect and bind the parties hereto; and said invalid portions, sections, parts, terms, and/or provisions will be deemed not to be a part of this Agreement.

26.3 *No Third Party Rights*. Except as expressly provided to the contrary in this Agreement, nothing in this Agreement is intended, nor will be deemed, to confer upon any person or legal entity other than you, we, and such of our respective successors and assigns as may be contemplated (and, as to you, permitted) by Section 16.4 above, any rights or remedies under or by reason of this Agreement.

26.4 *Captions Don't Amend Terms*. All captions in this Agreement are intended solely for the convenience of the parties, and no caption will be deemed to affect the meaning or construction of any provision hereof.

26.5 *Including*. The parties agree that when used in this Agreement, the terms "includes" and "including" shall be understood to mean "*including but not limited to*".

26.6 *Survival*. All provisions of this Agreement which by their terms or intent are intended to survive the expiration or termination of this Agreement, will so survive the expiration and/or termination of this Agreement.

26.7 *How We Exercise Our Rights*. Although we may exercise any of our rights, carry out any of our obligations, or otherwise discharge any of our duties under this Agreement directly, through the use of employees, independent contractors, professional advisors (for example, a CPA), or otherwise, we will still remain responsible for the proper performance of our obligations to you under this Agreement.

26.8 *Expenses*. Each party will bear all of the costs of exercising its rights and carrying out its responsibilities under this Agreement, except as otherwise provided.

26.9 *Counterparts*. This Agreement may be signed in counterparts, and signature pages may be exchanged by electronic means, each such counterpart, when taken together with all other identical copies of this Agreement also signed in counterpart, will be considered as one complete Agreement.

27 APPLICABLE LAW AND DISPUTE RESOLUTION

27.1 *Choice of Law*. This Agreement takes effect when we accept and sign this document. This Agreement will be interpreted and construed exclusively under the laws of the Commonwealth of Virginia, which laws will prevail in the event of any conflict of law (without regard to, and without giving effect to, the application of Virginia choice-of-law rules); provided, however, that if the covenants in Section 19 of this Agreement would not be enforced as written under Virginia law, then the parties agree that those covenants will instead be interpreted and construed under the laws of the state in which the Franchised Business is located. Nothing in this Section 27.1 is intended by the parties to invoke the application of any franchise, business opportunity, antitrust, implied covenant, unfair competition, fiduciary, and/or other doctrine of law of the Commonwealth of Virginia (or any other state) that would not otherwise apply without this Section 27.1.

27.2 *Choice of Venue.* Subject to Section 27.3 below, the parties agree that any action that you bring against us, in any court, whether federal or state, must be brought only in the courts that have jurisdiction over Arlington, Virginia. Any action that we bring against you in any court, whether federal or state, may be brought within the state and judicial district in which we maintain our principal place of business.

27.2.1 The parties agree that this Section 27.2 will not be construed as preventing either party from removing an action from state to federal court; provided, however, that venue will be as set forth above.

27.2.2 The parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

27.2.3 Any such action will be conducted on an individual basis, and not as part of a consolidated, common, or class action.

27.3 *Mediation*. Before any party may bring an action in court against the other, the parties agree that they must first meet to mediate the dispute (except as otherwise provided in Section 27.5 below). Any such mediation will be non-binding and will be conducted in accordance with the then-current rules for mediation of commercial disputes of JAMS, Inc. (formerly, "Judicial Arbitration and Mediation Services, Inc.") at its location nearest to our then-current principal place of business.

27.4 *Parties Rights Are Cumulative*. No right or remedy conferred upon or reserved to us or you by this Agreement is intended to be, nor will be deemed, exclusive of any other right or remedy in this Agreement or by law or equity provided or permitted, but each will be cumulative of every other right or remedy.

27.5 *Injunctions*. Nothing contained in this Agreement will bar our right to obtain injunctive relief in a court of competent jurisdiction against threatened conduct that will cause us loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

27.6 ***WAIVER OF JURY TRIALS*. EACH PARTY TO THIS AGREEMENT IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.**

27.7 ***MUST BRING CLAIMS WITHIN ONE YEAR*. EACH PARTY TO THIS AGREEMENT AGREES THAT ANY AND ALL CLAIMS AND ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE PARTIES' RELATIONSHIP, AND/OR YOUR OPERATION OF THE FRANCHISED BUSINESS, BROUGHT BY ANY PARTY HERETO AGAINST THE OTHER (EXCLUDING CLAIMS SEEKING INDEMNIFICATION), SHALL BE COMMENCED WITHIN ONE (1) YEAR FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM OR ACTION, OR, IT IS EXPRESSLY ACKNOWLEDGED AND AGREED BY ALL PARTIES, SUCH CLAIM OR ACTION SHALL BE IRREVOCABLY BARRED.**

27.8 ***WAIVER OF PUNITIVE DAMAGES*. EACH PARTY TO THIS AGREEMENT HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER, AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES IT HAS SUSTAINED (INCLUDING LOST FUTURE ROYALTIES).**

27.9 *Payment of Legal Fees*. You agree to pay us all damages, costs and expenses (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur in: (a) obtaining injunctive or other relief for the enforcement of any provisions of this Agreement (including Sections 9 and 17 above); and/or (b) successfully defending a claim from you that we misrepresented the terms of this Agreement, fraudulently induced you to sign this Agreement, that the provisions of this Agreement are not fair, were not properly entered into, and/or that the terms of this Agreement (as it may be amended by its terms) do not exclusively govern the parties' relationship.

28 ACKNOWLEDGMENTS

28.1 *No Waivers.* Nothing in this Agreement is meant as, or may be construed, or otherwise interpreted: (a) as a waiver of any state law that may apply to you; nor (b) as a disclaimer of any statement or representation that we have made in our FDD.

28.2 *Your Investigation*. We have recommended that you conduct an independent investigation of the business franchised under this Agreement.

28.3 *No Warranties or Guarantees.* We do not make (and do not permit anyone speaking on our behalf) to make any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business contemplated by this Agreement.

28.4 *Your Advisors.* We recommended that you seek advice from advisors of your own choosing (including a lawyer and an accountant) about the potential benefits and risks of entering into this Agreement.

28.5 *No Conflicting Obligations.* Each party represents and warrants to the other party that there are no other agreements, court orders, or any other legal obligations that would preclude or in any manner restrict that party from: **(a)** negotiating and entering into this Agreement; **(b)** exercising its rights under this Agreement; and/or **(c)** fulfilling its obligations and responsibilities under this Agreement.

28.6 *Your Responsibility for the Choice of the Accepted Location.* You agree that you have sole and complete responsibility for the choice of the Accepted Location; that we have not (and will not be deemed to have, even by our requirement that you use a location service and/or our approval of the site that is the Accepted Location) given any representation, promise, or guarantee of your success at the Accepted Location; and that you will be solely responsible for your own success at the Accepted Location.

28.7 *Your Responsibility for Operation of the Franchised Business.* Although we retain the right to establish and periodically modify System standards, which you have agreed to maintain in the operation of your franchised Store, you retain the right and sole responsibility for the day-to-day management and operation of the Franchised Business and the implementation and maintenance of system standards at the Franchised Business.

28.8 *Different Franchise Offerings to Others.* We may modify the terms under which we offer franchises to other parties (which may differ from the terms, conditions, and obligations in this Agreement).

28.9 *Our Advice*. You acknowledge and agree that our advice is only that; that our advice is not demand or any a guarantee of success; and that you must reach and implement your own decisions about how to operate your Franchised Business on a day-to-day basis under the System.

28.10 *Your Independence*. You acknowledge and agree that:

28.10.1 you are the only party that employs your staff (even though we may provide you with advice, guidance, and training);

28.10.2 we are not your employer nor are we the employer of any of your staff, and even if we express an opinion or provide advice, we will play no role in your decisions regarding their employment (including matters such as recruitment, hiring, compensation, scheduling, employee relations, labor matters, review, discipline, and/or dismissal);

28.10.3 the guidance that we provide, and requirements under which you will operate, are intended to promote and protect the value of the brand and the Proprietary Marks;

28.10.4 when forming and in operating your business, you had to adopt standards to operate that business, and that instead of developing and implementing your own standards (or those of another party), you chose to adopt and implement our standards for your business (including our System and the requirements under this Agreement); and

28.10.5 you have made (and will remain always be responsible for) all of the organizational and basic decisions about establishing and forming your entity, operating your business (including adopting our standards as your standards), and hiring employees and employment matters (including matters such as recruitment, hiring, compensation, scheduling, employee relations, labor matters, review, discipline, and/or dismissal), engaging professional advisors, and all other facets of your operation.

28.11 *Two or More Signatories*. If two or more persons are signing this Agreement as the "Franchisee" (each, a "**Signatory**"), the parties agree that:

28.11.1 Each Signatory will have the power to individually bind "Franchisee" with respect to us and third parties;

28.11.2 We have the right to treat each Signatory as having the full authority to bind all other Signatories in any and all matters;

28.11.3 We have the right to treat each Signatory as if s/he represents and can act on behalf of all the other Signatory(ies) in all matters;

28.11.4 Even though there may be more than one Signatory, all of the Signatories' rights will be one and none of the Signatories will have the right to exercise any right independent of (and/or apart from) one another;

28.11.5 We have the right to communicate with or provide notice to any Signatory, and such communication or notice will be deemed as having been given to all Signatories; and

28.11.6 If there is a conflict among the Signatories (including us receiving conflicting information from or requests between the Signatories), we have the right to select from among any conflicting or inconsistent requests by, or information from, any of the Signatories, and our selection in such case will be final and dispositive with respect to any such conflict.

28.12 *General Release*. If this Agreement is not the first contract between you (and your affiliates) and us (and our affiliates), then you agree to the following:

*You (on behalf of yourself and your parent, subsidiaries and affiliates and their respective past and present members, officers, directors, members, managers, shareholders, agents and employees, in their corporate and individual capacities) and all guarantors of your obligations under this Agreement (collectively, "**Releasors**") freely and without any influence forever release (and covenant not to sue) us, our parents, subsidiaries, predecessors, and affiliates and our/their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities (collectively "**Releasees**"), with respect to any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, "**claims**"), which any Releasor now owns or holds or may at any time have owned or held, including claims arising under federal, state and local laws, rules and ordinances and claims arising out of, or relating to this Agreement and all other agreements between*

any Releasor and any Releasee, the sale of any franchise to any Releasor, the development and operation of the BASH Studios and the development and operation of all other businesses operated by any Releasor that are franchised by any Releasee. You understand as well that you may later learn of new or different facts, but still, it is your intention to fully, finally, and forever release all of the claims that are released above. This includes your waiver of state laws that may otherwise limit a release (for example, Calif. Civil Code Section 1542, which states that "[a] general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party"). You agree that we have given fair consideration for this General Release and you agree that this is a negotiated, complete, and final release of all claims. This General Release does not release any claims arising from representations made in our Franchise Disclosure Document and its exhibits or otherwise affect any claims arising after the date of this Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have duly signed and delivered this Agreement in duplicate on the day and year first above written.

BASH BOXING FRANCHISING LLC
Franchisor

By:_____

Name:_____

Title:_____

Effective Date:_____

_____
Franchisee

By:_____

Name:_____

Title:_____

By:_____

Name:_____

Title:_____

Address for Notices:

2020 Pennsylvania Avenue NW, Suite 1210
Washington, DC 20006
Attn: Alex Trakas
E-mail: franchise@bash-boxing.com

Address for Notices:

_____
_____
Attn:_____
E-mail:_____

BASH BOXING FRANCHISING LLC
FRANCHISE AGREEMENT
EXHIBIT A
DATA ADDENDUM

¶	Section Cross-Reference	Item
1	1.2	The Accepted Location under this Agreement will be: _____ _____.
2	1.3	The Protected Area under this Agreement will be: _____ _____ [or … a circle with a radius (not diameter) of _____ miles and its center at the front door of the Studio.]

Initials

_____ Franchisee

_____ Franchisor

BASH BOXING FRANCHISING LLC
FRANCHISE AGREEMENT
EXHIBIT B
GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT

In order to induce BASH BOXING FRANCHISING LLC ("**Franchisor**") to sign the BASH Boxing Franchise Agreement between Franchisor and _____ ("**Franchisee**"), dated _____, 202____ (the "**Agreement**"), each of the undersigned parties, jointly and severally, hereby unconditionally guarantee to Franchisor and its successors and assigns that all of Franchisee's obligations (monetary and otherwise) under the Agreement as well as any other contract between Franchisee and Franchisor (and/or Franchisor's affiliates) will be punctually paid and performed.

Each person signing this Personal Guarantee acknowledges and agrees, jointly and severally, that:

- Upon Franchisor's demand, s/he will immediately make each payment required of Franchisee under the Agreement and/or any other contract (including another franchise agreement) with Franchisor and/or its affiliates.

- S/he waives any right to require Franchisor to: (a) proceed against Franchisee for any payment required under the Agreement (and/or any other contract with Franchisor and/or its affiliates); (b) proceed against or exhaust any security from Franchisee; (c) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee; and/or (d) give notice of demand for payment by Franchisee.

- Without affecting the obligations of the undersigned persons under this Guarantee, Franchisor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee. Each of the undersigned persons waive notice of amendment of the Agreement (and any other contract with Franchisor and Franchisor's affiliates) and notice of demand for payment by Franchisee, and agree to be bound by any and all such amendments and changes to the Agreement (and any other contract with Franchisor and Franchisor's affiliates).

- S/he will defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Agreement (and any other contract with Franchisor and Franchisor's affiliates) and/or any amendment to the Agreement.

- S/he will be personally bound by all of Franchisee's covenants, obligations, and promises in the Agreement.

- S/he agrees to be personally bound by all of Franchisee's covenants, obligations, and promises in the Agreement, which include, but are not limited to, the covenants in the following Sections of the Agreement: **Section 9.3** (generally regarding trademarks), **Section 11** (generally regarding confidentiality), **Section 16** (generally regarding Transfers), **Section 18** (generally regarding obligations upon termination or expiration of this Agreement), and **Section 19** (generally regarding covenants against competition) of the Agreement.

- S/he understands that: (a) this Guarantee does not grant them any rights under the Agreement (including but not limited to the right to use any of Franchisor's marks such as the "BASH

Boxing" marks) and/or the system licensed to Franchisee under the Agreement; (b) that they have read, in full, and understand, all of the provisions of the Agreement that are referred to above in this paragraph, and that they intend to fully comply with those provisions of the Agreement as if they were printed here; and (c) that they have had the opportunity to consult with a lawyer of their own choosing in deciding whether to sign this Guarantee.

This Guarantee will be interpreted and construed in accordance with **Section 27** of the Agreement (including but not limited to the waiver of punitive damages, waiver of jury trial, agreement to bring claims within one year, and agreement not to engage in class or common actions). Among other things, that means that this Guarantee will be interpreted and construed exclusively under the laws of the Commonwealth of Virginia, and that in the event of any conflict of law, Virginia law will prevail (without applying Virginia conflict of law rules).

IN WITNESS WHEREOF, each of the undersigned persons has signed this Guarantee as of the date of the Agreement.

_____	_____	_____
(signed in his/her personal capacity)	(signed in his/her personal capacity)	(signed in his/her personal capacity)
Printed Name:_____	Printed Name:_____	Printed Name:_____
Date:_____	Date:_____	Date:_____
Home Address:	Home Address:	Home Address:
_____	_____	_____
_____	_____	_____

BASH BOXING FRANCHISING LLC
FRANCHISE AGREEMENT
EXHIBIT C
LIST OF PRINCIPALS

Name of Principal	Home Address	Percentage Interest Held in Franchisee

Initials

Franchisee

Franchisor

BASH BOXING FRANCHISING LLC
FRANCHISE AGREEMENT
EXHIBIT D

AUTHORIZATION AGREEMENT FOR ACH PAYMENTS
(DIRECT DEBITS FOR ROYALTY, MARKETING CONTRIBUTION, AND OTHER FEES)

_____ (Name of Person or Legal Entity)

_____ (Tax ID Number (FEIN))

The undersigned depositor ("**Depositor**" or "**Franchisee**") hereby authorizes BASH BOXING FRANCHISING LLC ("**Franchisor**") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account(s) indicated below and the depository designated below ("**Depository**" or "**Bank**") to debit or credit such account(s) pursuant to our instructions.

_____ _____
Depository/Bank Name Branch Name

_____ _____ _____
City State Zip Code

_____ _____
Bank Transit/ABA Number Account Number

This authorization is to remain in full and force and effect until sixty (60) days after we have received written notification from Franchisee of its termination.

Printed Name of Depositor: _____

Signed By: _____

Printed Name: _____

Title: _____

Date: _____

BASH BOXING FRANCHISING LLC
FRANCHISE AGREEMENT
EXHIBIT E
ADA CERTIFICATION

BASH BOXING FRANCHISING LLC ("**Franchisor**" or "**us**") and _____ ("**Franchisee**" or "**you**") are parties to a franchise agreement dated _____, 202___ (the "**Franchise Agreement**") for the operation of a Franchised Business at (the "**Franchised Business**").

- In accordance with Section 5.6.2 of the Franchise Agreement, you certify to us that, to the best of your knowledge, the Franchised Business and its adjacent areas comply with all applicable federal, state, and local accessibility laws, statutes, codes, rules, regulations, and standards, including but not limited to the Americans with Disabilities Act.

- You acknowledge that you are an independent contractor and the requirement of this certification by Franchisor does not constitute ownership, control, leasing, or operation of the Franchised Business.

- You acknowledge that we have relied on the information contained in this certification.

- You agree to indemnify us and our officers, directors, members, managers, shareholders, and employees in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by the indemnified party(ies) as a result of any matters associated with your compliance with the Americans with Disabilities Act, as well as the costs (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) related to the same.

Acknowledged and Agreed:

_____
Franchisee:

By:_____

Printed Name:_____

Title:_____

BASH BOXING FRANCHISING LLC
FRANCHISE AGREEMENT
EXHIBIT F-1
SAMPLE FORM OF
NON-DISCLOSURE AND NON-COMPETITION AGREEMENT
(to be signed by franchisee with its
executive/management staff)

THIS NON-DISCLOSURE AND NON-COMPETITION AGREEMENT ("Agreement") is made on _____, 202___, by and between _____ (the "**Franchisee**") and _____, who is a Principal, manager, supervisor, member, partner, or a person in an executive or managerial position with, Franchisee (the "**Member**").

Background:

A. BASH BOXING FRANCHISING LLC ("**Franchisor**") owns a format and system (the "**System**") relating to the establishment and operation of "BASH Boxing" studios operating in structures that bear Franchisor's interior and exterior trade dress, and under its Proprietary Marks, as defined below (each, a "**Studio**").

B. Franchisor identifies "BASH Boxing" studios by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin (including for example the mark "BASH") and certain other trade names, service marks, and trademarks that Franchisor currently and may in the future designate in writing for use in connection with the System (the "**Proprietary Marks**").

C. Franchisor and Franchisee have executed a Franchise Agreement ("**Franchise Agreement**") granting Franchisee the right to operate a "BASH Boxing" studio (the "**Franchised Business**") and to offer and sell products, services, and other ancillary products approved by Franchisor and use the Proprietary Marks in connection therewith under the terms and conditions of the Franchise Agreement.

D. The Member, by virtue of his or her position with Franchisee, will gain access to certain of Franchisor's Confidential Information, as defined in this Agreement, and must therefore be bound by the same confidentiality and non-competition agreement that Franchisee is bound by.

IN CONSIDERATION of these premises, the conditions stated in this Agreement, and for other good and valuable consideration, the sufficiency and receipt of which are acknowledged, the parties agree as follows:

1. Confidential Information. Member agrees that Member will not, during the term of the Franchise Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, entity, association, or corporation any confidential information, knowledge, or know-how concerning the methods of operation of the business franchised thereunder which may be communicated to Member or of which Member may be apprised by virtue of your operation under the terms of the Franchise Agreement. Any and all information, knowledge, know-how, and techniques which Franchisor designates as confidential will be deemed confidential for purposes of this Agreement.

2. Covenants Not to Compete.

(a) Member specifically acknowledges that, pursuant to the Franchise Agreement, and by virtue of his/her position with Franchisee, Member will receive valuable specialized training and

confidential information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the System.

(b) Member covenants and agrees that during the term of the Franchise Agreement, except as otherwise approved in writing by Franchisor, Member will not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity:

(i) Divert or attempt to divert any business or customer of the Franchised Business or of any Franchised Business using the System 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 Franchisor's Proprietary Marks and the System; or

(ii) Either directly or indirectly for him/herself or on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity, own, maintain, operate, engage in, or have any interest in any business which is the same as or similar to the Franchised Business.

(c) Member covenants and agrees that during the Post-Term Period (defined below), except as otherwise approved in writing by Franchisor, Member will not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity, Member will not own, maintain, operate, engage in, or have any interest in any business which is the same as or similar to the Franchised Business and which business is, or is intended to be, located within a three (3) mile radius of the Accepted Location.

(d) As used in this Agreement, the term "same as or similar to the Franchised Business" will include, but not be limited to, any business as to which the sale of fitness program services comprises ten percent (10%) or more of its gross revenues.

(e) As used in this Agreement, the term "Post-Term Period" means a continuous uninterrupted period of two (2) years from the date of: ***(i)*** a transfer as contemplated under Section 16 of the Franchise Agreement; ***(ii)*** expiration or termination of the Franchise Agreement (regardless of the cause for termination); ***(iii)*** termination of Member's employment with Franchisee; and/or ***(iv)*** a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to the enforcement of this Agreement; either directly or indirectly (through, on behalf of, or in conjunction with any persons, partnership, corporation or entity).

3. Injunctive Relief. Member acknowledges that any failure to comply with the requirements of this Agreement will cause Franchisor irreparable injury, and Member agrees to pay all costs (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of this Agreement.

4. Severability. All agreements and covenants contained in this Agreement are severable. If any of them, or any part or parts of them, will be held invalid by any court of competent jurisdiction for any reason, then the Member agrees that the court will have the authority to reform and modify that provision in order that the restriction will be the maximum necessary to protect Franchisor's and/or Member's legitimate business needs as permitted by applicable law and public policy. In so doing, the Member agrees that the court will impose the provision with retroactive effect as close as possible to the provision held to be invalid.

5. Delay. No delay or failure by the Franchisor or Franchisee to exercise any right under this Agreement, and no partial or single exercise of that right, will constitute a waiver of that or any

other right provided in this Agreement, and no waiver of any violation of any terms and provisions of this Agreement will be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement.

6. Third-Party Beneficiary. Member hereby acknowledges and agrees that Franchisor is an intended third-party beneficiary of this Agreement with the right to enforce it, independently or jointly with Franchisee.

IN WITNESS WHEREOF, the Franchisee and the Member attest that each has read and understands the terms of this Agreement, and voluntarily signed this Agreement on the date first written above.

FRANCHISEE	MEMBER
_____	_____
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____

BASH BOXING FRANCHISING LLC
FRANCHISE AGREEMENT
EXHIBIT F-2
SAMPLE FORM OF
NON-DISCLOSURE AGREEMENT
(to be signed by franchisee with its
non-executive/management staff)

THIS NON-DISCLOSURE AGREEMENT ("Agreement") is made on _____, 202___, by and between by and between _____ (the "**Franchisee**"), and _____, who is an employee of Franchisee (the "**Employee**").

Background:

A. BASH BOXING FRANCHISING LLC ("**Franchisor**") owns a format and system (the "**System**") relating to the establishment and operation of "BASH Boxing" studios in structures that bear Franchisor's interior and exterior trade dress, and under its Proprietary Marks, as defined below (each, a "**Studio**").

B. Franchisor identifies "BASH Boxing" Studios by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin (including for example the mark "BASH") and certain other trade names, service marks, and trademarks that Franchisor currently and may in the future designate in writing for use in connection with the System (the "**Proprietary Marks**").

C. Franchisor and Franchisee have executed a Franchise Agreement ("**Franchise Agreement**") granting Franchisee the right to operate a "BASH Boxing" studio (the "**Franchised Business**") and to offer and sell products, services, and other ancillary products approved by Franchisor and use the Proprietary Marks in connection therewith under the terms and conditions of the Franchise Agreement.

D. The Employee, by virtue of his or her position with Franchisee, will gain access to certain of Franchisor's Confidential Information, as defined in this Agreement, and must therefore be bound by the same confidentiality and non-competition agreement that Franchisee is bound by.

IN CONSIDERATION of these premises, the conditions stated in this Agreement, and for other good and valuable consideration, the sufficiency and receipt of which are acknowledged, the parties agree as follows:

1. Confidential Information. Employee agrees that Employee will not, during the term of the Franchise Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, entity, association, or corporation any confidential information, knowledge, or know-how concerning the methods of operation of the business franchised thereunder which may be communicated to Employee or of which Employee may be apprised by virtue of your operation under the terms of the Franchise Agreement. Any and all information, knowledge, know-how, and techniques which Franchisor designates as confidential will be deemed confidential for purposes of this Agreement.

2. Injunctive Relief. Employee acknowledges that any failure to comply with the requirements of this Agreement will cause Franchisor irreparable injury, and Employee agrees to pay all costs (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of this Agreement.

3. Severability. All agreements and covenants contained in this Agreement are severable. If any of them, or any part or parts of them, will be held invalid by any court of competent jurisdiction for any reason, then the Employee agrees that the court will have the authority to reform and modify that provision in order that the restriction will be the maximum necessary to protect Franchisor's and/or Employee's legitimate business needs as permitted by applicable law and public policy. In so doing, the Employee agrees that the court will impose the provision with retroactive effect as close as possible to the provision held to be invalid.

4. Delay. No delay or failure by the Franchisor or Franchisee to exercise any right under this Agreement, and no partial or single exercise of that right, will constitute a waiver of that or any other right provided in this Agreement, and no waiver of any violation of any terms and provisions of this Agreement will be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement.

5. Third-Party Beneficiary. Employee hereby acknowledges and agrees that Franchisor is an intended third-party beneficiary of this Agreement with the right to enforce it, independently or jointly with Franchisee.

IN WITNESS WHEREOF, the Franchisee and the Employee attest that each has read and understands the terms of this Agreement, and voluntarily signed this Agreement on the date first written above.

FRANCHISEE	EMPLOYEE
_____	_____
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____

BASH BOXING FRANCHISING LLC
FRANCHISE AGREEMENT
EXHIBIT G
SITE SELECTION ADDENDUM

BASH BOXING FRANCHISING LLC ("**Franchisor**" or "**us**" or "**we**") and _____ ("**Franchisee**" or "**you**") have on _____, 202____ entered into a BASH Boxing Franchise Agreement ("**Franchise Agreement**") and wish to supplement its terms as set out below in this Site Selection Addendum (the "**Addendum**"). The parties agree as follows:

AGREEMENT

1. **Time to Locate Site**: Within ninety (90) days after the date of this Addendum, you agree to acquire or enter into a binding lease/sublease (collectively, a "**lease**"), at your own expense, commercial real estate that is properly zoned for the use of the business that you will conduct under the Franchise Agreement (the "**Franchised Business**") at a site that we will have approved in writing as provided below.

a. Such location must be within the following area: _____
_____
(the "**Site Selection Area**").

b. The only reason that the Site Selection Area is described is for the purpose of selecting a site for the Studio.

c. We will not establish, nor franchise another party to establish, a "BASH Boxing" studio operating under the System within the Site Selection Area until the end of the Search Period. For purposes of this Addendum, the term "**Search Period**" means ninety (90) days from the date of this Addendum, or the period from the date of this Addendum until we have approved of a location for your Franchised Business, whichever event first occurs. Upon expiration of the Search Period, the protections of this paragraph 1.c will expire and you will have no further rights in and to the Site Selection Area other than as otherwise provided in the Franchise Agreement.

d. If you do not acquire or lease a site (that we have approved in writing) for the Franchised Business in accordance with this Addendum by not later than one hundred and eighty (180) days after the date of this Addendum, that will constitute a default under Section 17.2 of the Franchise Agreement and also under this Addendum, and we will have the right to terminate the Franchise Agreement and this Addendum pursuant to the terms of Section 17.2 of the Franchise Agreement.

2. **Site Evaluation Services**: We will provide you with our site selection guidelines, including our minimum standards for a location for the Franchised Business, and such site selection counseling and assistance as we may deem advisable. We will perform one (1) on-site evaluation as we may deem advisable in response to your requests for site approval without a separate charge. If we perform any additional on-site evaluations, you must reimburse, as applicable, us for all reasonable expenses that we incur in connection with such on-site evaluation, including, without limitation, the cost of travel, lodging and meals. We will not provide on site evaluation for any proposed site before we have received from you a completed site approval form for the site (prepared as set forth in Section 3 below).

3. **Site Selection Package Submission and Approval**: You must submit to us, in the form that we specify: ***(a)*** a completed site approval form (in the form that we require); ***(b)*** such other information or materials that we may reasonably require; and ***(c)*** an option contract, letter of intent, or other evidence satisfactory to us that confirms your favorable prospects for obtaining the site. You

acknowledge that time is of the essence. We will have thirty (30) days after receipt of all such information and materials from you to approve or disapprove the proposed site as the location for the Franchised Business. We have the right to approve or disapprove any such site to serve as the Accepted Location for the Franchised Business. If we do not approve a proposed site by giving you written notice within the 30-day period, then we will be deemed to have disapproved the site.

4. **Lease Responsibilities**: After we have approved a site and before the expiration of the Search Period, you must execute a lease, which must be coterminous with the Franchise Agreement, or a binding agreement to purchase the site. Our approval of any lease is conditioned upon inclusion in the lease of the lease rider attached to the Franchise Agreement as Exhibit H. However, even if we examine the Lease, we are not responsible for review of the Lease for any terms other than those contained in the lease rider.

5. **Accepted Location**: After we have approved the location for the Franchised Business and you have leased or acquired that location, the location will constitute the "**Accepted Location"** that is described in Section 1.2 of the Franchise Agreement. The Accepted Location will also be specified on Exhibit A to the Franchise Agreement, and will become a part the Franchise Agreement. The Protected Area, as defined under Section 1.3 of the Franchise Agreement, will be the geographic area thereafter described in Exhibit A to the Franchise Agreement, and will also become a part of the Franchise Agreement.

a. You hereby acknowledge and agree that our approval of a site does not constitute an assurance, representation, or warranty of any kind, express or implied, as to the suitability of the site for the Franchised Business or for any other purpose. Our approval of the site indicates only that we believe the site complies with our minimum acceptable criteria solely for our own purposes as of the time of the evaluation. The parties each acknowledge that application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to our approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from criteria that we used could change, thereby altering the potential of a site. Such factors are unpredictable and are beyond our control.

b. We will not be responsible for the failure of a site (even if we have approved that site) to meet your expectations as to revenue or operational criteria.

c. You acknowledge and agree that your acceptance of a franchise for the operation of the Franchised Business at the site is based on its own independent investigation of the suitability of the site.

6. **Construction**: This Addendum will be considered an integral part of the Franchise Agreement between the parties hereto, and the terms of this Addendum will be controlling with respect to the subject matter hereof. All capitalized terms not otherwise defined in this Addendum will have the same meaning as set forth in the Franchise Agreement. Except as modified or supplemented by this Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, each party hereto has caused its duly authorized representative to duly execute and deliver this Addendum on the date first above written.

BASH BOXING FRANCHISING LLC
Franchisor

By:_____

Name:_____

Title:_____

_____
Franchisee

By:_____

Name:_____

Title:_____

BASH BOXING FRANCHISING LLC
FRANCHISE AGREEMENT
EXHIBIT H
LEASE RIDER

THIS ADDENDUM (the "**Addendum**") has been executed as of _____, 202___, by and between _____ ("**Franchisee**") and _____ ("**Landlord**"), as an addendum to the lease, as modified, amended, supplemented, renewed and/or extended from time to time as contemplated in this Addendum ("**Lease**") dated as of _____, 202___ for the premises located at , in the State of ("**Premises**").

Franchisee has also entered (or will also enter) into a Franchise Agreement ("**Franchise Agreement**") with BASH BOXING FRANCHISING LLC ("**Franchisor**") for the development and operation of a "BASH Boxing" studio at the Premises, and as a condition to obtaining Franchisor's approval of the Lease, the Lease for the Premises must contain the provisions contained in this Addendum.

NOW THEREFORE, in consideration of mutual covenants set forth in this Addendum, the execution and delivery of the Lease, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Franchisee hereby agree as follows:

1. Landlord agrees to deliver to Franchisor a copy of any notice of default by Franchisee or termination of the Lease at the same time such notice is delivered to Franchisee. Franchisor agrees to deliver to Landlord a copy of any notice of termination under the Franchise Agreement. Franchisee hereby consents to that exchange of information by Landlord and Franchisor.

2. Franchisee hereby assigns to Franchisor, with Landlord's irrevocable and unconditional consent, all of Franchisee's rights, title and interests to and under the Lease upon any termination or non-renewal of the Franchise Agreement, but no such assignment will be effective unless and until: **(a)** the Franchise Agreement is terminated or expires without renewal; and **(b)** Franchisor has notified the Franchisee and Landlord in writing that Franchisor assumes Franchisee's obligations under the Lease.

3. Franchisor will have the right, but not the obligation, to cure any breach of the Lease (within fifteen (15) business days after the expiration of the period in which Franchisee had to cure any such default by Franchisee, should Franchisee fail to do so) upon giving written notice of its election to Franchisee and Landlord, and, if so stated in the notice, to also succeed to Franchisee's rights, title and interests thereunder. The Lease may not be modified, amended, supplemented, renewed, extended or assigned by Franchisee without Franchisor's prior written consent.

4. Franchisee and Landlord acknowledge and agree that Franchisor will have no liability or obligation whatsoever under the Lease unless and until Franchisor assumes the Lease in writing pursuant to Section 2 or Section 3, above.

5. If Franchisor assumes the Lease, as provided above, Franchisor may, without Landlord's prior consent, sublet and/or assign the Lease to another franchisee of Franchisor to operate a "BASH Boxing" studio at the Premises provided that the proposed franchisee has met all of Franchisor's applicable criteria and requirements and has executed a franchise agreement with Franchisor. Landlord agrees to execute such further documentation to confirm its consent to an assignment permitted under this Addendum as Franchisor may reasonably request.

Upon such assignment to a franchisee of Franchisor, Franchisor will be released from any further liability under the terms and conditions of the Lease.

6. Landlord and Franchisee hereby acknowledge that Franchisee has agreed under the Franchise Agreement that Franchisor and its employees or agents will have the right to enter the Premises for certain purposes. Landlord hereby agrees not to interfere with or prevent such entry by Franchisor, its employees or agents. Landlord and Franchisee hereby further acknowledge that if the Franchise Agreement expires (without renewal) or is terminated, Franchisee is obligated to take certain steps under the Franchise Agreement to de-identify the Premises as a "BASH Boxing" studio (unless Franchisor takes an assignment of the lease, as provided above). Landlord agrees to permit Franchisor, its employees or agent, to enter the Premises and remove signs (both interior and exterior), décor and materials displaying any marks, designs or logos owned by Franchisor, provided that Franchisor will bear the expense of repairing any damage to the Premises as a result thereof.

7. If Landlord is an affiliate or an owner of Franchisee, Landlord and Franchisee agree that if Landlord proposes to sell the Premises, before the sale of the Premises, upon the request of Franchisor the Lease will be amended to reflect a rental rate and other terms that are the reasonable and customary rental rates and terms prevailing in the community where the "BASH Boxing" studio is located.

8. Landlord agrees that during and after the term of the Lease, it will not disclose or use Franchisor's Confidential Information (as defined below) for any purpose other than for the purpose of fulfilling Landlord's obligations under the Lease. "**Confidential Information**" as used in this Addendum will mean all non-public information and tangible things, whether written, oral, electronic or in other form, provided or disclosed by or on behalf of Franchisee to Landlord, or otherwise obtained by Landlord, regarding the design and operations of the business located at the Premises, including, without limitation, all information identifying or describing the floor plan and layout, furnishings, equipment, fixtures, wall coverings, flooring materials, shelving, decorations, trade secrets, techniques, trade dress, "look and feel," design, manner of operation, suppliers, vendors, and all other products, goods, and services used, useful or provided by or for Franchisee on the Premises. Landlord acknowledges that all such Confidential Information belongs exclusively to Franchisor.

9. Landlord agrees that: (a) Franchisor has granted to only one party, the Franchisee, the right to use Franchisor's proprietary trade name, trademarks, service marks logos, insignias, slogans, emblems, symbols, designs and indicia of origin (collectively the "Marks") at the Premises under the terms of the Franchise Agreement; and (b) Franchisor has not granted any rights or privileges to use the Marks to Landlord.

10. Landlord and Franchisee agree that the premises will be used solely for the operation of a "BASH Boxing" studio.

11. Landlord and Franchisee agree that any default by Franchisee under the Lease will also constitute a default under the Franchise Agreement, and any default by Franchisee under the Franchise Agreement will also constitute a default by Franchisee under the Lease.

12. Landlord and Franchisee agree that the terms in this Addendum will supersede any contrary terms in the Lease and that they will not later amend the lease in a manner that supersedes the terms in this Addendum.

13. Franchisor, along with its successors and assigns, is an intended third party beneficiary of the provisions of this Addendum.

14. Landlord and Franchisee agree that copies of any and all notices required or permitted under this Addendum, or under the Lease, will also be sent to Franchisor at _____ (attention _____), or to such other address as Franchisor may specify by giving written notice to Landlord.

WITNESS the execution hereof under seal.

Landlord:	Franchisor*	Franchisee:
_____	_____	_____
Date:	Date:	Date:
_____	_____	_____
Subscribed and sworn to before me this ___ day of _____, 202_____.	Subscribed and sworn to before me this ___ day of _____, 202_____.	Subscribed and sworn to before me this ___ day of _____, 202_____.
_____ Notary Public	_____ Notary Public	_____ Notary Public
My Commission expires: _____	My Commission expires: _____	My Commission expires: _____
	* The Franchisor has signed this lease rider only to acknowledge its terms and not to accept any obligations under the lease.	

BASH BOXING FRANCHISING LLC
FRANCHISE AGREEMENT
EXHIBIT I
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EXHIBIT B Development Agreement with Exhibits

[on BASH Boxing Franchising LLC letterhead stationery]

_____, 202__

_____
_____
_____
_____

Re: Development Agreement

Dear _____:

We are pleased to be entering into this Development Letter Agreement (the "**Agreement**") with you today. As used in this Agreement, the term "**you**" or "**Developer**" means the "developer party" that is identified in the signature block of this Agreement, and the terms "**we**" and "**BB**" mean BASH Boxing Franchising LLC.

1. *Development*. This letter agreement relates to the terms under which you will develop "BASH Boxing" studio locations ("**Studios**") within the Development Area that is specified on the Data Sheet (Exhibit A) attached to this Agreement. Each Studio will be established under the terms of a separate Franchise Agreement (the "**Franchise Agreement**") that will specify, among other things, the approved location of each such Studio.

2. *Development Schedule*. You agree to establish each of the Studios according to the development schedule that the parties have agreed to, as specified on the Data Sheet (Exhibit A) attached to this Agreement. That schedule is referred to as the "**Development Schedule**" in this Agreement.

3. *Term*. The term of this Agreement starts only when both parties have signed below, and ends on the last date specified in the Development Schedule, unless this Agreement is sooner terminated (the "**Term**").

4. *Development Fee*. In consideration of the development rights granted under this Agreement, you agree to pay BB a development fee in an amount equal to Forty Thousand Dollars ($40,000) for the first Studio to be developed plus Fifteen Thousand Dollars ($15,000) for each additional Studio to be developed under this Agreement in order to comply with the Development Schedule, the aggregate amount of which is specified in Exhibit A to this Agreement (the "**Development Fee**"), which you agree to pay to us when you sign this Agreement.

    4.1 For each Franchise Agreement signed pursuant to this Agreement, you agree to pay to us an initial franchise fee in the following amounts:

        4.1.1 Forty Thousand Dollars ($40,000) under the first (1st) Franchise Agreement entered into under the Development Schedule;

4.1.2 Thirty-Five Thousand Dollars ($35,000) for the second (2nd) through fifth (5th) Franchise Agreements entered into under the Development Schedule; and

4.1.3 Thirty Thousand Dollars ($30,000) for the sixth (6th) and each additional Franchise Agreement entered into under the Development Schedule.

4.2 If you are in compliance with your obligations under this Agreement, then at the time you enter into the Franchise Agreement with us for the first Studio that you develop pursuant to the Development Schedule, we will credit to you the sum of Forty Thousand Dollars ($40,000) as full payment of the initial franchise fee due under the Franchise Agreement for that Studio. If you continue to be in compliance with your obligations under this Agreement, then at the time you enter into the Franchise Agreement for each additional Studio that you develop pursuant to the Development Schedule, we will credit to you the sum of Fifteen Thousand Dollars ($15,000), which credit we will apply to the initial franchise fee due under the Franchise Agreement for that Studio (provided, that the total amount of the credits that we grant to you under this Section 4.2 will not exceed the total Development Fee that you have actually paid to us).

4.3 The Development Fee will be fully earned when we receive it from you and it will be non-refundable in consideration of administrative and other expenses we incur and for the development opportunities lost or deferred as a result of the rights we have granted to you under this Agreement.

5. *Development Rights*. If you are in compliance with your obligations under this Agreement and all of the Franchise Agreements between you (and your affiliates) and BB (and our affiliates), then we will not establish, nor license anyone other than you to establish, a Studio in the Development Area until the end of the Term, except as otherwise provided under Section 6 below.

6. *Reservation of Rights*. Except as otherwise specifically provided under Section 5 above, we retain all other rights, and therefore we will have the right (among others), and on any terms and conditions we deem advisable, and without granting you any rights therein, to:

6.1 use, and to license others to use, the System and the Proprietary Marks (defined below) for the operation of Studios at any location outside the Development Area;

6.2 acquire and operate (or be acquired by) any business or program of any kind, whether located within or outside the Development Area (but we will not change those other businesses into “BASH Boxing” Studios operated in the Development Area);

6.3 use and license the use of the Proprietary Marks and other marks in connection with the operation of businesses or programs at any location, which businesses and marks may be the same as, similar to, or different from the Studio and Proprietary Marks (but these will not be “BASH Boxing” Studios located in the Development Area);

6.4 sell or market the Programs or any products or services (including without limitation, recorded or written materials that present the Programs or workout instructions and choreography in the same or a similar manner to the Programs or Program Materials), using the Proprietary Marks or other marks, to purchasers who live or operate businesses in the Development Area by electronic media (such as the Internet and mobile applications), phone sales, catalogs, and/or direct mail, but we will not do so from a "BASH Boxing" Studio located in the Development Area.

7. *No License to Use the Proprietary Marks or System*. This Agreement does not confer upon you any license to use, in any manner whatsoever, our proprietary marks and trade names (for example, the mark "BASH" or corresponding logo), service marks, trademarks, logos, emblems, and indicia of origin, as well as other trade names, service marks, and trademarks that we may periodically specify in writing for use in connection with our system (the "**Proprietary Marks**") or system. To the extent that we are licensing those rights to you, that license will be set out under each of the Franchise Agreements.

8. *Signing of the Franchise Agreement*. You must sign a Franchise Agreement for each Studio. Each Studio will be located at a site that we must have approved, within the Development Area, as provided below (the "**Accepted Location**"). The Franchise Agreement for the first Studio developed under this Agreement will be in the form of the Franchise Agreement that is attached as Exhibit D. The Franchise Agreement for each additional Studio that you develop will be the form of Franchise Agreement that we are then generally offering at the time each such Franchise Agreement is signed. You must sign the Franchise Agreement for each Studio and submit that Franchise Agreement to us for countersignature not more than fifteen (15) days after you sign the lease for that Studio, and in any case not more than thirty (30) days before the Studio is reasonably expected to open for business.

9. *Provisions of the Franchise Agreement Incorporated By Reference*. The parties confirm and agree that: (a) that they have read and understand the Franchise Agreement; (b) they agree that the following sections of the Franchise Agreement are incorporated by reference into this Agreement as if they were printed here, in the text of this Agreement; and (c) that the provisions noted below will apply to this Agreement (except that reference to the "Franchisee" in those provisions of the Franchise Agreement that are incorporated by reference into this Agreement will mean the Developer under this Agreement):

9.1 Section 15 - Insurance

9.2 Section 16 - Transfer of Interest (and also see Section 10 below)

9.3 Section 17 - Default and Termination (and also see Section 11 below)

9.4 Section 18 - Obligations Upon Termination or Expiration

9.5 Section 19 - Covenants

9.6 Section 20 - Taxes, Permits, and Indebtedness

9.7 Section 21 - Independent Contractor and Indemnification (and also see Section 13 below)

9.8 Section 22 – Force Majeure

9.9 Section 23 – Approvals and Waivers

9.10 Section 24 – Notices

9.11 Section 25 – Entire Agreement and Amendment

9.12 Section 26 - Severability and Construction

9.13 Section 27 - Applicable Law and Dispute Resolution *(You specifically acknowledge and agree that the provisions in Section 27 of the Franchise Agreement apply to this Agreement as well. Among other things, the provisions of Section 27 provide (in the detail spelled out in the Franchise Agreement) that you are waiving trial by jury, that you are waiving the right to seek or collect punitive damages, that the venue for any action you may file against us will be in the courts that have jurisdiction over Arlington, Virginia, that the venue for any action that we bring against you in any court, whether federal or state, may be brought within the state and judicial district in which we have our principal place of business at the time the action is commenced, that you are waiving participation in a common or class action against us, and that all legal actions you bring must be brought within one year from the date you knew or should have known of the facts creating the claim – all as described in Section 27 of the Franchise Agreement.)*

9.14 Section 28 – Acknowledgments

10. *Transfers*. In addition to the provisions of Section 9.2 above, you understand and agree that we have entered into this Agreement in reliance on your promise and commitment to establish and operate an agreed-upon number of Studios, and that as a result, you agree that it would not be unreasonable for us to withhold our consent to a transfer of some, but not all, of the Franchise Agreements separate from one another, and in any case, separate from the rights set forth under this Agreement (if this Agreement has not at the time of a proposed transfer either expired or terminated). We will have the right to transfer or assign this Agreement and all or any part of our rights or obligations under this Agreement to any person or legal entity, and any assignee of us, which assignee will become solely responsible for all of our obligations under this Agreement from the date of assignment.

11. *Default and Termination*. In addition to the provisions of Section 9.3 above, you will be in default under this Agreement if you do not meet your obligations under the Development Schedule or if any other agreement between you (and/or your affiliates) and us is terminated. If you are in default of this Agreement pursuant to this Section 11, we will have the right to terminate this Agreement by giving you written notice of termination, which will take effect immediately (unless otherwise required under applicable law).

12. *Entire Agreement and Amendment*. This Agreement (including the Data Sheet as well as the provisions of the Franchise Agreement that are incorporated by reference), and the Exhibits that are attached to this Agreement, together constitute the entire, full, and complete agreement between the parties concerning the subject matter hereof, and supersede all prior agreements, no other representations having induced Franchisee to execute this Agreement. The parties acknowledge and agree that they relied only on the

words printed in this Agreement (and the Data Sheet and the provisions of the Franchise Agreement that are incorporated by reference) and the Exhibits to this Agreement in deciding whether to enter into this Agreement. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change, or variance from this Agreement will be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim the express representations made in our franchise disclosure document.

13. *Indemnity*. In addition to Section 9.7 above, you agree to defend, indemnify and hold us, our affiliates, and our and their respective officers, directors, members, managers, employees, and agents harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorney's fees, reasonable costs of investigation, court costs, and arbitration fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by you to perform any obligation under the Agreement. This indemnification is in addition to the indemnification provisions of the Franchise Agreements.

14. *Confirmation that You Read the Franchise Agreement*. You acknowledge that you have read and understand the Franchise Agreement attached to this Agreement as Exhibit D.

15. *Captions*. The headings and captions in this Agreement are merely for the sake of convenience and are not meant (and will not be deemed) to change or have any affect upon the meaning of the Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Agreement in duplicate on the day and year first above written.

BASH Boxing Franchising LLC

By: _____

Printed Name: _____

Title: _____

Address for Notices:

BASH Boxing Franchising LLC
2020 Pennsylvania Avenue NW, Suite 1210
Washington, DC 20006
Attn: Alex Trakas
E-mail: franchise@bash-boxing.com

_____
Developer Party

By: _____

Printed Name: _____

Title: _____

Address for Notices:

_____
_____
_____
Attn: _____
E-mail: _____

Exhibits (4):
A – Data Sheet;
B – Guarantee, Indemnification and Acknowledgement;
C – List of Principals; and
D – Current Form of Franchise Agreement.

Exhibit A – Data Sheet

The Development Area under this Agreement shall be:

The present political boundaries of the _____ (excluding airports, seaports, and U.S. Government-operated facilities).

Initialed

Franchisor _____ Developer _____

The Development Fee under this Agreement shall be:

How Development Fee Calculated	Total Development Fee
Forty Thousand Dollars ($40,000) for the first franchised Studio; plus Fifteen Thousand Dollars ($15,000) multiplied by the number of Studios that are required to be developed under the Development Schedule	

The Development Schedule under this Agreement shall be:

By this anniversary of the date of this Agreement	Cumulative Total Number of Studios That You Agree To Have Open and in Operation in the Development Area
[number (#)] months	**[number (#)]**
[number (#)] months	**[number (#)]**
[number (#)] months	**[number (#)]**
[number (#)] months	**[number (#)]**

Initialed

Franchisor _____ Developer _____

Exhibit B – Guarantee, Indemnification, and Acknowledgment

In order to induce BASH Boxing Franchising LLC ("**Franchisor**") to sign the BASH Boxing Area Development Agreement between Franchisor and _____ ("**Developer**"), dated _____, 202__ (the "**Development Agreement**"), each of the undersigned parties, jointly and severally, hereby unconditionally guarantee to Franchisor and its successors and assigns that all of Developer's obligations (monetary and otherwise) under the Development Agreement as well as any other contract between Developer and Franchisor (and/or Franchisor's affiliates) will be punctually paid and performed.

Each person signing this Personal Guarantee acknowledges and agrees, jointly and severally, that:

- Upon Franchisor's demand, s/he will immediately make each payment required of Developer under the Development Agreement and/or any other contract with Franchisor and/or its affiliates.

- S/he waives any right to require Franchisor to: **(a)** proceed against Developer for any payment required under the Development Agreement (and/or any other contract with Franchisor and/or its affiliates); **(b)** proceed against or exhaust any security from Developer; **(c)** pursue or exhaust any remedy, including any legal or equitable relief, against Developer; and/or **(d)** give notice of demand for payment by Developer.

- Without affecting the obligations of the undersigned persons under this Guarantee, Franchisor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Developer, or settle, adjust, or compromise any claims against Developer. Each of the undersigned persons waive notice of amendment of the Development Agreement (and any other contract with Franchisor and Franchisor's affiliates) and notice of demand for payment by Developer, and agree to be bound by any and all such amendments and changes to the Development Agreement (and any other contract with Franchisor and Franchisor's affiliates).

- S/he will defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) resulting from, consisting of, or arising out of or in connection with any failure by Developer to perform any obligation of Developer under the Development Agreement (and any other contract with Franchisor and Franchisor's affiliates) and/or any amendment to the Development Agreement.

- S/he will be personally bound by all of Developer's covenants, obligations, and promises in the Development Agreement.

- S/he agrees to be personally bound by all of Developer's covenants, obligations, and promises in the Development Agreement, which include, but are not limited to, those found in the following Sections of the Development Agreement: **Section 7** (generally regarding trademarks), **Sections 9.2 and 10** (generally regarding Transfers), **Section 9.4** (generally regarding obligations upon termination or expiration of this Development Agreement), and **Section 9.5** (generally regarding covenants against competition) of the Development Agreement.

- S/he understands that: **(a)** this Guarantee does not grant them any rights under the Development Agreement (including but not limited to the right to use any of Franchisor's marks such as the "BASH" mark and logo); **(b)** that they have read, in full, and understand, all of the provisions of the Development Agreement that are referred to above in this paragraph (including the corresponding provisions of the franchise agreement that are incorporated into the Development Agreement), and that they intend to fully comply with those provisions of the Agreement as if they were printed here; and **(c)** that they have had the opportunity to consult with a lawyer of their own choosing in deciding whether to sign this Guarantee.

This Guarantee will be interpreted and construed in accordance with **Section 9.13** of the Agreement, including but not limited to the waiver of punitive damages, waiver of jury trial, agreement to bring claims within one year, and agreement not to engage in class or common actions that are incorporated by reference there from Section 27 of the attached franchise agreement. Among other things, that means that this Guarantee will be interpreted and construed exclusively under the laws of the Commonwealth of Virginia, and that in the event of any conflict of law, Virginia law will prevail (without applying Virginia conflict of law rules).

IN WITNESS WHEREOF, each of the undersigned persons has signed this Guarantee as of the date of the Agreement.

_____	_____	_____
(signed in his/her personal capacity)	(signed in his/her personal capacity)	(signed in his/her personal capacity)
Printed Name:_____	Printed Name:_____	Printed Name:_____
Date:_____	Date:_____	Date:_____
Home Address:	Home Address:	Home Address:
_____	_____	_____
_____	_____	_____

Exhibit C – List of Principals

Name of Principal	Home Address	Percentage Interest Held in Developer

Initials

BB

Franchisee

Exhibit D – Form of Franchise Agreement

EXHIBIT C List of State Administrators

We intend to register this disclosure document as a "franchise" in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

CALIFORNIA Commissioner Dep't of Financial Protection & Innovation 320 West Fourth St., Suite 750 Los Angeles, CA 90013-2344 (213) 576-7500 / Toll Free: (866) 275-2677	**NEW YORK** New York State Dep't of Law Investor Protection Bureau 28 Liberty St., 21st Floor New York, NY 10005 (212) 416-8236
HAWAII Commissioner of Securities Dep't of Commerce & Consumer Affairs Bus. Reg. Div., Securities Compliance Branch 335 Merchant St., Room 205 Honolulu, HI 96813 / (808) 586-2722	**NORTH DAKOTA** North Dakota Securities Dep't State Capitol – Dep't 414 600 East Boulevard Av., Fifth Floor Bismarck, ND 58505-0510 (701) 328-4712
ILLINOIS Illinois Office of the Attorney General Franchise Bureau 500 South Second St. Springfield, IL 62706 (217) 782-4465	**RHODE ISLAND** Dep't of Business Regulation Securities Div., Building 69, First Floor John O. Pastore Center - 1511 Pontiac Av. Cranston, RI 02920 (401) 462-9527
INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, IN 46204 (317) 232-6681	**SOUTH DAKOTA** Div. of Insurance Securities Regulation 124 South Euclid Av., Suite 104 Pierre, SD 57501 (605) 773-3563
MARYLAND Office of the Attorney General Securities Div. 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	**VIRGINIA** State Corporation Commission Div. of Securities and Retail Franchising 1300 East Main St., 9th Floor Richmond, VA 23219 (804) 371-9051
MICHIGAN Florida Attorney General's Office Corporate Oversight Div., Franchise Section 525 West Ottawa St., 1st Floor Lansing, MI 48913 (517) 335-7567	**WASHINGTON** Dep't of Financial Institutions Securities Div. – 3rd Floor 150 Israel Road, Southwest Tumwater, WA 98501 (360) 902-8760
MINNESOTA Minnesota Dep't of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101 (651) 539-1600	**WISCONSIN** Div. of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705 (608) 266-2139

EXHIBIT D List of Agents for Service of Process

We intend to register this disclosure document as a "franchise" in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

CALIFORNIA Commissioner Dep't of Financial Protection & Innovation 320 West Fourth St., Suite 750 Los Angeles, CA 90013-2344 (213) 576-7500 / Toll Free: (866) 275-2677	**NEW YORK** Secretary of State One Commerce Plaza 99 Washington Av., 6th Floor Albany, NY 12231-0001 (518) 473-2492
HAWAII Commissioner of Securities of the State of Hawaii Dep't of Commerce & Consumer Affairs Bus. Reg. Div., Securities Compliance Branch 335 Merchant St., Room 205 Honolulu, HI 96813 / (808) 586-2722	**NORTH DAKOTA** North Dakota Securities Commissioner State Capitol 600 East Boulevard Av., Fifth Floor Bismarck, ND 58505-0510 (701) 328-4712
ILLINOIS Illinois Attorney General 500 South Second St. Springfield, IL 62706 (217) 782-4465	**RHODE ISLAND** Director of Dep't of Business Regulation Dep't of Business Regulation Securities Div., Building 69, First Floor John O. Pastore Center - 1511 Pontiac Av. Cranston, RI 02920 (401) 462-9527
INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, IN 46204 (317) 232-6681	**SOUTH DAKOTA** Div. of Insurance Director of the Securities Regulation 124 South Euclid Av., Suite 104 Pierre, SD 57501 (605) 773-3563
MARYLAND Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	**VIRGINIA** Clerk of the State Corporation Commission 1300 East Main St., 1st Floor Richmond, VA 23219 (804) 371-9733
MICHIGAN Florida Attorney General's Office Corporate Oversight Div., Franchise Section 525 West Ottawa St., 1st Floor Lansing, MI 48913 (517) 335-7567	**WASHINGTON** Director of Dep't of Financial Institutions Securities Div. – 3rd Floor 150 Israel Road, Southwest Tumwater, WA 98501 (360) 902-8760
MINNESOTA Commissioner of Commerce Minnesota Dep't of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101 (651) 539-1600	**WISCONSIN** Div. of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705 (608) 266-2139

EXHIBIT E Form of General Release

The following is our current general release language that we expect to include in a release that a franchisee and/or transferor may sign as part of a renewal or an approved transfer. We have the right to periodically modify the release.

> Franchisee, its officers and directors, its owners, and their respective agents, heirs, administrators, successors, and assigns (the "Franchisee Group"), hereby forever release and discharge, and forever hold harmless BASH Boxing Franchising LLC, its current and former affiliates and predecessors, and their respective shareholders, partners, members, directors, officers, agents, representatives, heirs, administrators, successors, and assigns (the "BASH Group"), from any and all claims, demands, debts, liabilities, actions or causes of action, costs, agreements, promises, and expenses of every kind and nature whatsoever, at law or in equity, whether known or unknown, foreseen and unforeseen, liquidated or unliquidated, which the Franchisee Group and/or its owners had, have, or may have against any member of the BASH Group, including, without limitation, any claims or causes of action arising from, in connection with or in any way related or pertaining, directly or indirectly, to the Franchise Agreement, the relationship created by the Franchise Agreement, or the development, ownership, or operation of the Franchised Business.
>
> Each party represents and warrants to the others, and agrees, that it may later learn of new or different facts, but that still, it is that party's intention to fully, finally, and forever release all of the Demands that are released above. This includes the parties' waiver of state laws that might apply to limit a release (such as Calif. Civil Code Section 1542, which states that "[a] general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.") The Franchisee Group further indemnifies, holds harmless, and agrees to defend the BASH Group against, and agrees to reimburse them for any loss, liability, expense, or damages (actual or consequential) including, without limitation, reasonable attorneys', accountants', and expert witness fees, costs of investigation and proof of facts, court costs, and other litigation and travel and living expenses, which any member of the BASH Group may suffer with respect to any claims or causes of action which any customer, creditor, or other third party now has, ever had, or hereafter would or could have, as a result of, arising from, or under the Franchise Agreement or the Franchised Business. The Franchisee Group and its owners represent and warrant that they have not asserted (nor made an assignment or any other transfer of any interest in) the claims, causes of action, suits, debts, agreements, or promises described above.

EXHIBIT F **Table of Contents to Brand Manual**

The Brand Manual is in digital form and its screens may present differently on different devices.

Brand Manual

Chapter Title	Number of Pages
Preface and Introduction	8
Services and Products	6
Financial Management	7
Customer Service Philosophy and Policies	8
Operational Brand Standards	10
Safety and Security	11
Sample Employment Information	15
Marketing	18
Total Pages	83

Additional Manuals	Number of Pages
Start Up Manual	55

EXHIBIT G Financial Statements

BASH Boxing Franchising LLC

(a wholly owned subsidiary of STAPS Holdings LLC)

Financial Report

December 31, 2022

BASH Boxing Franchising LLC

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Independent Auditor's Report

To the Member
BASH Boxing Franchising LLC

Opinion

We have audited the financial statements of BASH Boxing Franchising LLC (the "Company"), which comprise the balance sheet as of December 31, 2022 and 2021 and the related statements of operations, member's equity, and cash flows for the year ended December 31, 2022 and the period from January 12, 2021 (date of inception) through December 31, 2021, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021 and the results of its operations and its cash flows for the year ended December 31, 2022 and the period from January 12, 2021 (date of inception) through December 31, 2021 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audits of the Financial Statements

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

PRAXITY
Empowering Business Globally

To the Member
BASH Boxing Franchising LLC

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Plante & Moran, PLLC

July 17, 2023

BASH Boxing Franchising LLC

Balance Sheet

December 31, 2022 and 2021

	2022	2021
Assets		
Current Assets - Cash	$ -	$ 80,000
Due from Member	120,000	-
Total assets	**$ 120,000**	**$ 80,000**
Liabilities and Member's Equity		
Liabilities - Deferred revenue	$ 40,000	$ -
Member's Equity	80,000	80,000
Total liabilities and member's equity	**$ 120,000**	**$ 80,000**

See notes to financial statements.

BASH Boxing Franchising LLC

Statement of Operations

	Year Ended December 31, 2022	Period from January 12, 2021 (Date of Inception) through December 31, 2021
Operating Income (Loss)	$ -	$ -
Net Income (Loss)	$ -	$ -

See notes to financial statements.

BASH Boxing Franchising LLC

Statement of Member's Equity

Balance - January 12, 2021 (date of inception)	$ -
Net income (loss)	-
Contributions	80,000
Balance - December 31, 2021	80,000
Net income (loss)	-
Balance - December 31, 2022	**$ 80,000**

See notes to financial statements.

BASH Boxing Franchising LLC

Statement of Cash Flows

	Year Ended December 31, 2022	Period from January 12, 2021 (Date of Inception) through December 31, 2021
Cash Flows from Operating Activities		
Net income (loss)	$ -	$ -
Adjustments to reconcile net income (loss) to net cash from operating activities:		
Deferred revenue	40,000	-
Due from member	(120,000)	-
Net cash used in operating activities	(80,000)	-
Cash Flows Provided by Financing Activities - Member contributions	-	80,000
Net (Decrease) Increase in Cash	(80,000)	80,000
Cash - Beginning of period	80,000	-
Cash - End of period	**$ -**	**$ 80,000**

See notes to financial statements.

Note 1 - Nature of Business

BASH Boxing Franchising LLC (a wholly owned subsidiary of STAPS Holdings LLC) (the "Company") is a limited liability company organized in the state of Virginia. The Company is engaged in franchising operations that specialize in providing customers with a one-of-a-kind group fitness experience featuring proprietary boxing-focused fitness programs. The Company operates under the name BASH Boxing and related trademarks (the "Marks"). Under a licensing agreement with STAPS Holdings LLC, the Company has the nonexclusive, royalty-free right to use the Marks in connection with its operations. As of December 31, 2022, the Company had signed one franchise agreement in Alexandria, Virginia, which has not yet opened.

The Company is part of a group of companies affiliated by common ownership. The operating results of the Company could vary significantly from those that would have occurred had the Company operated independently.

Note 2 - Significant Accounting Policies

Basis of Presentation

The financial statements of the Company have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

Cash

The total amount of bank deposits that was insured by the FDIC at December 31, 2021 was $80,000.

Revenue Recognition

The Company's revenue consists of franchise fees. The Company sells individual franchisees the right to operate a BASH Boxing location within a defined territory using the franchise brand name. The initial franchise fees are recognized as revenue over the term of the franchise agreement or upon termination of such agreement. The Company had no revenue for the year ended December 31, 2022 and the period from January 12, 2021 (date of inception) through December 31, 2021.

The Company has performance obligations to provide franchisees with the franchise rights to operate a BASH Boxing location, training, and site selection, as well as provide marketing and advertising for which fees are charged. The Company has concluded that these items represent a single performance obligation. Therefore, the initial franchise fee for each agreement is allocated to each individual franchise and recognized over the term of the respective franchise agreement, typically 10 years, beginning on the date the location is opened.

The initial franchise fees are due and typically paid when a franchise agreement is executed and are nonrefundable unless the franchisee does not properly complete initial training, at which time the agreement would be terminated and 50 percent of the initial franchise fee would be refunded. These fees are collected prior to the satisfaction of the Company's performance obligations, resulting in the Company recognizing deferred revenue contract liabilities. Deferred revenue as of December 31, 2022 and 2021 was $40,000 and $0, respectively.

Income Taxes

The Company is treated as a partnership for federal income tax purposes. Consequently, federal income taxes are not payable or provided for by the Company. The member is taxed individually on its pro rata ownership share of the Company's earnings. The Company's net income or loss is allocated to the member in accordance with the Company's operating agreement.

Note 2 - Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including July 17, 2023, which is the date the financial statements were available to be issued.

Note 3 - Member's Equity

The Company was formed during 2021 through a contribution of equity from its member in the amount of $80,000.

Note 4 - Related Party Transactions

For the year ended December 31, 2022 and the period from January 12, 2021 through December 31, 2021, certain expenses of the Company were paid by the member, totaling approximately $80,000 in each respective period.

During 2022, the Company changed financial institutions and transferred its cash to the member during the transition. As a result, $120,000 of cash was held with the member as of December 31, 2022, which is presented as a due from member on the accompanying balance sheet. In 2023, the Company opened a bank account with a new financial institution.

BASH Boxing Franchising LLC

(a wholly owned subsidiary of STAPS Holdings LLC)

Financial Report

December 31, 2021

BASH Boxing Franchising LLC

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Independent Auditor's Report

To the Member
BASH Boxing Franchising LLC

Opinion

We have audited the financial statements of BASH Boxing Franchising LLC (the "Company"), which comprise the balance sheet as of December 31, 2021 and the related statements of operations, member's equity, and cash flows for the period from January 12, 2021 (date of inception) through December 31, 2021, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and the results of its operations and its cash flows for the period from January 12, 2021 (date of inception) through December 31, 2021 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

PRAXITY
Empowering Business Globally

To the Member
BASH Boxing Franchising LLC

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Plante & Moran, PLLC

March 25, 2022

BASH Boxing Franchising LLC

Balance Sheet

December 31, 2021

Assets - Cash	**$ 80,000**
Liabilities and Member's Equity	
Liabilities	$ -
Member's Equity	80,000
Total liabilities and member's equity	**$ 80,000**

See notes to financial statements.

BASH Boxing Franchising LLC

Statement of Operations

Period from January 12, 2021 (Date of Inception) through December 31, 2021

Operating Income	$ -
Net Income	**$** -

See notes to financial statements.

BASH Boxing Franchising LLC

Statement of Member's Equity

Period from January 12, 2021 (Date of Inception) through December 31, 2021

Balance - January 12, 2021 (date of inception)	$ -
Net income	-
Contributions	80,000
Balance - December 31, 2021	**$ 80,000**

See notes to financial statements.

BASH Boxing Franchising LLC

Statement of Cash Flows

Period from January 12, 2021 (Date of Inception) through December 31, 2021

Cash Flows Provided by Financing Activities - Member contributions	$ 80,000
Net Increase in Cash	80,000
Cash - Beginning of period	-
Cash - End of period	**$ 80,000**

See notes to financial statements.

BASH Boxing Franchising LLC

Notes to Financial Statements

December 31, 2021

Note 1 - Nature of Business

BASH Boxing Franchising LLC (a wholly owned subsidiary of STAPS Holdings LLC) (the "Company") is a limited liability company organized in the state of Virginia. The Company is engaged in franchising operations that specialize in providing customers with a one-of-a-kind group fitness experience featuring proprietary boxing-focused fitness programs. The Company operates under the name BASH Boxing and related trademarks (the "Marks"). Under a licensing agreement with STAPS Holdings LLC, the Company has the nonexclusive, royalty-free right to use the Marks in connection with its operations. As of December 31, 2021, the Company had not signed any franchise agreements.

Note 2 - Significant Accounting Policies

Basis of Presentation

The financial statements of the Company have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

Income Taxes

The Company is treated as a partnership for federal income tax purposes. Consequently, federal income taxes are not payable or provided for by the Company. The member is taxed individually on its pro rata ownership share of the Company's earnings. The Company's net income or loss is allocated to the member in accordance with the Company's operating agreement.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The financial statement and related disclosures include evaluation of events up through and including March 25, 2022, which is the date the financial statement was available to be issued.

Note 3 - Member's Equity

The Company was formed through a contribution of equity from its member in the amount of $80,000.

Note 4 - Related Party Transactions

During the period from January 12, 2021 through December 31, 2021, certain expenses of the Company were paid by the member totaling approximately $80,000.

UNAUDITED FINANCIAL STATEMENTS

THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

Management Report

BASH Boxing Franchising LLC
For the period ended June 30, 2023

Prepared by

Marshall Financial Services, Inc.

Prepared on

July 25, 2023

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Profit and Loss

January - June, 2023

This report contains no data for your specified date range.

Balance Sheet

As of June 30, 2023

	Total
ASSETS	
Current Assets	
Bank Accounts	
1003 Marketing Fund (5810)	50.00
Total Bank Accounts	**50.00**
Other Current Assets	
1500 Due from Related Entities	
1501 Due from STAPS Holdings	119,950.00
Total 1500 Due from Related Entities	**119,950.00**
Total Other Current Assets	**119,950.00**
Total Current Assets	**120,000.00**
TOTAL ASSETS	**$120,000.00**
LIABILITIES AND EQUITY	
Liabilities	
Total Liabilities	
Equity	
3000 Member Equity - STAPS Holdings	80,000.00
3900 Retained Earnings	40,000.00
Net Income	
Total Equity	**120,000.00**
TOTAL LIABILITIES AND EQUITY	**$120,000.00**

Statement of Cash Flows

January - June, 2023

	Total
OPERATING ACTIVITIES	
Net Income	
Adjustments to reconcile Net Income to Net Cash provided by operations:	
1501 Due from Related Entities:Due from STAPS Holdings	50.00
Total Adjustments to reconcile Net Income to Net Cash provided by operations:	**50.00**
Net cash provided by operating activities	**50.00**
NET CASH INCREASE FOR PERIOD	**50.00**
CASH AT END OF PERIOD	**$50.00**

EXHIBIT H-1
Maryland Disclosure Addendum

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the Franchise Disclosure Document (FDD) for BASH Boxing Franchising LLC for use in the State of Maryland shall be amended as follows:

1. Item 5 of the FDD shall be amended by addition of 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 and the outlet is opened. In addition, all development fees and initial payments by developers shall be deferred until the first franchise under the development agreement opens.

2. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following language:

   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.

   A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

   Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise

3. Exhibit K, “Franchise Compliance Certification,” shall be amended by the addition of the following at the end of Exhibit K:

   The representations under this Franchisee Disclosure Acknowledgment Statement are not intended, nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

4. This addendum will apply only if the Maryland Franchise Registration and Disclosure Law would apply on its own without reference to this addendum.

EXHIBIT H-2
Virginia Disclosure Addendum

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for BASH Boxing Franchising LLC for use in the Commonwealth of Virginia is amended as follows:

1. The following statement is added to the "Special Risks to Consider About this Franchise Page":

   Estimated Initial Investment. The franchisee will be required to make an estimated initial investment ranging from $690,333 to $1,563,000. This amount exceeds the franchisor's stockholders' equity as of March 5, 2021, which is $80,000.

2. The following statements are added to Item 17.h.

   Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

   Nothing in the Franchise Agreement will be interpreted or construed in a manner inconsistent with the requirements of Va. Code § 13.1-564, which provides that "[i]t shall be unlawful for a franchisor to cancel a franchise without reasonable cause or to use undue influence to induce a franchisee to surrender any right given to him by any provision contained in the franchise."

3. This addendum will apply only if the Virginia Retail Franchising Act would apply on its own with respect to such provision, without reference to this addendum.

EXHIBIT H-3
Maryland Amendment to Franchise Agreement

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached BASH Boxing Franchising LLC Franchise Agreement (the "Agreement") agree as follows:

1. Section 2.2.8 of the Agreement, under the heading "Term And Renewal," is deleted in its entirety and will have no force or effect, and the following is substituted in its place:

   2.2.8 You (and your direct and indirect owners) must execute and deliver to us a general release, in a form we prescribe, of any and all claims against us and our subsidiaries and affiliates, and their respective officers, directors, agents, and employees, but this release will not apply with respect to any liability arising under the Maryland Franchise Registration and Disclosure Law;

2. In Section 4.1 of the Agreement, under the heading “Initial Franchise Fee,” the second sentence shall be replaced with the following:

   The Initial Franchise Fee is due and payable to us on the day that you are open for business and we have fulfilled all of our pre-opening obligations.

3. Section 16.5.2 of the Agreement, under the heading "Transfer Of Interest," is deleted in its entirety and shall have no force or effect, and the following is substituted in its place:

   16.5.2. You, the transferor, and any other persons we designate, will have executed and delivered to us a general release, in a form satisfactory to us, of any and all claims against us and our affiliates, successors, and assigns, and their respective directors, officers, shareholders, partners, agents, representatives, servants, and employees in their corporate and individual capacities including, without limitation, claims arising under this Agreement, any other agreement between you and us or our affiliates, and federal, state, and local laws and rules, but this release will not apply with respect to any liability arising under the Maryland Franchise Registration and Disclosure Law;

4. Section 24 of the Agreement, under the heading "Entire Agreement and Amendment," is amended by the addition of the following language:

   All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor will they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

5. Sections 26.2, 26.3, and 26.7 of the Agreement, under the heading "Applicable Law and Dispute Resolution," are amended by the addition of the following language:

   A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

6. Section 28 of the Agreement, under the heading "Acknowledgments," is supplemented by the following:

   These acknowledgments are not intended to nor will they act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

7. Section 28.13 of the Agreement, under the heading "Acknowledgements," will be supplemented with the following:

   This General Release does not release any claims that you may have under the Maryland Franchise Registration and Disclosure Law.

8. This amendment will apply only if the Maryland Franchise Registration and Disclosure Law would apply on its own without reference to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Maryland amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

BASH Boxing Franchising LLC Franchisor	_____, Franchisee
By: _____	By: _____
Printed Name: _____	Printed Name: _____
Title: _____	Title: _____

EXHIBIT H-4
Virginia Amendment to Franchise Agreement

In recognition of the restrictions contained in the Virginia Retail Franchising Act, the parties to the attached BASH Boxing Franchising LLC Franchise Agreement (the "Agreement") agree as follows:

1. Section 17 of the Agreement, under the heading "Default and Termination," will be amended by the addition of the following:

   > Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

2. This amendment will apply only if the Virginia Retail Franchising Act would apply on its own without referring to this amendment.

IN WITNESS WHEREOF, the parties have signed and delivered this Virginia amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

BASH Boxing Franchising LLC	_____
Franchisor:	Franchisee:
By:_____	By:_____
Printed Name:_____	Printed Name:_____
Title:_____	Title:_____

EXHIBIT H-5
Maryland Amendment to Development Agreement

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached BASH Boxing Franchising LLC Development Agreement (the "Agreement") agree as follows:

1. Section 4 of the Agreement, under the heading “Development Fee,” is amended by adding the following:

   Notwithstanding anything to the contrary in Section 4, you will not be required to pay the Developer Fee to us until the day that your first Studio is open for business and we have fulfilled all of our pre-opening obligations for that Studio.

2. Section 9.2 of the Agreement, under the heading "Transfer Conditions,” is amended by the addition of the following language:

   Any release provided under this section will not apply with respect to any liability arising under the Maryland Franchise Registration and Disclosure Law.

3. Section 9.11 of the Agreement, under the heading "Applicable Law and Dispute Resolution," is amended by the addition of the following language:

   An area developer may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

4. Section 9.12 of the Agreement, under the heading "Acknowledgments," incorporates by reference Section 28 of the Franchise Agreement. Section 28 of the Franchise Agreement is amended by the addition of the following language is supplemented by the following paragraphs:

   The above acknowledgments are not intended to nor will they act as a release, estoppel, or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

   A general release under Section 9.12 will not release any claims that you may have under the Maryland Franchise Registration and Disclosure Law.

5. Section 12 of the Agreement, under the heading "Entire Agreement and Amendment," is amended by the addition of the following language:

   All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor will they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

6. This amendment will apply only if the Maryland Franchise Registration and Disclosure Law would apply on its own without reference to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Maryland amendment to the Development Agreement on the same date as the Development Agreement was executed.

BASH Boxing Franchising LLC
Franchisor

By: _____

Printed Name: _____

Title: _____

_____,
Developer:

By: _____

Printed Name: _____

Title: _____

EXHIBIT H-6
Virginia Amendment to Development Agreement

In recognition of the restrictions contained in the Virginia Retail Franchising Act, the parties to the attached BASH Boxing Franchising LLC Development Agreement (the "Agreement") agree as follows:

1. Section 9.3 of the Agreement, under the heading, "Default and Termination," incorporates by reference Section 17 of the Franchise Agreement. Section 17 of the Franchise Agreement is amended by the addition of the following:

   > Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

2. This amendment will apply only if the Virginia Retail Franchising Act would apply on its own without referring to this amendment.

IN WITNESS WHEREOF, the parties have signed and delivered this Virginia amendment to the Development Agreement on the same date as the Development Agreement was executed.

BASH Boxing Franchising LLC	_____
Franchisor:	Developer:
By:_____	By:_____
Printed Name:_____	Printed Name:_____
Title:_____	Title:_____

EXHIBIT I List of Current and Former Franchisees

NONE

EXHIBIT J List of Affiliate-Owned BASH Studios

BASH Boxing Rosslyn	1550 Wilson Boulevard Arlington, VA 22209 ROSSLYN@bash-boxing.com (703) 646-7890
BASH Boxing Ballston	700 N Randolph Street Arlington, VA 22203 BALLSTON@bash-boxing.com (703) 705-9169
BASH Boxing Mosaic	2905 District Avenue Fairfax, VA 22031 (703) 978-3405

EXHIBIT K **State Effective Dates**

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

State	Effective Date
Maryland	Pending
Virginia	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT L-1 **Item 23 Receipt**

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If BASH Boxing Franchising LLC ("**BB**") offers you a franchise, it must provide this Disclosure Document to you: (a) 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale, or (b) in NY, at the earlier of your first personal meeting to discuss the franchise, or 10 business days before you sign a binding agreement with, or make payment to us or an affiliate in connection with the proposed franchise sale, or (c) in IA, at the first personal meeting or 14 days before you sign the franchise or other agreement or you pay us any funds that relate to the franchise relationship (whichever happens first), or (d) in MI, at least 10 business days before you sign any binding agreement or pay us any consideration, whichever happens first.

If BB 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the appropriate state agency listed in Exhibit C.

The franchise seller is Alex Trakas at BB's headquarters (2020 Pennsylvania Avenue NW, Suite 1210, Washington, DC 20006 and 571.353.7438). Any additional individual franchise sellers involved in offering the franchise are: _____.

The issuance date of this Franchise Disclosure Document is July 21, 2023.

BB authorizes the agents listed in Exhibit D to receive service of process for us.

I have received a Franchise Disclosure Document dated July 21, 2023, and with effective dates of state registration as listed on the State Effective Dates Page. This Disclosure Document included the following exhibits:

A. Franchise Agreement & Exhibits
B. Development Agreement & Exhibits
C. List of State Administrators
D. List of Agents for Service of Process
E. Form of General Release
F. Table of Contents to Brand Manual
G. Financial Statements
H. State-Specific Addenda
I. List of Current and Former Franchisees
J. List of Affiliate-Owned Studios
K. Franchise Compliance Certification
L. State Effective Dates Page
M. Receipts

_____
Date Received

_____
Prospective Franchisee

_____
Name (Please print)

_____

_____
Address

Please keep this copy

EXHIBIT L-2 **Item 23 Receipt**

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If BASH Boxing Franchising LLC ("**BB**") offers you a franchise, it must provide this Disclosure Document to you: (a) 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale, or (b) in NY, at the earlier of your first personal meeting to discuss the franchise, or 10 business days before you sign a binding agreement with, or make payment to us or an affiliate in connection with the proposed franchise sale, or (c) in IA, at the first personal meeting or 14 days before you sign the franchise or other agreement or you pay us any funds that relate to the franchise relationship (whichever happens first), or (d) in MI, at least 10 business days before you sign any binding agreement or pay us any consideration, whichever happens first.

If BB 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the appropriate state agency listed in Exhibit C.

The franchise seller is Alex Trakas at BB's headquarters (2020 Pennsylvania Avenue NW, Suite 1210, Washington, DC 20006 and 571.353.7438). Any additional individual franchise sellers involved in offering the franchise are: _____.

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M. Receipts

_____
Date Received

_____
Prospective Franchisee

_____
Name (Please print)

_____

_____
Address

Please sign, date, and return this copy to BB.