# FRANCHISE DISCLOSURE DOCUMENT

**Ringside Development Company d/b/a Bio-One Colorado, Inc.**
**An Arizona Corporation Authorized to Do Business in Colorado**
**8200 SouthPark Cir. #300**
**Littleton, Colorado 80120**
**303-625-6543**
**www.BioOneInc.com**
**info@BioOneInc.com**

The franchise offered is for the establishment and operation of a restoration services business providing residential and commercial removal of regulated and non-regulated bio-medical waste with additional services such as cleaning, disinfecting, hoarding remediation, medical waste, and sharp-instruments removal.

The total investment to begin operations of a Bio-One franchise is $105,445 to $153,445. This includes $92,295 that must be paid to the franchisor or affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Sandi Ellis at 8200 SouthPark Circle #300, Littleton, Colorado 80120, 303-625-6543.

The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract 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, DC 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 (Exhibit A).

The issuance date is: April 29, 2022.



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## 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 D. |
| **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 Bio-One 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 Bio-One franchisee?** | Item 20 or Exhibit B lists 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 terns and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents. |



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## What You Need To Know About Franchising Generally

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

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

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

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

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

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

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

## Some States Require Registration

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

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



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## Special Risks to Consider About *This* Franchise

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

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

2. **Mandatory Minimum Payments**. You must make minimum royalty or marketing fund payments, regardless of your sales levels. Your inability to make the payment may result in the termination of your franchise and loss of your investment.

3. **Spousal Liability.** We reserve the right to require a spouse, significant other, or similar domestic partners to sign a personal guaranty. If we require your spouse to sign a document that makes your spouse liable for all financial obligations under the franchise agreement, even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk, if your franchise fails.

4. **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) to see whether your state requires other risks to be highlighted.



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**NOTICE REQUIRED BY THE STATE OF MICHIGAN**
**(THE FOLLOWING APPLIES TO TRANSACTIONS GOVERNED BY MICHIGAN FRANCHISE INVESTMENT LAW**

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

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

A prohibition of the right of a Franchisee to join an association of Franchisees.

A requirement that a Franchisee assent to a release, assignment, novation, waiver, or estoppel that deprives a franchisee of rights and protections provided in this act. This does not preclude a franchisee, after entering into a Franchise Agreement, from settling any and all claims.

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

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

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

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

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

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

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



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

The franchisee's failure or proposed transferee to pay any sums owing to the franchisor or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

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

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

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

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

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, Department of the Attorney General, G. Mennen Williams Building, 7th Floor, 525 W. Ottawa Street, P.O. Box 30212, Lansing, MI 48909, and telephone (517) 335-7622.

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



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Though the State of Michigan intends to enforce the above, we reserve the right to challenge such enforcement.



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**RINGSIDE DEVELOPMENT COMPANY D/B/A BIO-ONE COLORADO, INC**
**FRANCHISE DISCLOSURE DOCUMENT**

## ITEM 1

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

To simplify the language in this Disclosure Document, the use of the word "we," "us," or similar pronouns means the Franchisor Ringside Development Company d/b/a Bio-One Colorado, Inc. "You" and similar pronouns mean the person or corporation, partnership, or other entity (Legal Entity), including your owners, stockholders, or partners, who are buying the right to operate under the Franchise Agreement.

### The Franchisor, Any Parents, and Its Predecessors and Affiliates

We are an Arizona corporation that was formed on May 28, 2010. We moved our headquarters to Colorado and filed in Colorado as a foreign corporation on March 24, 2016. We also do business under the name "Bio-One™" and "The Crime and Trauma Scene Cleaning Franchise™." Our principal business address is 8200 SouthPark Circle #300, Littleton, Colorado 80120, 303-625-6543.

As of July 21, 2021, our parent company is FS PEP Holdco, LLC, an affiliate of Princeton Equity Group, LLC, a private equity firm based in Princeton, New Jersey.

We also have one affiliate that provides goods or services to our franchisees. Five Star Connect, Inc. provides centralized call center services to our franchisees as well as to Five Star Bath Solutions franchisees and other customers not affiliated with our brand. Five Star Connect does business under the name "Pronexis." Pronexis has offered its call center services since [month, year]. The principal business address of Pronexis is 761 W. Spring Creek Pl., Suite 100, Springville, Utah 84663.

Our affiliate Bio-One IP Group, LLC, is a Colorado limited liability company (IP Affiliate) formed on May 25, 2018. Its address is the same as ours. We assigned our Mark to our IP Affiliate on June 28, 2018, and our IP Affiliate immediately granted us a license to use the Marks in conjunction with this franchise offering. It does not franchise in this or any other line business.

Our affiliate, Five Star Bath, L.L.C. offers bathroom renovation franchises, from its principal address of 761 W. Spring Creek Pl., Springville UT 84663. It has offered such franchises since 2015. As of December 31, 2021, it had 71 franchises in operation.

Our affiliate, Gotcha Covered Franchising, LLC offers window covering and treatment franchises, from its principal address of 303 S. Broadway, Suite 200-153, Denver CO 80209. It has offered such franchises since 2009. As of December 31, 2021, it had 128 franchises in operation.

Our affiliate, 1-800-Packouts Franchise LLC offers contents restoration service franchises, from its principal address of 110 Brunes Way, Ball Ground GA 30107. It has offered such franchises since 2015. As of December 31, 2021, it had 64 franchises in operation.

Our affiliate, 1-800-Textiles Franchises, LLC offers textile restoration service franchises,



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from its principal address of 110 Brunes Way, Ball Ground GA 30107. It has offered such franchises since 2022. As of December 31, 2021, it had 0 franchises in operation.

Our affiliate, Mosquito Shield Franchise, LLC offers window covering and treatment franchises, from its principal address of 500 E. Washington St. #24, North Attleboro, MA 02760. It has offered such franchises since 2013. As of December 31, 2021, it had 293 franchises in operation.

Our affiliate, D1 Sports Franchise, LLC offers athletic performance training facility franchises, from its principal address of 7115 S. Springs Dr., Franklin TN 37067. It has offered such franchises since 2015. As of December 31, 2021, it had 63 franchises in operation.

Our affiliate, SB Oil Change Franchising, LLC offers quick-service engine oil change facility franchises, from its principal address of 301 North Main Street, Suite 2605, Winston Salem, NC 27101. It has offered such franchises since 2019. As of December 31, 2021, it had 81 franchises in operation.

Our affiliate, CMY Franchising, LLC offers franchises providing rental services for the set-up and display of celebratory yard signs and customized messages, from its principal address of 2009 Ranch Road 620 N., Suite 420, Austin TX 78734. It has offered such franchises since 2017. As of December 31, 2021, it had 472 franchises in operation.

Our affiliate, Five Star Connect, Inc. has been in the business of delivering support services to franchise systems since 2015, including to us and some of our affiliates, with such services including call center, software, and marketing services, from its principal address of 761 W. Spring Creek Pl., Springville UT 84663.

None of our affiliates has ever operated a Gotcha Covered business.

We do not offer franchises in any other line of business and do not operate a business of the type being offered here.

**The Business**

Under the franchise, we offer you the right to establish and operate a restoration services business providing residential and commercial removal of regulated and non-regulated bio-medical waste with additional services such as cleaning, disinfecting, hoarding remediation, medical waste, and sharp-instruments removal. (Business).

You will be subject to an initial criminal background check before you sign the Franchise Agreement.

This Franchise Disclosure Document (FDD) and the Franchise Agreement describe the terms and conditions for which we currently offer franchises to new franchisees. As the needs of the market change, we will occasionally offer franchises under different terms and conditions.



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The "System" is our proprietary, confidential, and trade secret information. The System includes but is not limited to: the trademarks, service marks, and logos (Marks); the manner and method of training that we deliver to you; the operations manuals (which may be in paper or electronic format and may be changed and updated by paper or electronic notices including email and texts - "Franchisee Manuals"), standards and procedures that you will use in the day-to-day operation of the Business; your client list (Client List), and any copyrighted, trade secret or confidential information owned by us, including this FDD, the Franchise Agreement, and the Franchisee Manuals. You must operate under our System.

**Prior Business Experience**

We have been franchising since 2010.

**Competition and Laws Affecting the Business**

You will be marketing to the general public and to governmental institutions such as police departments and fire stations that are called out to crime scenes, and to injury/death scenes at which bio-medical wastes are found. You will also be marketing to the general public seeking hoarding remediation, sanitizing homes or business, and similar cleanup opportunities. The market is emerging but fragmented, with services being available from competitors in some locations while no competition is found in others. The business is not seasonal. You will be competing against other local and national firms that offer the same or similar services as you may be offering. You will also compete against other franchisees of our system.

Most states and local jurisdictions have enacted laws, rules, regulations, and ordinances, which may apply to the operation of your business, including occupational health and safety, labor, licensing and bonding, insurance, and marketing. You may need to obtain a contractor's license or technician certification from the Institute of Inspection Cleaning and Restoration Certification (IICRC). You must abide by the requirements of (a) the Payment Industry Data Security Standards (PCI-DSS). You and not, we are solely responsible for adhering to these requirements. You will receive your Bio-One training certification after completion of our training course. Additionally, you may need to obtain other certifications and be a licensed contractor or engineer, depending on your local or state requirements. You must investigate and comply with all applicable federal, state, county, and city laws and regulations. You alone are responsible for complying with all applicable laws and regulations.

## ITEM 2

## BUSINESS EXPERIENCE

**President and Member of Board of Directors: *Sandi Ellis***

Sandi Ellis has been the head of Franchise Operation since March 1, 2016. From January 2001 to December 31, 2015, Ms. Ellis was employed by Brinker International, located in Dallas, Texas, where she held multiple finance and operational roles.

### Chief Growth Officer - J. Andrew Mengason

J. Andrew Mengason is our Chief Growth Officer, working out of Springville, Utah, and has held this role since 2022. He is CEO and President of Madison Range Investments, located in Birmingham, Michigan and has held such role since 2018. His prior roles included President and



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Chief Operating Officer of Mesa Systems, LLC, in Salt Lake City, Utah, from 2019 to 2021; Director of National Sales and Operations for Certified Restoration Drycleaning Network in Barkley, Michigan from 2009 to 2013; and Chief Operating Officer for BELFOR Franchise Group, in Ann Arbor, Michigan from 2013 to 2018.

**Corporate Mentor:** Rebecca Wallace

Ms. Wallace has been our Corporate Mentor since 2022. Prior to this role, Ms. Wallace has been our Trainer from 2020 to 2022, as well as a Sales and Marketing Partner in the Bio-One of Flagstaff and Bio-One of Scottsdale franchise locations in Arizona, from 2018 to 2021. She was Regional Manager/Partner with Horsemen Lodge in Flagstaff, Arizona from 2016 to 2020 and concurrently Event Planner/Partner for Delicious Eats in Flagstaff, Arizona from 2017 to 2020.

**Director of Franchise Development**: Russ Jacque

Mr. Jacque has been our Director of Franchise Development since 2022. Prior to this role, Mr. Jacque was a Salesman with The Jacque Group, in Waco, Texas, from 2015 to 2022.

## ITEM 3

## LITIGATION

On November 7, 2018, the State of California (through the Commissioner of the Department of Business Oversight now the Department of Financial Protection and Innovation) and we entered into a "Consent Order" captioned: In the Matter of RINGSIDE DEVELOPMENT COMPANY dba BIO-ONE, INC., for which no case number or similar number was assigned. In the consent, we admitted that we sold a franchise in California without being properly registered. In settling the matter, we paid the state $2,500 and agreed to desist and refrain from the further offer or sale of franchises in California unless and until the offers have been duly registered with California under the California Franchise Investment Law (Corp. Code, §31000 et seq.) Except as stated here, no litigation is required to be disclosed in this Item.

On October 5, 2020, the State of Illinois (through the Attorney General's Office) and we entered into an "Assurance of Voluntary Compliance" (Assurance) captioned: In the Matter of RINGSIDE DEVELOPMENT COMPANY dba BIO-ONE, INC., for which no case number or similar number was assigned. In the Assurance, we admitted that we sold a franchise in Illinois in 2016 without being properly registered. In settling the matter, we paid the state $2,000 and agreed to desist and refrain from the further offer or sale of franchises in Illinois unless and until our disclosure document has been registered in Illinois.

On November 4, 2020, the State of Washington, **through and with the Securities Division of the Washington Department of Financial Institutions**) and we entered into a Consent Order (Order) captioned: In the Matter of Determining Whether There Has Been a Violation of the Franchise Investment Protections Act of Washington by: Ringside Development Company d/b/a Bio-One Colorado, Inc., and which document is assigned Order Number: S-20-3007-20-CO01. In the Order and though we (including our agents and employees) did not admit or deny the allegations contained in the Order, we (including our agents and employees) agreed to cease and desist from (i) offering or selling franchises in violation of the Franchise Investment Protection Act (FIPA); and (ii) any other violation of the FIPA. In addition, we agreed to pay Washington's investigative fee in the amount of $1,000.00.



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On May 27, 2021, the State of California (through the Commissioner of the Department of Financial Protection and Innovation) and we entered into a "Consent Order" captioned: In the Matter of RINGSIDE DEVELOPMENT COMPANY dba BIO-ONE, INC., for which no case number or similar number was assigned. In the Consent Order, the Commissioner found that we failed to state a material fact by omitting disclosure in our 2021 application for franchise registration that our former president and sole member of the board who served from January 1, 2021, to May 17, 2021, had three felony convictions in 2007. To avoid delay and costs of litigation, we settled the matter by agreeing to desist and refrain from violating Section 31200 of the California Franchise Investment Law.

## ITEM 4

## BANKRUPTCY

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

## ITEM 5

## INITIAL FEES

The initial franchise fee (IFF) is $50,000.

We will deliver the Bio-One Application ("Application" - Exhibit H to this FDD) to you when you receive this FDD. The IFF represents payment for expenses incurred by us in furnishing valuable resources to you, including the Manuals, training, and the pre-opening services (Item 11), for the payment of any sales costs and a profit.

You are required to purchase from our approved vendor, an affiliate, or us your initial package of equipment, tools, and supplies needed to open your business (QSP Package). The QSP Package includes hand tools, cleaning supplies (including solvents and cleaning liquids), sponges, pails, "QSP Consumables" (including bio-hazardous-compliant suits, gloves, masks, hazardous-waste transport containers, and similar items that are consumed at a job site,) vacuums, shelving for your business vehicle (if shelving is not already installed in the vehicle), and other equipment needed to operate the Business. The cost for the QSP Package $39,500 (QSP Cost) may increase depending on any extra equipment or supplies you may wish to purchase. You must pay the QSP Cost at the time you pay your IFF.

You will pay us $1,295 as your "Technology Startup Fee" that will be used to set up your landing page on our website.

You are required to take our "OSHA (Occupational Safety and Health Administration) Training," for which you will pay our then-current "OSHA Training Fee" that now is $1,500. (Item 11).

Except as stated above, all fees are payable in one lump sum, are uniform, and are non-refundable. You pay our Affiliates or us no other fees or payments for services or goods before your Business opens.

## ITEM 6

## OTHER FEES



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| TYPE OF FEE (Note 1) | AMOUNT | DUE DATE | REMARKS |
|---|---|---|---|
| Royalty | The greater of $500 per month (Minimum Royalty) or 7% (Percentage Royalty) of "Gross Sales." Note 2. | Payable by you on or before the 16th day of each month. | Payable to us by electronic funds transfer (EFT) initiated by you through an automated clearinghouse (ACH) transaction. |
| | | | |
| Marketing Fee | The greater of $145 or our then-current fee that now is 2% of the Gross Sales. | Payable with Royalty. | Used to fund national branding events and marketing materials. We may increase at any time up to no more than 3% of the Gross Sales. We will give you no less than 60 days prior written notice before any increase. Payable to us. |
| Local Advertising Fee | The greater of $1,500 or 5% of Gross Sales. | As incurred. | You pay local suppliers, subject to our approval. The Local Advertising Fee will also be used for internet marketing. We may require your expenditures to be used in Regional Advertising Cooperative. |
| Regional Advertising Cooperative Fee | Currently $0.00. If a Regional Advertising Program is established, you may be required to contribute a specified part of your Local Advertising Fee to the Regional Advertising Cooperative. | Payable with Royalty. | Payable to Cooperative. We have not determined any formula for calculating the percentage of your Local Advertising Fee that would be paid to the Cooperative. |
| Accounting Software Fees | $0 to $250 per month | As incurred. | If we designate accounting software as a requirement for franchisee use, you must use the designated accounting software provided by our designated vendor(s). This fee is paid directly to the vendor. |
| Technology Maintenance Fee | Our then-current fee that now is $625 per month. | Payable with Royalty. | This covers our cost to maintain your landing page without additional charge to you. We may increase this fee at any time and in any amount after first giving you no less than 60 days prior written notice. Payable to our approved vendor or us. |
| Additional Training Fee | The then-current fee that is now $1,500 plus your | 14 days before the visit. | Note 3. |



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| TYPE OF FEE (Note 1) | AMOUNT | DUE DATE | REMARKS |
|---|---|---|---|
| | travel room and board if you travel to us. | | |
| OSHA Training Fee | Our then-current fee that is now $1,500, plus your travel room and board. | As incurred. | We have the right to increase this fee by any amount without limitation after first giving you 60 days prior written notice. |
| Substitute or New Designated Manager Training Fee | Our then-current fee that now is $1,500 per person, plus your expense in attending. | 14 days before the course begins. | Payable to us to train any replacement Designated Manager. We have the right to increase this fee by any amount without limitation after first giving 60 days prior written notice. |
| Conference Attendance Fee | Our then-current fee that now is $850. | As incurred | We may increase this at any time and in any amount after giving you no less than 60 days prior written notice. |
| Additional Conferences, Seminars, or Programs | Currently $-0- | As incurred. | We may offer other conferences or seminars at a frequency we determine. Some may be mandatory and we may charge tuition. We have no criteria for determining tuition and thus cannot now quote a fee. We will give you no less than 60 days prior written notice before we assess tuition. |
| Mandatory Non-Attendance Fee | Our then-current fee that now is $1,500 | As incurred. | If you fail to attend, you will pay this fee. |
| Transfer Fee | $15,000. Note, any sales commission owed as a result of your transfer shall remain your obligation, in addition to the Transfer Fee. | At time transfer is to be completed. | Payable to us if you are permitted to transfer your rights to a third party. |
| Successor Franchise Fee | $10,000 | At the time of signing the new Franchise Agreement. | Payable to us if you are awarded Successor Franchise Rights at the end of the then-current term. You may be required to sign a Franchise Agreement with different terms from those found in your current Franchise Agreement. |
| QSP Package Maintenance and Renewal Fee | Our then-current fee that now is $10,000. | No more often than once every five years. | See Note 4. |
| QSP Consumables Replacement Inventory | Our then-current fees. As of the date of this disclosure, our | As incurred. | Note 4. |



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| TYPE OF FEE (Note 1) | AMOUNT | DUE DATE | REMARKS |
|---|---|---|---|
| | franchisees have spent between $100 and $1,000 per month to replace consumables. | | |
| Client Service Fee | All costs incurred by us in assisting your Clients, including our then-current "Client Service Fee" that now is $0.00. | As incurred. | If a Client complains to us, you must reimburse us if we determine necessary to service your Client directly. We have the right to increase the Client Service Fee by any amount without limitation after giving you no less than 60 days' prior written notice. |
| Indemnification and Cost of Enforcement | Will vary. | As incurred. | You have to reimburse us if we are held liable for any claims arising from your business, including any costs we incur to enforce the Franchise Agreement. Payable to us. |
| Late Fee | Our then-current fee that now is $150 per month per fee that is paid late | As incurred. | Note 5. |
| Default Interest | Our then-current amount that that now is 15% per annum compounded monthly. | As incurred. | Note 5. |
| Report Late Fee | Our then-current fee that now is $50 per day | As incurred. | Note 5. |
| Audit Fees | Our then-current fee that is now $750 plus our costs and expenses, including any accountants' and attorneys' fees. | As incurred. | Payable to us only if you understate your Gross Sales. |
| Temporary Management Fee | Our then-current fee that now is $1,500 per day plus our expenses | Each month that it applies. | If you breach the Franchise Agreement, we may temporarily manage your Business. We have the right to increase this fee by any amount without limitation. We will notify you 60 days before a new fee is to be collected. Payable to us. |
| Taxes | Our costs. | As incurred | See Note 6. |
| Approval of New or Substitute Vendor | Our then-current fee that now is $0.00 | As incurred. | We may at any time charge a fee for this service. We may increase this fee by any amount without limitation after giving |



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| TYPE OF FEE (Note 1) | AMOUNT | DUE DATE | REMARKS |
|---|---|---|---|
| | | | you 60 days prior written notice. |

1. All fees paid to our Affiliate or us are payable in one lump sum, uniform, fully earned by us, and non-refundable except as stated in Item 5. Any interest charged by us will not exceed that allowed by your state law.

2. The Minimum Royalty will never be less than $500 during the Initial Term (Item 17(a)) of the Franchise Agreement. It may increase in the 36th month and seventy-second month of the initial term of the Franchise Agreement to reflect an increase in the Consumer Price Index for all urban consumers (CPI-U) as quoted by the U.S. Bureau of Labor Statistics. We will start billing for Royalties and all other fees collected with the Royalty 45 days after your "Opening Date." (Item 11).

"Gross Sales" means all revenue and income generated from the operation of your Business whether received in cash, in services in kind, from barter or exchange, on credit (whether or not payment is received), including revenue from Clients you bill directly or from a billing service, from late fees, from revenue generated that is in excess of the billed amount, and any other amount charged to Clients. You may deduct from Gross Sales all sales tax or similar taxes, which by law are chargeable to Clients by any taxing authority and are collected by you. You may not deduct the amount of any documented approved discounts, refunds, and credits.

3. We allow two people to take Initial Training. If you wish for more to take it, you will pay our then-current Additional Training Fee.

At least one of the two people that receive Initial Training must complete it before you open. You then have no more than 365 days after your "Opening Date" (Item 11) to send the second trainee to Initial Training. If you do not send a person within that time, Initial Training will be offered at our then-current Additional Training Fee.

Additional Training also includes any additional, advanced, or extraordinary training you request or, if we require it, that you must take.

We have the right to increase this fee by any amount without limitation. We will notify you 60 days before a new fee is to be collected. Payable to us.

4. You must maintain all of the QSP Package equipment, which must be repaired and replaced as needed to maintain operation. We may require you to replace all of the durable tools and equipment supplied with the original QSP Package (other than the QSP Consumables, which will be replaced as often as necessary) no more often than one time every five years. The content of the package will be available only from an approved supplier, or affiliate, or us. We have the right to increase this fee by any amount without limitation. We will notify you 60 days before a new fee is to be collected.

You must replace the QSP Consumables as often as necessary. The quantity of consumables and the amount you will pay to replace components of the QSP Consumables will vary widely depending on the number of jobs you book from month to month, on the type of jobs, with bio-hazardous waste using more QSP Consumables than will a hoarding-cleanup job. As there is no formula for determining what your mix of jobs will be, there is no way to estimate what this could cost you from month-to-month.



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5. The Late Fee is payable to us if you fail to timely pay the Royalty, Marketing Fee, or any other fee due to us because of underreporting or for another breach for which the fee can be collected. The Late Fee applies to each separate fee that you pay late. We may increase this fee by any amount without limitation after giving you no less than 60 days' prior written notice.

The Report Late Fee is payable to us only if you fail to deliver the required reports on time. The Report Late Fee is applicable to each separate report that you file late. We may increase this fee by any amount after giving you no less than 60 days' prior written notice.

Default interest is payable on late payments or underreported payments. We may increase the interest rate by any amount after giving you no less than 60 days' prior written notice, except that the rate will never violate the Applicable Laws of your state.

6. If your state assesses them, and except for our income taxes, you will reimburse us for all taxes we pay for products or services we furnish you or on our collection of the Initial Franchise Fee, the Royalties marketing contributions, or other fees. We will give you written notice if such a tax is levied and provide commercially reasonable proof of the tax calculation.

## ITEM 7

### ESTIMATED INITIAL INVESTMENT

### YOUR ESTIMATE INITIAL INVESTMENT

| Type of Expenditure | Amount* | Method of Payment | When Due | To Whom Payment is to be Made |
|---|---|---|---|---|
| IFF (1) | $50,000 | Lump sum | At signing of Franchise Agreement | Us. |
| QSP Package | $39,500 | Lump sum | At signing of Franchise Agreement | An Approved Vendor, an Affiliate, or Us. |
| Technology Startup Fee | $1,295 | Lump sum | At signing of Franchise Agreement | Us. |
| Rent and Rental Improvements (2) | $-0- to $600 | As incurred | Before opening | Landlord. |
| Furniture, Fixtures, and Equipment, (3) | $-0- to $2,000 | As incurred | Before opening | Vendors. |
| Computer Hardware, Software and Other Electronics (3) | $500 to $2,000 | As incurred | Before opening | Vendors. |
| Initial Training Expenses (4) | $1,000 to $2,500 | As incurred | Before training | Airlines, Hotels, Restaurants. |
| OSHA Training Fee (4) | $1,500 | As incurred. | Before opening | Us |



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| Type of Expenditure | Amount* | Method of Payment | When Due | To Whom Payment is to be Made |
|---|---|---|---|---|
| OSHA Training Expenses (4) | $1,000 to $2,500 | As incurred | As incurred | US |
| Business Vehicle (5) | $-0- to $30,000 | As incurred | Before opening | Vendor |
| Business Vehicle Tax, Title and License (5) | $-0- to $1,500 | As incurred | Before opening | State or Local Government |
| Business Vehicle Insurance (5) | $150 to $300 | As incurred | Before opening | Insurer |
| | | | | |
| Insurance and Professional Services (6) | $750 to $4,000 | As incurred | When incurred | Professionals. |
| Additional Funds - 3 months (7) | $9,000 to $15,000 | As incurred | When incurred | Used for your personal expenses as needed. |
| **TOTAL (8)** | **$105,445 to $153,445** | | | |

1. Except as stated in Item 5, all fees payable to us are uniform, are payable in one lump sum, and are non-refundable. Fees payable to third parties may or may not be refundable.

2. It is anticipated and intended that you will operate this Business from your home. You may choose to rent space for which we have no criteria. If you decide to rent, you may choose any size property that you wish. This is an estimate of three months of rent for a 150 square foot space in a small office building. If you choose to rent, your rent could be significantly higher, depending upon your location in the country.

3. This is an estimate of the cost you may spend on a desk, chair, filing cabinet, adding machine, a telephone, and other office equipment. You may already have sufficient equipment. We have no criteria for the furniture, fixtures, or equipment.

You must have a computer system (including hardware and software, which together are referred to as the "Computer System") that meets our requirements. You may already have some or all of this equipment and software. If not, it could cost this amount to purchase. You must purchase an on-line license for the latest version of Microsoft 365 Personal that currently costs about $7 per month. We have no control over the license fees charged for these software programs, and they may change at any time. The amount stated here includes the first three months of license fees for Microsoft 365.

4. This is the approximate amount you may spend for two people to attend Initial Training before you open. This includes travel, food, and lodging. You may spend more or less depending upon your location relative to our training center (currently Littleton, Colorado - Item 11) and on the lodging you choose.

You will pay us our then-current OSHA Training Fee before you open. OSHA Training is given once each calendar quarter. (Item 11).



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This line item also includes your travel, food, and lodging costs. You may spend more or less depending upon your location relative to our training center (currently Littleton, Colorado).

5. You are required to own, purchase, or lease a late-model Business Vehicle such as a Ford E350 box truck or similar vehicle that is 15 years of age or less. It must be in reasonable mechanical condition, and the body must be free of material dents, scratches, or rust. The Business Vehicle must be bright white. You may already own a vehicle that meets our requirements. You may purchase or lease the Business Vehicle from any source. Your final cost for the Business Vehicle will depend upon the model you choose, its age and condition, and your location in the country.

You must also register the Business Vehicle, pay the taxes for it, and purchase the licenses. You will also be required to insure it. The figure here represents an estimate of the first three months of such insurance. Your costs will depend on the model of vehicle you choose, its age and condition, and your location in the country.

6. This amount includes the initial cost for legal and accounting help and the first three months of insurance premiums for commercial general liability, automobile liability, professional liability, and computer coverage, as more fully disclosed in Item 8. You may spend more depending upon your location in the country and the professionals you choose, and the purpose for which the person was retained.

7. The estimate of additional funds is for the first three months of operation, including employee salaries and an owner's salary or draw, which may be paid during this period. The additional funds required will vary by your management skill, experience, and business acumen, your relative effectiveness as a salesperson, local economic conditions, the local market for your services, competition, and the sales level in your territory that you reach during this period. You may incur other or higher costs or fees. You may also need capital when running the Business that is in addition to what is estimated here.

8. In compiling the estimate of additional funds, we have relied upon the ten years of experience we have had in franchising this opportunity and the experience of Mr. Zamucen, our founder, and Ms. Ellis (Item 2), who operated a franchised unit until she joined management.

Unless otherwise stated, these estimates cover your initial cash investment up to opening the Business and for the three months that follow.

An Affiliate or we do not offer direct or indirect financing to franchisees for any items.

You should carefully review these figures with a business advisor before making any decision.

## ITEM 8

## RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

### Required Purchases and System Changes

You must open and operate your Business under the System. The specifications necessary to operate under the System include standards for delivering services to the Client, professional standards for operation, criteria for performance, and purchases of required goods and services. These specifications were formulated by us. We may modify any specification as to any good, service, supply, fixture, equipment, inventory, computer hardware, software supplier, or the like, at any time and on a local, regional, or national basis. We may also add and remove vendors at any time.



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We may communicate our standards, specifications, and purchase requirements directly to suppliers who wish to supply goods or services to you. We will communicate our standards and specifications to you during training, before you open, during periodic visits to your Business, and through the Franchisee Manuals and periodic bulletins. We may issue new standards and specifications through written notices. Once you are notified, you must make the change that is specified. We may also add and remove vendors at any time.

We have the right, in our sole discretion and as we may deem in the best interests of the system or a specific franchisee, to vary required purchases, standards, or specifications based upon that franchisee's qualifications, special circumstances, the demographics of a particular territory, business potential, or any other condition which we deem to be of importance to the successful operation of any particular Business. We will not be required to disclose or grant you a similar variance.

**Required and Approved Suppliers**

You must purchase the QSP Package from our approved vendor, an Affiliate, or us when you pay the IFF. Our approved vendor, our Affiliate, or we are the only sources for the content of the QSP Package.

You are also required to maintain all of the QSP Package equipment to keep each piece operational. You may be required to replace all of the durable tools and equipment supplied with the original QSP Package no more often than one time every five years at our then-current QSP Package Maintenance and Renewal Fee. We will notify you 60 days before a new fee is to be collected. The content of the QSP Package used for maintenance or renewal will be available only from an approved supplier, an Affiliate, or us.

The QSP Consumables must be purchased from our approved vendor, an Affiliate, or us only.

Our approved vendor or we are the only supplier of the services for which the Technology Maintenance Fee is paid.

We are the only supplier of OSHA Training.

If we receive a Client complaint and determine it necessary to service your Client, you will pay us the Client Service Fee. We are the only supplier of this service.

If you breach the Franchise Agreement, we may step in and temporarily manage your business. If we do, you will pay us the Temporary Management Fee. We are the only supplier of these services.

Your Business Vehicle must meet our criteria and standards and must be maintained and replaced as required by the Franchise Agreement and Manuals. It may be purchased or leased from any person or dealer. If the Business Vehicle exceeds 15 years of age at any time during the Initial Term or any Successor Franchise Term, or if we determine that it has not been properly maintained, you may be required to replace it with the then-current Business Vehicle we require of all new franchisees.

You must purchase and maintain the Computer System, which may be purchased from a reputable dealer. You may already own the hardware and software that we require. We may, as outlined in the Operations Manual, require you to use certain designated software for accounting or bookkeeping purposes. Your use of such software is a condition to your franchise, and in connection with such use, you must furnish to us no less than Viewing access to such software, together with all required reports as set forth herein.



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In the future, we may require all franchisees and you to add new goods, services, and technology to those already sold through or used in the Business. If we do this, you may incur additional expenses, costs, and fees, some of which may be due to an affiliate, a third party for whom we collect the funds, an approved vendor, or us. If we introduce new lines of goods, services, and technology, we will notify you in writing and give you a reasonable time to comply with the changes, which will not exceed 60 days.

You may purchase any other equipment or materials from an approved source. The list of approved products and suppliers is published in the Franchisee Manuals.

Except for the goods and services that must be purchased from an affiliate or us, our principals own no interest in any other supplier. Except as stated here, our Affiliate and we are not approved suppliers.

**Insurance**

Before opening the Business, you will purchase and maintain in full force and effect the following insurance with the following minimum limits:

a. General liability insurance having a combined annual single limit for any form of injury and property damage of $1,000,000 per occurrence and $2,000,000 in the aggregate;

b. Automobile liability insurance in reference to the vehicle or vehicles that are used in the operation of the Business, and automobile liability coverage for owned, non-owned, scheduled, and hired vehicles having limits for bodily injuries of $500,000 per person and $1,000,000 per accident, and property damage limits of $50,000 per occurrence;

c. Employer's liability and worker's compensation Insurance is mandatory regardless of being required by state law in the state in which the Business is found. If your state does not require you to carry such insurance (such as Mississippi or Texas), you must still obtain it, in which case the minimum amount will be $1,000,000/$1,000,000/$1,000,000. You or your equity owners that operate the Business must be covered; no exclusions are allowed. A "Stop Gap" endorsement or similar coverage is required in North Dakota, Ohio, Washington, and Wyoming. This policy must provide primary coverage.

d. Business interruption insurance of not less than $30,000.00 per month for loss of income and other expenses with a limit of not less than nine months of coverage.

e. Professional liability insurance with coverage of at least $1,000,000 per occurrence and $1,000,000 annual aggregate.

f. Excess liability umbrella coverage for general and automobile liability coverage of not less than $1,000,000 per occurrence and $2,000,000 in the aggregate.

The insurance will insure us, you, and our respective subsidiaries, owners, officers, directors, partners, members, employees, servants, and agents against any loss, liability, products liability, personal injury, death or property damage that may accrue due to your operation of the Franchise. Your policies of insurance, will contain a separate endorsement naming us as an additional named insured. The insurance will not be limited in any way because of any insurance we maintain, and will be the primary, non-contributory insurance for claims made thereunder. The insurance will not be subject to cancellation except upon **20** days' written notice to us. Certificates of your insurance policies will be kept on deposit



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with us. Maintenance of the required insurance will not diminish your liability to us under the indemnities contained in this Agreement. The policy or policies will insure against our vicarious liability for actual and (unless prohibited by applicable law) punitive damages assessed against you.

All insurance policies you obtain will contain a blanket waiver of the insurer's rights of subrogation in respect of or against us and our officers, agents, employees and representatives; and will not contain any insured vs. insured exclusion clause, but will contain a severability clause providing that each the policy will be treated as though a separate insurance policy had been issued to each named insured.

We may require you to increase the minimum limits of and types of coverage to keep pace with regular business practice and prudent insurance custom.

If you fail to comply with any of the requirements of this Subsection, we may, but are not obligated to, purchase insurance at your expense to protect our interests. This insurance may, but need not, also protect your interest. The coverage we obtain might not pay any claim you make or any claim made against you. You may later cancel the insurance we obtain by providing evidence that you have obtained proper coverage elsewhere. You are responsible for the cost of any insurance purchased by us pursuant to this paragraph. This coverage may be considerably more expensive than insurance you can obtain on your own and might not satisfy your needs. You will pay us upon demand the premium cost of this insurance with a late payment charge on the unpaid balance at the rate established in this Agreement.

You will promptly report all claims or potential claims against you, the Business or us in writing when you become aware of them. You will give immediate written notice to us of any claims or potential claims you make to your insurers.

We may, at our sole discretion, upon not less than 90 days prior written notice to you, secure a policy of insurance which will provide defined insurance coverage to all or any part of the Five Star Bath Solutions system. This policy may replace or supplement the insurance coverage you are required to maintain. You will pay the relevant insurance premium to us or the designated insurance provider, as we direct.

Nothing contained in this Agreement will be construed as a representation or warranty by us that the insurance coverage we specify will insure you against all insurable risks or amounts of loss which may or can arise out of or in connection with the operation of your franchise business. It is your sole responsibility to ensure that adequate insurance coverage is obtained for your business.

Your procurement and maintenance of the insurance specified above will not relieve you of any liability to us under any indemnity requirement of this Agreement.

Although we require certain insurance coverage and may recommend other coverages, we do not guarantee that the required or recommended insurance will be adequate to protect your assets fully. You should consult with an insurance professional to determine what coverage, in addition to the minimum required coverage, may be needed for you and your Business.

**Approval of Alternative Suppliers**

In some cases, you may wish to purchase a required good or service from a supplier that has not been previously approved by us. There is no charge for this service though we reserve the right at any time to charge for this service. We do not maintain written criteria for approving suppliers, and thus, these criteria are not available to you or your proposed supplier. To obtain our approval, you must submit such information as we may reasonably require to evaluate the prospective supplier. We will evaluate the



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submitted information and provide written notice of our decision within 15 days. If, however, no written response is received, the approval is denied. We may grant or deny approval for any reason or no reason at all. Other than as stated here, we have no other process for approving suppliers.

Approval of alternative suppliers may be revoked if we determine in good faith that their goods or services no longer meet our quality standards.

**Revenue from Franchisee Purchases**

We received revenue and material considerations because of the required purchases. In the year ending December 31, 2020, we earned $745,200 in gross revenue from the sale of the QSP Package, which represents approximately 11% of our total revenue of $6,530,612 for that period. This figure was derived from our audited financial statements found in Exhibit G.

The cost of equipment and supplies purchased through us will represent 50% to 60% of your total purchases to establish the Business and approximately 40% to 60% of your total purchases during the operation of the business.

We do not now, but may in the future, receive rebates and material benefits from vendors with whom you are to do business. We may share the rebates or material benefits or not in our sole discretion.

**Cooperatives**

Though there is none at this time, we may, in the future, develop a regional purchasing cooperative in your area. The purpose of the purchasing cooperative will be to obtain all goods and services at a more competitive price. Upon the creation of the same, you must participate in the program. Any item carried by the cooperative will be of the same quality as then required by us by any other franchisees.

**Negotiated Prices**

We have not negotiated prices with some of our vendors for the benefit of the franchisees though we may do so in the future.

**Material Benefits**

We do not provide or withhold material benefits to you (including renewal rights or the right to open additional businesses) based on whether you purchase through the sources we designate or approve. However, purchases of unapproved services, the use of unapproved vendors, or supplying unapproved services will be a violation of the Franchise Agreement, and you may be terminated as a result.

## ITEM 9

## FRANCHISEE'S OBLIGATIONS

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



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| OBLIGATION | SECTION OR ARTICLE IN FRANCHISE AGREEMENT | ITEM IN DISCLOSURE DOCUMENT |
|---|---|---|
| (a) Site selection and acquisition/lease | 2 | Items 7 and 11 |
| (b) Pre-opening purchase/leases | 2.4 | Item 8 |
| (c) Site development and other pre-opening requirements | 5 | Items 6,7,11 |
| (d) Initial and ongoing training | 7 | Item 11 |
| (e) Opening | 2.1 | Item 11 |
| (f) Fees | 3 | Items 5,6,7 |
| (g) Compliance with standards and policies/operating manual | 8 | Item 11 |
| (h) Trademarks and proprietary information | 6 | Items 13 and 14 |
| (i) Restrictions on products/services offered | 8.4 | Items 11 and 16 |
| (j) Warranty and customer service requirements | Not applicable | Not applicable |
| (k) Territorial development and sales quotas | Not applicable | Item 12 |
| (l) On-going product/service purchases | 8.4 | Item 8 |
| (m) Maintenance, appearance, and remodeling requirements | Not applicable | Item 11 |
| (n) Insurance | 17 | Items 7,8 |
| (o) Advertising | 3 | Items 6,7,11 |
| (p) Indemnification | 14 | Item 6 |
| (q) Owner's participation/ management/staffing | 8.9 | Items 11 and 15 |
| (r) Records and reports | 8.3 | Item 11 |
| (s) Inspections and audits | 3 and 8 | Item 6 |
| (t) Transfer | 9 | Item 17 |
| (u) Renewal | 4 | Item 17 |
| (v) Post-termination obligations | 11.1 | Item 17 |
| (w) Non-competition covenants | 15 | Item 17 |
| (x) Dispute resolution | 16 | Item 17 |
| (y) Other: | 1, 16, 18 | Item 17 |

## ITEM 10

## FINANCING

We do not offer direct or indirect financing. We do not guarantee your notes, leases, or obligations.

## ITEM 11

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



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**Except as stated below, Ringside Development Company, d/b/a Bio One Colorado, Inc is not required to provide you with any assistance.**

**Pre-Opening Assistance**

Before you open your business, Ringside Development d/b/a Bio-One Colorado, Inc will,

a. deliver the QSP Package; (Franchise Agreement, Articles 3 and 5);

b. provide you with the training that is described in this Item 11 (Franchise Agreement, Article 7);

c. provide you with a list of approved suppliers for equipment, goods, and services. (Franchise Agreement, Section 5.2);

d. loan you one copy of all of the Franchisee Manuals that you need to operate the Business (Franchise Agreement, Section 5.1);

e. supply reasonable support by telephone, text, and email. (Franchise Agreement, Section 5.2); and,

f. offer OSHA Training if a quarterly training session occurs before you open.

**Post-Opening Assistance**

During the operation of your Business, Ringside Development Company, d/b/a Bio-One Colorado, Inc,

a. may offer other conferences, seminars, or programs, at a frequency we determine. Some of these seminars or programs may be mandatory, and we may charge tuition (Item 6 and Franchise Agreement, Section 5.3);

b. may deliver updates to the Franchisee Manuals, the System, the Marks, and training at a frequency which we determine (Franchise Agreement, Section 5.3);

c. will review all promotional materials and marketing you wish to use (Franchise Agreement, Section 5.3);

d. may visit and inspect your Business, and use other methods to ensure that you and all other franchisees are delivering quality services and products that conform to the System (Franchise Agreement, Section 5.3);

e. may provide promotional materials and marketing programs from time to time as we deem appropriate (Franchise Agreement, Section 5.3);

f. may begin regional cooperative buying, and if we do, you may be required to participate (Franchise Agreement, Section 5.3);

g. may offer reasonable phone, text, and email assistance as we deem necessary (Franchise Agreement, Section 5.3); and,



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h. will offer OSHA Training (Franchise Agreement, Article 7, and Section 5.3).

We may suggest a pricing structure for the services you offer from time to time, but you are under no obligation to follow such suggestions. We do not set prices.

Your employees are not our employees, and you are solely responsible for hiring, training, and managing them from day-to-day. Though we train your "Principal Operator" and "Designated Manager" (see Training in this Item 11), we offer no other guidance to your employees.

**Schedule for Opening**

Franchisees typically open for business within 30 to 60 days after the Franchise Agreement is signed by you and us (Effective Date). In all events, you must open within 90 days of the Effective Date. (Opening Date). You will be required to attend Initial Training (as described below in this Item 11) before you open. We may extend the Opening Date for a reasonable time (not to exceed 20 days) in the event factors beyond your reasonable control prevent you from meeting the Opening Date, and you request an extension of time from us. The factors that affect the period required to open the Business may include your ability to obtain financing, permits, and licensing. Before opening, you must secure all necessary permits and licenses; must purchase or lease, have installed and have in operating order all of the equipment required; and obtain and provide evidence of insurance before the Opening Date.

**Optional Assistance**

If requested by you, and if approved by us, we will provide additional training at a location determined by us. You will pay yours and our travel, room, board, and the then-published daily fee for such services. (Franchise Agreement, Section 5.3 and Article 7).

**Advertising**

**Local Advertising and Web Presence**

You are required to spend the greater of $1,500 or 5% per month of Gross Sales (Local Advertising Fee) on local marketing (Local Advertising) using vendors of your choice. Except as stated below, Local Advertising may take any form you choose, and you may spend any additional amount you choose.

As part of your Local Advertising, you must purchase internet marketing from Google, Bing, Yahoo, or similar search engine businesses. Before you open, you will inform us of the search engine you choose, and we will set up your account with them. We advise you to make your search area's radius equal to 50 miles from your Franchised Location. You then have the right to control the cost each month paid to the search engine provider. With your permission, we have the option in our sole discretion to monitor your account to determine how your Local Advertising Fee is used. This is not required, and if we agree to this, we may cease the monitoring at any time. You do not pay us for this service.

We must approve any marketing regardless of the medium into which it is inserted before it is placed. You will deliver the proposed marketing to us no less than 15 calendar days before its insertion into any medium. If you do not receive written notice within the 15 calendar days, the marketing is disapproved.

Unless otherwise approved in writing by us or outlined in the Manual, you will not establish a separate website on the internet. Any uniform resource locator (URL) addresses, email addresses, any blog,



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vlogs, social media sites, and the like that you create for the Business also require our approval. Upon expiration or the earlier termination of the Franchise Agreement, the URLs, email addresses, blogs, vlog, social media sites, and the like will belong to us, and you will transfer each to us as we may require.

**Regional Advertising**

Upon 30 days prior written notice, we reserve the right to allocate all or a portion of your Local Advertising Fee to a regional marketing program (Regional Advertising Cooperative) for the benefit of Businesses located within a market area. We have the right to determine the composition of all market areas included in a particular Regional Advertising Cooperative. If a market region is formed, we will require all franchisees and company-owned and affiliate-owned Businesses to participate. The Regional Advertising Cooperative will be administered by the contributors to it. There will be no governing documents. All marketing for the Regional Advertising Cooperative will be prepared by a local, national or international marketing agency or by us. The Regional Advertising Cooperative will prepare unaudited financial statements and will make them available to all Cooperative participants within 120 days of the year-end. We have the right to change, dissolve, reinstate, or merge any Regional Advertising Cooperatives.

**Marketing Fee**

We collect 2% of your monthly Gross Sales for national marketing (Marketing Fee), with a monthly minimum of $145. The Marketing Fee will be due at the same time as your Royalty.

The Marketing Fees will be deposited in a separate checking account, savings account, or any other account of our determination (National Branding Account). The National Branding Account is not a trust, and we assume no fiduciary duty in administering it. Any monies not used in any year will be carried to the next year.

We will administer the National Advertising Account at our sole discretion. The proceeds may be used for the creation, production, and placement of marketing reasonably intended to benefit some or all franchisees in any local, regional, or national medium, in-house or outside agency costs and commissions, costs associated with the preparation of and presentation of an annual convention, creation and production of the Internet, video, audio, and written advertisements, for the payment to us of costs related to administering the National Advertising Account such as reasonable salaries, administrative costs, costs allocated to any conferences, travel expenses, and overhead, and for any other commercially reasonable purpose consistent with this paragraph.

We make no guarantee that marketing expenditures from the National Branding Account will benefit you or any other franchisee directly, indirectly, or on a pro-rata basis. We will assume no other direct or indirect liability or obligation to you concerning collecting amounts due to the National Branding Account or with respect to maintaining, directing, or administering the National Branding Account.

Any company-owned Businesses will participate in any national or regional marketing programs on the same basis as franchisee-owned Businesses.

The marketing will be produced by a local, national, or international marketing agency or by us.

Upon your prior written request, we will make an annual unaudited financial statement available no later than 120 days after our year-end. The National Branding Account is audited.



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Though we have no plans now, we reserve the right to increase the Marketing Fee amount to no more than 3% of the Gross Sales. We will give you notice of our intent to do this and 60 days to comply.

We intend for the Marketing Fee to be continual and perpetual, but we have the right to form, change, suspend (and subsequently reinstate), merge or terminate it if necessary. We will not close the National Branding Account, however, until all contributions and earnings have been used for the purpose for which they were collected.

For the year ending December 31, 2020, we used the Marketing Fees as follows: approximately 5.0% on promotional products, sponsorship events, online marketing and print, press, and media marketing; 51.0% on national service providers and national marketing opportunities; 28.0% on administrative costs including taxes and fees; 15% on the Conference; and approximately 1% on miscellaneous costs. The balance was carried over to the next calendar year. No money was used for marketing for new franchisees.

**Franchise Advisory Council**

We do have a Franchise Advisory Council. All franchisees are eligible to join our then-current Franchise Advisory Council. Currently, five franchisees that receive the greatest number of votes of all franchisees are placed on the council. The Franchise Advisory Council serves in an advisory capacity only, and we have the right at any time to form, change or dissolve (and then reinstate) Franchise Advisory Council.

**Computer Requirements**

You will be required to own or purchase the following computer hardware and software to operate your Business:

a. A notebook or desktop computer from any manufacturer that runs on the latest Microsoft Windows platform and has sufficient memory to perform ordinary business functions;

b. A laser or inkjet printer of any make or model;

c. The online version of Microsoft 365 Personal that currently costs about $7 per month; and,

d. The latest version of Internet Explorer or another Internet browser that we approve.

Computer hardware and software are referred to as the "Computer System." You may already have an adequate Computer System. If not, the Computer System could cost approximately $2,000. We have no control over the monthly fees charged for Microsoft 365, and they may change at any time.

You will be required to maintain each component of the Computer System to keep it operational. The cost of and the frequency of such maintenance cannot be estimated as various factors, such as the age of the entire Computer System and its treatment while in operation, cannot be determined.

We may also require you to update the Computer System no more often than once every five years. We estimate the cost to be approximately $2,000. The cost of any such update will vary depending upon your location in the country, the make and model of computer hardware you choose, and the then-current cost of the required computer software. We may, however, change the configuration of the Computer System (by moving to a tablet or laptop-only configuration, for example) at any time, and if we do, you will be required to comply within 60 days of the date you receive written notice from us.



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You are not required to enter into any Computer System maintenance contract.

Your Computer System must at all times be connected to the internet through a high-speed internet portal.

We each also acknowledge and agree that changes to technology are dynamic and not predictable within the term of the Franchise Agreement. 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 and fees for implementing new technology in the System; and you agree to comply with those reasonable new standards.

In the future, we may offer proprietary software or web-based programs that may include accounting, word processing, and other features. This will be delivered to you at no cost. All programs will be compatible with the Windows operating systems.

In the future, we may also require you to purchase a POS System from our approved vendor, an affiliate, or us. We currently have no criteria for the POS System hardware or software and cannot estimate its cost to purchase or maintain. We will give you no less than 60-days prior written notice before requiring you to purchase the POS System.

We will have independent access to your Computer System, except we will never disclose a Client's personal information. If your databases are passcode protected, you will provide the code to us upon request. The information accessed will include scheduling information, attendees, and the identity of venues at which your services are offered. There are no other contractual limitations on our right to access such information.

**Franchisee Manual and Table of Contents**

We will loan you one copy of the Franchisee Manual though it will always remain our property. It is part of the System, and it contains our confidential, proprietary, and trade secret information. The Table of Contents of the Franchisee Manual is found in Exhibit C to this Disclosure Document. The Franchisee Manual contains approximately 32 pages.

**Location Selection**

It is anticipated and expected that you will operate the business out of your home (Franchised Location). We have no criteria or requirements for your Franchised Location, and we provide no other guidance concerning it. You may decide to lease space for which we have no criteria and will review no lease.

**Training**

**Initial Training Program**

For the first franchise that you buy, your "Designated Manager," you, or if you are a business entity, your "Principal Operator," must attend and complete initial training (Initial Training) to our reasonable satisfaction. You may also have one additional trainee (for a total of two). At least one of the two must complete Initial Training before you open. You will then have no more than 365 days after the Opening Date to send a second trainee to Initial Training. If each Person completes Initial Training within that time, there will be no tuition. If, however, you send a person after the 365 days, Initial Training will be offered at our then-current Additional Training Fee. The "Principal Operator" is the person designated by your



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business entity to receive our training and to operate the business from day-to-day. The "Designated Manager" is defined as the person, besides your Principal Operator or you, who acts as the general manager of the Business, has been trained by us, and who will operate the Business from day to day.

If one of the two people that attend Initial Training before opening fails to pass Initial Training, the person will be allowed to take it again at the next available class. There will be no tuition charged for this, but you will pay for travel, room, and board. If the trainee fails to pass the second time, the person will not be permitted to provide any Services requiring completion of the Initial Training. If the two people that take Initial Training before opening fail to complete the training to our reasonable satisfaction, both will be permitted to take it the second time for no additional tuition. If they both fail to pass Initial Training the second time, we have the right to terminate the Franchise Agreement, except that all restrictive and other covenants of the Franchise Agreement that must survive termination to remain enforceable will so survive. The IFF will not be refunded.

If one person passes Initial Training before opening and the second person attends training within 365 days of the Opening Date, that person must pass Initial Training to our satisfaction. If the person does not pass, the person will be allowed to take it again at the next available class. There will be no tuition charged for this, but you will pay for travel, room, and board. If this person does not pass the second time, the person will not be permitted to provide any Services requiring completion of the Initial Training. Though the person may take the course for the third time, we will charge the then-current Additional Training Fee, and the person will pay for travel, room, and board.

If you wish for more than two people to attend Initial Training, you will pay our then-current Additional Training Fee plus their travel, room, and board.

Initial Training consists of approximately five days of instruction, of which approximately 30 hours are classroom instruction and 10 hours are on-the-job training. Initial Training is held as needed at our then-current headquarters or at another facility that we designate. You must pay all of your costs for attending training, including travel, lodging, food, and wages.

If you replace your Principal Operator or Designated Manager, the replacement must attend our Initial Training. You will pay the then-current Designated Manager Training Fee for such training, and you will be responsible for travel, room, board, and wages of the attendee.

The training materials include the Manuals and handouts.

**TRAINING PROGRAM**

| Subject | Hours of Classroom Training | Hours of On-the-Job Training | Location |
|---|---|---|---|
| Sales and Marketing | 4 | 0 | Our current headquarters or at another location we designate. |
| Safety Program | 6 | 4 | Our current headquarters or at another location we designate. |
| Estimating Pricing | 4 | 0 | Our current headquarters or at another location we designate. |
| Product & Equipment Orientation | 3 | 2 | Our current headquarters or at another location we designate. |



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| Subject | Hours of Classroom Training | Hours of On-the-Job Training | Location |
|---|---|---|---|
| Supplier Presentation | 1 | 0 | Our current headquarters or at another location we designate. |
| Business Management | 2 | 1 | Our current headquarters or at another location we designate. |
| Blood born pathogen | 3 | 1 | Our current headquarters or at another location we designate. |
| OSHA compliance | 3 | 2 | Our current headquarters or at another location we designate. |
| Q & A | 4 | 0 | Our current headquarters or at another location we designate. |
| **TOTAL** | 30 | 10 | |

Our trainer is Rebecca Wallace, whose information is found in Item 2. Ms. Wallace operated one of our franchised locations for over two years and has been one of our trainers since 2020. From time to time, persons who are active in the operations and administrative side of our business may assist in the training.

**OSHA Training**

To refresh and emphasize the safety procedures taught to you during Initial Training, you (if you are a sole proprietor or are the sole equity owner of the business-entity franchisee) or one of your equity owners (if you are a business entity that has two or more equity owners) must attend and also pass OSHA Training. The training is given quarterly, so there is no guarantee that the attendee will take it before opening. In that case, you will take it at the next available time. You will pay the then-current OSHA Training Fee, and you will be responsible for your travel, room, and board. This training must be completed to our reasonable satisfaction. If the attendee fails to pass the OSHA Training, the person will be required to take it again until it is passed. In this case, however, you will pay the then-current OSHA Training Fee and pay for travel, room, and board each time the training is taken.

OSHA Training takes approximately 24 hours over three days, all of which is classroom training. There is no on-the-job training. The materials used in OSHA Training will be handouts that will be delivered when you arrive for training. It will be held at our then-current headquarters that is now located in Littleton, Colorado.

**TRAINING PROGRAM**

| Subject | Hours of Classroom Training | Hours of On-the-Job Training | Location |
|---|---|---|---|
| Day 1: Introduction and OSHA Safety Standards | 8 | 0 | Littleton, Colorado, or at another location we designate. |
| Day 2: Continuation of OSHA Safety Standards. | 8 | 0 | Littleton, Colorado, or at another location we designate. |



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| Subject | Hours of Classroom Training | Hours of On-the-Job Training | Location |
|---|---|---|---|
| Day 3: Completion of OSHA Safety Standards | 8 | 0 | Littleton, Colorado, or at another location we designate. |
| **TOTAL** | 24 | 0 | |

Our trainer is Robert Easter. He has been an OSHA-certified trainer since 1980 and has trained thousands of people on the subject matter identified above. From time to time, persons who are active in the operations and administrative side of our business may assist in the training.

We do not provide training on cleaning or removal of controlled substances such as Fentanyl. You cannot accept such jobs unless you have received appropriate training from a third-party source and have obtained the necessary federal and state licenses.

If you replace your Principal Operator or Designated Manager, the replacement must attend Initial Training and OSHA Training if the Person was the one that took OSHA Training. You will pay our then-current fees for such training, and you will be responsible for travel, room, board, and wages of the attendee.

If you request additional, advanced, or extraordinary training or if we require it, we may, at our option, charge our then-current Additional Training Fee. You are responsible for and your travel, lodging, food, and any wages paid to attendees.

If you propose to sell or transfer the Business to a third party, part of our approval process will be the requirement that the transferee attends the Franchisee Initial Training and all other training we are then requiring, and that the purchaser or transferee pay for the training at the then-current fees being charged.

**Conference and Training Attendance**

We do have a conference, and attendance is not currently mandatory. We may change this at any time after giving you no less than 60 days prior written notice. You must pay the then-current Conference Fee, and you are responsible for your travel, accommodations, food, and other expenses. When it is known, you will be provided with the duration of such meeting, as well as its location, the identities of those who will present information at the meeting, and the content of any information that will be delivered at that time. The conference will be held in a location to be determined by us.

In addition to the conference, we have the right in the future to require your Principal Operator, Designated Manager, and you to attend a local or regional meeting up to two times per year. Though none is now charged, we reserve the right to charge tuition in the future. However, you are always responsible for all travel and living expenses associated with attendance at the same. When it is known, you will be provided with the duration of such meeting, as well as its location, the identities of those who will present information, and a statement of the content to be presented. The meetings will be held in a location to be determined by us.

If attendance at any conference or meeting is mandatory, we may charge you our then-current Mandatory Non-Attendance Fee if you fail to attend.

## ITEM 12

## TERRITORY



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You and we will agree upon your Franchised Location before you open. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

You may advertise your services anywhere and may service Clients from anywhere, and other franchisees or company-owned or affiliate-owned Businesses have the same rights.

You are not required to meet certain sales volumes, market penetration, quotas, or other contingencies.

You do not receive any options, rights of first refusal, or similar rights to acquire additional franchises. You may, however, apply to purchase additional rights at any time.

You may relocate your Franchised Location after first obtaining our permission.

**Reservation of Rights**

Our Affiliates and we reserve the right, among others, to,

a. own, franchise, receive orders, or operate businesses that are similar to your Business and that use the Marks and the System at any location;

b. use the Marks and the System to sell any products or services (which may be similar to those you will sell) through any alternate channels of distribution. Alternate channels of distribution include the Internet, mail order, and catalog sales. You cannot use alternate channels of distribution without our express permission, which may be granted or denied for any reason or no reason at all;

c. use and license others to use other trademarks, trade names, service marks, logos, copyrighted materials, and methods of operation that are not the same as or confusingly similar to the Marks, that offers goods, services, and related products that may be similar to, or different from, the business operated by you;

d. purchase, or be purchased by or merge or combine with any business, including a business that competes directly with your Business, wherever located;

e. acquire and convert to our System any businesses offering services and products similar to those offered by you, including such businesses operated by competitors or otherwise operated independently, or as part of, or in association with any other system or chain, whether franchised or corporately owned; and,

f. retain all other rights not specifically reserved to you in the Franchise Agreement.

Though we can use alternative channels of distribution to make sales of goods, items, and services associated with the System and the Marks, or associated with any other system or trademarks, service marks, trade names, logos, and the like, we have not done so as of the date of this disclosure document. We reserve the right to do so at any time. We do not pay any compensation for soliciting or accepting orders through alternate channels of distribution regardless of the order's proximity to your Franchised Location.

## ITEM 13

## TRADEMARKS



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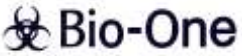
We originally registered our Mark on the Principal Register of the United States Patent and Trademark Office (USPTO) as follows:

| Registration Number | Description of Mark | Register of the USPTO | Registration Date |
|---|---|---|---|
| 4406169 | | Principal | September 24, 2013 |
| (Application #) 97336651 |  | Principal | (Application Date) March 29, 2022 |

On June 28, 2018, the Mark was assigned to our IP Affiliate, with whom we have a license to use the Marks in conjunction with the sale of franchises. The license runs for 10 years and will be automatically renewed for additional 10-year terms so long as we are monitoring our franchisees' use of the Marks in a way that ensures the maintenance of the goodwill associated with the Marks. If we breach the license such that our IP Affiliate terminates it, our IP Affiliate has agreed to license the Marks directly to each franchisee.

There are presently no effective material determinations of, and there is no pending material litigation involving the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or a state trademark administrator for any state or federal court, concerning a claim of interference, infringement, opposition, or cancellation involving any of the Marks. There is no pending federal or state court litigation regarding our use or ownership rights in any Marks material to the franchise.

Our IP Affiliate intends to renew all registrations and fill all appropriate affidavits for the Marks at the time required by law.

All required affidavits have been filed.

There are no infringing uses or previous superior rights known to us that can materially affect your use of the Mark in this state or any other state in which your Business is to be located.

Except as stated above, there are no presently effective agreements that significantly limit our rights to use or sublicense the use of the Marks in any manner material to the franchise.

Our IP Affiliate and we have the right in our sole discretion to control any administrative proceedings or litigation involving a Mark licensed or sublicensed to you under the Franchise Agreement.

If you learn of any claim against you for alleged infringement, unfair competition, or similar claims about the Marks, you must promptly notify us. Our IP Affiliate, or we will take the action we deem necessary to defend you.

We must indemnify you for any action against you by a third party based solely on alleged infringement, unfair competition, or similar claims about the Marks. We have no obligation to defend or indemnify you if the claim against you is related to your use of the Marks in violation of the Franchise Agreement.



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We have the right to require you to modify or discontinue your use of any of the Marks. If we exercise this right, we will provide all franchisees with advance notice.

We have secured the following Internet domain names: www.BioOneInc.com. Other domain names may be added at our discretion.

If our IP Affiliate or we, in our sole discretion, determine it necessary to modify or discontinue use of any proprietary Marks or to develop additional or substitute marks, you will, within a reasonable time after receipt of written notice of such a modification or discontinuation from us, take such action, at your sole expense, as may be necessary to comply with such modification, discontinuation, addition, or substitution.

If you learn of a third party that you believe is not authorized to use the Marks and is using them or any variant of them, you must promptly notify us. We will determine whether we wish to take any action against the third party. You will have no right to make any demand or to prosecute any claim against the alleged infringer. We will not pay any franchisee for exercising these rights.

## ITEM 14

## PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We do not own any patents or copyright registrations that are material to the franchise.

We claim common law copyrights and copyright protection in and on all of the components of the System, including, but not limited to, the Franchisee Manuals and related materials, training modules, and techniques, all advertisements in any medium, including the internet, and other promotional and written materials. Along with the Marks, every component of the System is our proprietary, trade secret, and confidential information. Any component of the System will be used by you only as described in the Franchise Agreement. We know of no System copyright infringement that could materially affect you. There are no agreements that limit your use of the System or any copyrighted materials.

We require that you maintain the confidentiality of each component of the System, our Marks, and our copyrighted materials and that you adopt reasonable procedures to prevent unauthorized disclosure of any such information.

We have the right to control any administrative proceedings or litigation involving our System or the copyrighted materials. If you learn of any claim against you for alleged infringement, unfair competition, or similar claims about the Marks, you must promptly notify us. We will take the action we deem necessary to defend you. We must indemnify you for any action against you by a third party based solely on alleged infringement, unfair competition, or similar claims. We have no obligation to defend or indemnify you if the claim against you is related to your use in violation of the Franchise Agreement.

If you learn of, or believe that any other person or entity is using any component of the System or any of our copyrighted materials without our permission, you must immediately notify us in writing. We will take any action that we deem appropriate.



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If we, in its sole discretion, determine it necessary to modify or discontinue use of any portion of the System or the copyrighted materials, or to develop additional or substitutes for that portion of the system or the copyrighted materials, you will, within a reasonable time after receipt of written notice of such a modification or discontinuation from us, take such action, at your sole expense, as may be necessary to comply with such modification, discontinuation, addition, or substitution.

You may never, during the term of the Franchise Agreement or at any time after the termination or expiration of the Franchise Agreement, reveal any component of the Marks or our System to any person or entity, and you cannot use it for any other business. You may not copy any portion of the System or the Marks unless we specifically authorize it in writing. All persons affiliated with you may be required to sign a confidentiality agreement in the future.

In operating your Business, you will create a list of names and other identifying information of Clients that have used your services. (Client List). You agree that the Client List was obtained through the use of the System and the Marks. As a result, the Client List will remain the sole and exclusive property of the Franchisor. At the termination of this Franchise Agreement for any reason, said lists will remain the sole and exclusive property of the Franchisor.

## ITEM 15

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

Your Principal Operator, Designated Manager, or you must complete our training and must personally participate in the direct day-to-day operation of your Business. While the Franchise Agreement does not require it, it is always advisable that you or your Principal Operator operate the business from day to day. Your Principal Operator and Designated Manager are not required to own any minimum amount of equity.

Your Designated Manager, if you have one, must abide by all confidentiality requirements of the franchise agreement and may, in the future, be required to sign a confidentiality and non-competition agreement.

If you purchase the Franchise Agreement through a business entity, or if you convert to a business entity other than a sole proprietorship, each individual who owns an interest in the business entity must sign a personal guaranty that includes an agreement that each signor will abide by all restrictive covenants and discharge all obligations of the franchisee under the Franchise Agreement. We do not currently require a spouse, significant other, or similar domestic partners to sign a personal guaranty though we reserve the right to do so in the future.

## ITEM 16

## RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must sell all of and only those products and services approved by us and may not use the Business, Systems, or Marks for any other purposes.

We have the right to add, delete, change, or supplement the types of services you provide, and there are no limits on our right to do so. If we add, delete, change, or supplement the types of services, we will provide you with no less than 60 days' written notice by which to comply.



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If you breach the franchise agreement, we have the right to terminate your rights under it.

## ITEM 17

## RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

**THE FRANCHISE RELATIONSHIP**

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

| PROVISION | SECTION IN FRANCHISE AGREEMENT | SUMMARY |
|---|---|---|
| a. Length of the franchise term | 4 | 10 years. |
| b. Renewal or extension of the term | 4 | One additional ten-year term if all obligations for Successor Franchise Rights are met. |
| c. Requirements for franchisee to renew or extend | 4 | You must provide notice, you must have no outstanding material defaults or money owed, you must not have had more than three default notices, we must not have determined in our Reasonable Business Judgment not to renew, you must sign the then-current Franchise Agreement that may have terms and conditions that are materially different from your original Franchise Agreement, and you will pay a fee. |
| d. Termination by franchisee | Not Applicable | Franchisees may terminate under any grounds permitted by law. |
| e. Termination by franchisor without cause | Not Applicable | Not Applicable |
| f. Termination by franchisor with cause | 10 | We can terminate only if you default. See g and h below. |
| g. "Cause" defined - curable defaults | 10 | Failure to pay fees after five days notice; 30 days to cure any defaults under the Franchise Agreement except for those described in (h) below. We have the right to manage business temporarily. |
| h. "Cause" defined - non-curable defaults | 10 | Non-curable defaults: bankruptcy, abandonment, felonies or offenses involving moral turpitude, civil matters that may affect the goodwill of the System or Proprietary Information, a negative report on a credit check, misuse of Marks or |



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| PROVISION | SECTION IN FRANCHISE AGREEMENT | SUMMARY |
|---|---|---|
| | | System, breaches beyond three even if cured, unapproved transfers, violation of the law, an arrest or criminal charge, underreporting, failure to cure material misrepresentation, failure to meet any other cure requirement found in the Franchise Agreement. We have the right to manage business temporarily. |
| i. Franchisee's obligations on termination/non-renewal | 11 | Obligations include deidentification, payment of amounts due, cessation of use of trademarks and Proprietary Information, and return of all materials (see r. below). |
| j. Assignment of contract by franchisor | 9 | No restriction on franchisor's right to assign. |
| k. "Transfer" by franchisee - defined | 9 | Sale, assignment, gift, pledge, mortgage, transfer because of dissolution of marriage, civil union or partnership, or other disposition of any part of the Franchise Agreement, ownership of the franchisee or the Business. |
| l. Franchisor approval of transfer by franchisee | 9 | Transferee has completed a background check and has the financial resources necessary to operate the Business. We have 30 days right of first refusal; transferee pays for training (Item 6). |
| m. Conditions for franchisor approval of transfer | 9 | Must be in compliance; must pay a fee; must not be in breach; new franchisee qualifies, you must have no outstanding defaults or money owed; you must provide terms to us; new franchise must have signed current Franchise Agreement and have attended training, transfer fee paid, you must have signed release. |
| n. Franchisor's right of first refusal to acquire franchisee's business | 9 | 30 days on the same terms as the bona fide offer. |
| o. Franchisor's option to purchase your business | 9 | We have the option upon expiration or termination to purchase a part or all of the hard assets of the Business for fair market value before you offer to a third party. |



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| PROVISION | SECTION IN FRANCHISE AGREEMENT | SUMMARY |
|---|---|---|
| p. Death or disability of franchisee | 9 | Franchise must be assigned by the estate to the approved transferee within 180 days of death or disability. |
| q. Non-competition covenants during the term of the franchise | 15 | No involvement in competing business. |
| r. Non-competition covenants after the franchise is terminated or expires | 15 | No competing business for 36 full months within 50 miles of your Franchised Location, or within 50 miles of the Franchised Location of another franchisee or an affiliate-owned or company-owned Business. |
| s. Modification of the agreement | 15 and 18 | No modifications to the Franchise Agreement without the consent of both parties. Franchisor may, however, change the content of the Franchisee Manuals to reflect changes in the System and the addition, deletion, or modification of the services offered by all franchisees. |
| t. Integration/merger clause | 18 | Only the terms of the Franchise Agreement and its attachments are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable. |
| u. Dispute resolution by arbitration or mediation | 10 and 16 | Subject to state law, and except for claims based on trademark matters, the collection of money, or injunctive relief, all disputes will be subject to arbitration (if the mandatory face-to-face meeting and mediation do not resolve the issue). Meetings, mediation and arbitration to be conducted within 15 miles of our then-current headquarters. |
| v. Choice of forum | 10 and 16 | Subject to state law, meeting, mediation, or arbitration or State/Federal Courts in the state in which our then-current headquarters is located that now is Colorado. |
| w. Choice of Law | 10 and 16 | Subject to state law, the state law of our then-current headquarters that now is Colorado. |

## ITEM 18

## PUBLIC FIGURES



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We use no public figures in our management, and no public figure has invested in us. No public figure receives any compensation or other benefit from the use of the public figure in the franchise name or symbol. Further, no public figures endorse or recommend this franchise opportunity.

## 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-owed 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.

2021 Performances of Franchisees who have reported 12 months of revenue or more

| Quartile | Average Annual Revenues | % Net Profit | Reporting | Number above average |
|---|---|---|---|---|
| 1 | $685,343.44 | 29.10% | 12 of 25 | 9 of 25 performed above |
| 2 | $429,466.28 | 32.64% | 10 of 25 | 12 of 25 performed above |
| 3 | $289,383.04 | 29.11% | 12 of 25 | 13 of 25 performed above |
| 4 | $167,976.46 | 36.09% | 11 of 24 | 16 of 24 performed above |

For Quartile 1, the medians were $620,847 and 28.34%, respectively.
For Quartile 1, the highs were $1,120,499 and 66.72%, respectively, with lows of $501,097 and 14.22%, respectively.
For Quartile 2, the medians were $427,471 and 32.2%, respectively.
For Quartile 2, the highs were $498,882 and 49.81%, respectively, with lows of $340,863 and 18.81%, respectively.
For Quartile 3, the medians were $297,674 and 27.5%, respectively.
For Quartile 3, the highs were $338,282 and 55.04%, respectively, with lows of $225,170 and 16.65%, respectively.
For Quartile 4, the medians were $186,692 and 35.4%, respectively.
For Quartile 4, the highs were $222,067 and 70.97%, respectively, with lows of $7,250 and 11.12%, respectively.

2021 Performances of Franchisees who have reported less than 12 months of revenue:

| Average Annual Revenues | % Net Profit | Reporting | Number above average |
|---|---|---|---|
| $180,542.76 | 27.57% | 5 of 11 | 6 of 11 performed above |

The medians were $81,006 and 28.2%, respectively.
The highs were $221,480 and 40.56%, respectively, with lows of $3,000 and 16.84%, respectively.

**Some outlets have sold this amount. Your individual results may differ. There is no assurance you'll sell as much.**

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than the preceding financial information, Bio-One does not make any financial performance representations. We also do not authorize our employees or representatives to make any such



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representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Sandi Ellis at 8200 SouthPark Circle #300, Littleton, Colorado 80120, 303-625-6543 or Sandi.Ellis@BioOneInc.com, the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20

## OUTLETS AND FRANCHISEE INFORMATION

If multiple events occurred that affected an outlet, the tables below show the event that occurred last.

**Table No. 1**
**Systemwide Outlet Summary**
**for the years 2019 through 2021**

| Column 1<br>Outlet Type | Column 2<br>Year | Column 3<br>Outlets at the Start of the Year | Column 4<br>Outlets at the end of the Year | Column 5<br>Net Changes |
|---|---|---|---|---|
| **Franchisee Owned** | | | | |
| | 2019 | 73 | 90 | +17 |
| | 2020 | 90 | 106 | +16 |
| | 2021 | 106 | 119 | +13 |
| **Company Owned** | | | | |
| | 2019 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 |
| **Total Outlets** | | | | |
| | 2019 | 73 | 90 | +17 |
| | 2020 | 90 | 106 | +16 |
| | 2021 | 106 | 119 | +13 |

**Table No. 2**

**Transfers of Outlets from Franchisees to New Owners (Other than the Franchisor)**
**for the years 2019 through 2021**



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| Column 1 | Column 2 | Column 3 |
|---|---|---|
| **State** | **Year** | **Number of Transfers** |
| **Alabama** | **2019** | 0 |
| | **2020** | 1 |
| | **2021** | 0 |
| **Arizona** | **2019** | 1 |
| | **2020** | 1 |
| | **2021** | 1 |
| **Colorado** | **2019** | 1 |
| | **2020** | 1 |
| | **2021** | 0 |
| **Georgia** | **2019** | 0 |
| | **2020** | 1 |
| | **2021** | 0 |
| **Iowa** | **2019** | 0 |
| | **2020** | 0 |
| | **2021** | 1 |
| **Massachusetts** | **2019** | 1 |
| | **2020** | 0 |
| | **2021** | 0 |
| **Missouri** | **2019** | 0 |
| | **2020** | 1 |
| | **2021** | 0 |
| **Nevada** | **2019** | 0 |
| | **2020** | 0 |
| | **2021** | 1 |
| **North Carolina** | **2019** | 0 |
| | **2020** | 0 |
| | **2021** | 2 |
| **Ohio** | **2019** | 0 |
| | **2020** | 0 |
| | **2021** | 1 |
| **Washington** | **2019** | 0 |
| | **2020** | 1 |
| | **2021** | 0 |
| **Total** | **2019** | **3** |
| | **2020** | **6** |
| | **2021** | **6** |

**Table No. 3**
**Status of Franchised Outlets**
**for the years 2019 through 2021**

| Column 1<br>State | Column 2<br>Year | Column 3<br>Franchises at the Start of the Year | Column 4<br>Franchises Opened | Column 5<br>Terminations | Column 6<br>Non-renewals | Column 7<br>Reacquired by Franchisor | Column 8<br>Ceased Operation - other reasons | Column 9<br>End of the Year |
|---|---|---|---|---|---|---|---|---|
| **AZ** | **2019** | 4 | 1 | 0 | 0 | 0 | 0 | 5 |
| | **2020** | 5 | 1 | 0 | 0 | 0 | 0 | 6 |
| | **2021** | 6 | 0 | 0 | 0 | 0 | 0 | 6 |
| | | | | | | | | |



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| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **AL** | **2019** | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | **2020** | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | **2021** | 2 | 1 | 0 | 0 | 0 | 0 | 3 |
| **AR** | | | | | | | | |
| | **2019** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | **2020** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | **2021** | 1 | 0 | 0 | 0 | 0 | 1 | 0 |
| **CA** | | | | | | | | |
| | **2019** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | **2020** | 0 | 9 | 0 | 0 | 0 | 0 | 9 |
| | **2021** | 9 | 3 | 0 | 0 | 0 | 0 | 12 |
| **CO** | | | | | | | | |
| | **2019** | 4 | 1 | 0 | 0 | 0 | 0 | 5 |
| | **2020** | 5 | 1 | 0 | 0 | 0 | 2 | 4 |
| | **2021** | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| **CT** | | | | | | | | |
| | **2019** | 1 | 0 | 1 | 0 | 0 | 0 | 0 |
| | **2020** | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | **2021** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| **DC** | | | | | | | | |
| | **2019** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | **2020** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | **2021** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| **DE** | | | | | | | | |
| | **2019** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | **2020** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | **2021** | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| **FL** | | | | | | | | |
| | **2019** | 6 | 5 | 0 | 0 | 0 | 0 | 11 |
| | **2020** | 11 | 2 | 2 | 0 | 0 | 0 | 11 |
| | **2021** | 11 | 0 | 0 | 0 | 0 | 1 | 10 |
| **GA** | | | | | | | | |
| | **2019** | 5 | 2 | 1 | 0 | 0 | 0 | 6 |
| | **2020** | 6 | 0 | 1 | 0 | 0 | 0 | 5 |
| | **2021** | 5 | 1 | 0 | 0 | 0 | 0 | 6 |
| **HI** | | | | | | | | |
| | **2019** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | **2020** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |



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| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **2021** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **IA** | | | | | | | | |
| | **2019** | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | **2020** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | **2021** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| **ID** | | | | | | | | |
| | **2019** | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | **2020** | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | **2021** | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| **IL** | | | | | | | | |
| | **2019** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | **2020** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | **2021** | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| **IN** | | | | | | | | |
| | **2019** | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | **2020** | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | **2021** | 2 | 1 | 0 | 0 | 0 | 0 | 3 |
| **KS** | | | | | | | | |
| | **2019** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | **2020** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | **2021** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| **KY** | | | | | | | | |
| | **2019** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | **2020** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | **2021** | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| **LA** | | | | | | | | |
| | **2019** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | **2020** | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | **2021** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| **MA** | | | | | | | | |
| | **2019** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | **2020** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | **2021** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| **MI** | | | | | | | | |
| | **2019** | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | **2020** | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | **2021** | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| **MD** | | | | | | | | |



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| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **2019** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | **2020** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | **2021** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **ME** | | | | | | | | |
| | **2019** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | **2020** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | **2021** | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| **MN** | | | | | | | | |
| | **2019** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | **2020** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | **2021** | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| **MO** | | | | | | | | |
| | **2019** | 3 | 1 | 0 | 0 | 0 | 0 | 4 |
| | **2020** | 4 | 1 | 0 | 0 | 0 | 0 | 5 |
| | **2021** | 5 | 0 | 0 | 0 | 0 | 0 | 5 |
| **MS** | | | | | | | | |
| | **2019** | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | **2020** | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | **2021** | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| **MT** | | | | | | | | |
| | **2019** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | **2020** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | **2021** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **NE** | | | | | | | | |
| | **2019** | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | **2020** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | **2021** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| **NC** | | | | | | | | |
| | **2019** | 1 | 3 | 0 | 0 | 0 | 0 | 4 |
| | **2020** | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| | **2021** | 4 | 2 | 0 | 0 | 0 | 0 | 6 |
| **NH** | | | | | | | | |
| | **2019** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | **2020** | 1 | 0 | 0 | 0 | 0 | 1 | 0 |
| | **2021** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **NJ** | | | | | | | | |
| | **2019** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | **2020** | 1 | 1 | 0 | 0 | 0 | 0 | 2 |



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| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **2021** | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| **NM** | | | | | | | | |
| | **2019** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | **2020** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | **2021** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| **NV** | | | | | | | | |
| | **2019** | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | **2020** | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | **2021** | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| **NY** | | | | | | | | |
| | **2019** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | **2020** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | **2021** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| **OH** | | | | | | | | |
| | **2019** | 4 | 1 | 1 | 0 | 0 | 0 | 4 |
| | **2020** | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| | **2021** | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| **OK** | | | | | | | | |
| | **2019** | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | **2020** | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | **2021** | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| **OR** | | | | | | | | |
| | **2019** | 2 | 1 | 1 | 0 | 0 | 0 | 2 |
| | **2020** | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | **2021** | 2 | 0 | 0 | 0 | 0 | 1 | 1 |
| **PA** | | | | | | | | |
| | **2019** | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | **2020** | 3 | 1 | 0 | 0 | 0 | 0 | 4 |
| | **2021** | 4 | 1 | 0 | 0 | 0 | 0 | 5 |
| **RI** | | | | | | | | |
| | **2019** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | **2020** | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | **2021** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| **SC** | | | | | | | | |
| | **2019** | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | **2020** | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | **2021** | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| **TN** | | | | | | | | |



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| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **2019** | 3 | 0 | 1 | 0 | 0 | 0 | 2 |
| | **2020** | 2 | 1 | 0 | 0 | 0 | 0 | 3 |
| | **2021** | 3 | 1 | 0 | 0 | 0 | 0 | 4 |
| **TX** | | | | | | | | |
| | **2019** | 9 | 0 | 0 | 0 | 0 | 0 | 9 |
| | **2020** | 9 | 0 | 0 | 0 | 0 | 0 | 9 |
| | **2021** | 9 | 1 | 0 | 0 | 0 | 1 | 9 |
| **UT** | | | | | | | | |
| | **2019** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | **2020** | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | **2021** | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| **VA** | | | | | | | | |
| | **2019** | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | **2020** | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | **2021** | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| **WA** | | | | | | | | |
| | **2019** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | **2020** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | **2021** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| **WI** | | | | | | | | |
| | **2019** | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | **2020** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | **2021** | 1 | 2 | 0 | 0 | 0 | 0 | 3 |
| **WV** | | | | | | | | |
| | **2019** | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | **2020** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | **2021** | 1 | 0 | 0 | 0 | 0 | 1 | 0 |
| **Totals** | | | | | | | | |
| | **2019** | **73** | **22** | **5** | **0** | **0** | **0** | **90** |
| | **2020** | **90** | **22** | **3** | **0** | **0** | **3** | **106** |
| | **2021** | **106** | **18** | **0** | **0** | **0** | **5** | **119** |

**Table No. 4**
**Status of Company/Affiliate-Owned Outlets For the Years 2019 through 2021**



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| Column 1 State | Column 2 Year | Column 3 Outlets as the start of the year | Column 4 Outlets Opened | Column 5 Outlets reacquired from franchisee | Column 6 Outlets closed | Column 7 Outlets sold to franchisees | Column 9 Outlets at the End of the Year |
|---|---|---|---|---|---|---|---|
| **None** | **2019** | 0 | 0 | 0 | 0 | 0 | 0 |
| | **2020** | 0 | 0 | 0 | 0 | 0 | 0 |
| | **2021** | 0 | 0 | 0 | 0 | 0 | 0 |
| **Totals** | **2019** | 0 | 0 | 0 | 0 | 0 | 0 |
| | **2020** | 0 | 0 | 0 | 0 | 0 | 0 |
| | **2021** | 0 | 0 | 0 | 0 | 0 | 0 |

**Table No. 5**
**Projected Openings**
**As Of December 31, 2021**

| Column 1 State | Column 2 Franchise Agreements Signed but not Opened | Column 3 Projected new Franchise Outlets in the Next Fiscal Year | Column 4 Projected New Company-Owned Outlets in the Current Fiscal Year |
|---|---|---|---|
| South Dakota | 1 | 0 | 0 |
| Texas | 1 | 0 | 0 |
| **TOTALS** | 2 | **0** | **0** |

Exhibit D lists the names of all franchisees and the addresses and telephone numbers of their outlets as of December 31, 2021. Exhibit D also lists the name, city, and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased doing business under the Franchise Agreement during our most recently completed fiscal year, or who has not communicated with us within 10 weeks of the issuance date of this Franchise Disclosure Document.

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

Franchisees have signed Confidentiality Agreements during the past three years. In some instances, current or former franchisees signed provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that all such franchisees will not be able to communicate with you.

Exhibit E lists, to the extent known, the names, addresses, telephone numbers, e-mail address, and web address of each trademark-specific franchisee organization associated with the franchise system being offered that we have created, sponsored, or endorsed and the independent franchisee organizations that have asked to be included in this disclosure document. As of the Issuance Date of this disclosure document, no independent franchise organizations have asked to be included in this disclosure document.

## ITEM 21

## FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit G are our audited financial statements as of December 31, 2018, December 31, 2019, and December 31, 2020. Also attached at this Exhibit are the



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unaudited financials through June 30, 2021. THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THEIR CONTENT OR FORM.

## ITEM 22

## CONTRACTS

Attached to this Disclosure Document are the following franchise-related contracts:

Exhibit B Franchise Agreement and Exhibits as follows:

| | |
|---|---|
| **Exhibit 1** | **Initial Franchise Fee and Statement of Ownership** |
| **Exhibit 2** | **Franchised Location** |
| **Exhibit 3** | **Release for Criminal and Credit Check** |
| **Exhibit 4** | **General Release** |
| **Exhibit 5** | **Collateral Assignment of Contact and Electronic Information** |
| **Exhibit 6** | **State Addenda** |
| **Exhibit 7** | **Guaranty** |
| **Exhibit 8** | **Closing Acknowledgement** |

## ITEM 23

## RECEIPT

The Receipt is found at the end of this booklet as Exhibit I.



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**EXHIBIT A**

**STATE AGENCIES**



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**Names and Addresses of State Regulatory Authorities and Registered Agents in States**

The following is a list of state administrators responsible for franchise registrations in these states. We may register in one or more of these states.

California
Department of Financial Protection and Innovation
One Sansome Street, Ste. 600
San Francisco, CA 94104

Department of Financial Protection and Innovation
320 W. 4th Street, Suite 700
Los Angeles, California 90013

Department of Financial Protection and Innovation
1515 K. Street, Suite 200
Sacramento, California 95814
(866) 275-2677 Toll-Free

Connecticut
Connecticut Banking Commissioner
Department of Banking
Securities & Business Investments Division
260 Constitution Plaza
Hartford, Connecticut 06103
(860) 240-8299

Florida
Division of Consumer Services
Attn: Business Opportunities
2005 Apalachee Parkway
Tallahassee, Florida 32399-6500

Hawaii
Commissioner of Securities
Department of Commerce & Consumer Affairs
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

Illinois
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

Indiana
Indiana Secretary of State
Securities Division
302 West Washington Street, Room E-111
Indianapolis, Indiana 46204

Kentucky
Office of the Attorney General
Consumer Protection Division



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Attn: Business Opportunity
1024 Capital Center Drive
Frankfort, Kentucky 40601-8204

Maine
Department of Professional and Financial Regulations
Bureau of Banking
Securities Division
121 Statehouse Station
Augusta, Maine 04333

Maryland
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202

Michigan
Department of the Attorney General
Consumer Protection Division, Franchise Unit
P.O. Box 30213
G. Mennen Williams Building
Lansing, Michigan 48909

or

525 W. Ottawa Street
G. Mennen Williams Bldg, 1st Floor
Lansing, MI 48913

Minnesota
Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101

Nebraska
Nebraska Department of Banking and Finance
Commerce Court
1230 O Street, Suite 400
Lincoln, Nebraska 68509

New York
New York State Department of Law
Investor Protection Bureau
28 Liberty St. 21st fl
New York, NY 10005
212-416-8285

North Carolina
Secretary of State
Securities Division
Old Revenue Complex
2 South Salisbury Street
Raleigh, North Carolina 27601

North Dakota



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North Dakota Securities Department
600 East Boulevard Avenue
State Capitol – 5th Floor
Department 414
Bismarck, North Dakota 58505-0510
(701) 328-4712

Rhode Island
Department of Business Regulation
1511 Pontiac Avenue, Bldg. 68-2
Cranston, Rhode Island 02920

South Carolina
Office of the Secretary of State
1205 Pendleton Street
Edgar Brown Building, Suite 525
Columbia, South Carolina 29201

South Dakota
Division of Insurance
Securities Regulations
124 S. Euclid, Ste. 104
Pierre, South Dakota 57501

Texas
Office of the Secretary of State
Statutory Document Section
1019 Brazos Street
Austin, Texas 78701

Utah
Utah Department of Commerce
Division of Consumer Protection
160 East Three Hundred South
P.O. Box 146704
Salt Lake City, Utah 84114-6704

Virginia
State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219

Washington
Department of Financial Institutions
Securities Division
150 Israel Road Southwest
Olympia, Washington 98501

Wisconsin
Administrator of the Division of Securities
4822 Madison Yards Way
Madison, Wisconsin 53705



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## LIST OF STATE AGENTS FOR SERVICE OF PROCESS

The following state agencies are designated as our agents for service of process under the applicable state laws. We may register in one or more of these states.

California
Commissioner of the Department of Financial Protection and Innovation
One Sansome Street, Ste. 600
San Francisco, California 94104

Commissioner of the Department of Financial Protection and Innovation
320 W. 4th Street, Suite 700
Los Angeles, California 90013

Commissioner of the Department of Financial Protection and Innovation
1515 K St., Suite 200
Sacramento, California 95814
(866) 275-2677

Connecticut
Connecticut Banking Commissioner
Department of Banking
Securities & Business Investments Division
260 Constitution Plaza
Hartford, Connecticut 06103
860-240-8299

Hawaii
Commissioner of Securities
Department of Commerce and Consumer Affairs Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

Illinois
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

Indiana
Indiana Secretary of State
Securities Division
302 West Washington Street, Room E-111
Indianapolis, Indiana 46204

Maryland
Maryland Securities Commissioner
Office of Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202

Michigan
Michigan Department of Attorney General
Consumer Protection Division



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Attn: Franchise Section
P.O. Box 30213
Lansing, Michigan 48909

or

525 W. Ottawa Street
G. Mennen Williams Bldg, 1st Floor
Lansing, MI 48913

Minnesota
Minnesota Commissioner of Commerce
Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101

New York
Secretary of the State of New York
99 Washington Avenue
Albany, NY 12231

North Dakota
North Dakota Securities Department
State Capitol – 5th Floor
600 East Boulevard
Bismarck, North Dakota 58505-0510

Rhode Island
Department of Business Regulation
1511 Pontiac Avenue, Bldg 68-2
Cranston, RI 02920

South Dakota
Division of Insurance
Securities Regulations
124 S. Euclid, Ste. 104
Pierre, South Dakota 57501

Virginia
Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219

Washington
Director, Department of Financial Institutions
Securities Division
150 Israel Road Southwest
Olympia, Washington 98501

Wisconsin
Administrator of the Division of Securities
4822 Madison Yards Way,
Madison, Wisconsin 53705

**Service of Process in Colorado**



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Sandi Ellis, President
8200 SouthPark Circle #300
Littleton, Colorado 80120



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**EXHIBIT B**

**FRANCHISE AGREEMENT**



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# Ringside Development Company
# d/b/a Bio-One Colorado, Inc.

# FRANCHISE AGREEMENT

**THIS CONTRACT IS SUBJECT TO ARBITRATION**



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**RINGSIDE DEVELOPMENT COMPANY d/b/a BIO-ONE COLORADO, INC**
**FRANCHISE AGREEMENT**

This Franchise Agreement ("**Franchise Agreement**" or "**Agreement**") is entered into and made effective as of the "**Effective Date**" (defined below) between Ringside Development Company d/b/a Bio One Colorado, Inc an Arizona corporation authorized to do business in Colorado ("**Franchisor", "we" or similar pronouns)** having a principal place of business at 5231 S. Quebec Street, Suite 303 Greenwood Village, Colorado, 80111, and _____ and _____ having a principal place of residence located at _____ ("**you,**" "**yourself**," "**your**," "**Franchisee**," or words of a similar nature).

## RECITALS

We have developed a unique system for establishing and operating a restoration services business providing removal of regulated and non-regulated bio-medical waste with additional services such as cleaning, disinfecting, hoarding remediation, medical waste, and sharp-instruments removal to residential, commercial, and governmental locations. (**Business**). You declare that you have fully investigated and familiarized yourself with the essential aspects and purposes of this opportunity and have been advised by counsel, or have had the reasonable opportunity to be advised by counsel chosen by you, of the terms and conditions of this Franchise Agreement, and you agree that your consistent and uniform operation of the Business using the System is essential.

**NOW, THEREFORE**, in consideration of the mutual covenants, agreements, terms, and conditions herein contained and the acts to be performed by the respective parties hereto, the Parties agree as follows:

## COVENANTS

## ARTICLE 1

## DEFINITIONS, GRANT OF FRANCHISE LICENSE, LICENSE, REASONABLE BUSINESS JUDGMENT, AND RESERVATION OF RIGHTS

### 1.1 Definitions

Unless otherwise defined in the body of this Franchise Agreement, the following capitalized terms have the meaning set forth here:

**"ACH" or "Automated Clearing House"** refers to the process used for electronic bank-to-bank transfers of fees due to us.

**"Additional Training"** means the Initial Training given to a Person besides the two people that are allowed to take Initial Training; a person permitted to take Initial Training but who fails to get such training within 365 days from the Opening Date; or, for additional, advanced, or extraordinary training that you request or that we require you to take.

**"Additional Training Fee"** means our then-current fee for Additional Training.

**"Affiliates"** means an entity controlled by, controlling, or under common control with another entity. We currently have no Affiliates though we may have one or more Affiliates in the future. You may



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be required to work with or purchase goods and services from one of our Affiliates. Our affiliate Bio One IP, LLC (IP Affiliate), licenses us the right to sublicense the Marks to you.

**"Audit Fees"** means the then-current fees we charge if you understate your Gross Sales. This fee includes our costs and expenses, including any accountants' and attorneys' fees, travel, room, and board, plus a fixed fee payable to us.

**"Business"** means the business that you operate under this Franchise Agreement.

**"Business Vehicle"** means a commercial truck such as a Ford Transit E350 box truck or similar vehicle that is no older than 15 years and that is in commercially reasonable condition. The Business Vehicle must be bright white.

**"Conference"** means the annual conference that we hold.

**"Conference Fee"** means our then-current fee for attending the Conference.

**"Change of Control"** means that (i) the natural person franchisee takes on a partner regardless of whether such partner is in control or not; (ii) a natural person franchisee converts to a business entity franchisee and then delivers more than 49% of the equity interest of such business entity to another Person; (iii) a business entity franchisee takes on any number of equity partners and delivers more than 49% of the equity interest to such Persons; (iv) through the Transfer of so much of the equity interests equal 49% or more to a Person other than you; (v) by a transfer of any equity interest to a voting agreement, voting trust, or the like); or, (vi) the franchisee (whether a natural person or business entity) in any manner delivers control of the day-to-day operations of the Franchised Business to a Person who has not first been approved by us.

**"Claims"** has the meaning given to that term in Article 14.

**"Client"** means the commercial, governmental, and residential users to whom you sell and deliver the products and services through the Business.

**"Client Service Fee"** means all costs and fees that we incur if one of your Clients complains to us and if we determine it to be necessary for us to provide services to your Client.

**"Client List"** means the names and all contact information of your Clients.

**"Competitive Business"** is any business that offers removal of regulated and non-regulated bio-medical waste with additional services such as cleaning, disinfecting, hoarding remediation, medical waste, and sharp-instruments removal to any residential, commercial, or governmental location, or that is offering any of the goods or services we are then offering to any residential, commercial or governmental location at the time that this Franchise Agreement is either terminated or expires.

**"Computer System"** means the computer hardware and software that we require you to have to operate, all of which are more fully described in the Manuals or in handouts that we provide.

**"Compliance"** means that you (i) are current in all respects under this Franchise Agreement and will be in Compliance at the time you and we execute any document or take any action that requires Compliance; and (ii) have received no more than three written notices of breach of this Franchise



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Agreement (each of which was timely cured) during the Initial Term and no more than one such notice during any Successor Franchise Term.

**"Default Interest"** means our then-current interest charged on late payments and on underreported Gross Sales, compounded monthly. We may change Default Interest at any time after giving you no less than 60 days' prior written notice, but any change will not violate the Applicable Laws of your state.

**"Designated Manager"** means the person besides your Principal Operator and you that has received our training and is authorized by you to operate the Business from day to day. The Designated Manager need not be an owner of any interest in the Business.

**"Designated Manager Training Fee"** means the then-current fee we charge for training a substitute or new Designated Manager.

**"Due Date" is** the date on which all Royalties and other fees are due to us under Article 3.

**"Effective Date"** is the date that we fully execute this Franchise Agreement. There is no agreement, and this is not a contract between us until that date.

**"Event of Default"** means any default of any provision of Sections 10.1 through 10.3 of Article 10.

**"Fair Market Value"** means the value that a reasonable person who is under no duress or obligation would pay for the furniture, fixture, equipment, or item that is being sold by a seller who is under no duress or obligation. If we cannot agree on the Fair Market Value, an independent appraisal will be done at our expense by an appraiser selected by us but who is independent and disinterested in the outcome of any such valuation, and no goodwill will be considered in the valuation.

**"Force Majeure"** means that except for monetary obligations to be paid by you, which are due regardless of the existence of an event of Force Majeure, or as otherwise specifically provided in this Franchise Agreement, if either of us is delayed, hindered in, or prevented from the performance of any act because of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, epidemic, pandemic, or other city, county, national, or international public health emergency, riots, insurrection, war, or other causes beyond the reasonable control of the Party, then the performance of such act will be excused for the period of the delay, but in no event to exceed 45 days.

**"Franchise Advisory Council"** means the then-current advisory council of franchisees chosen by all franchisees after a vote.

**"Franchise Disclosure Document" or "FDD"** means the disclosure document that was delivered to you at least 14 calendar days before you signed this Franchise Agreement or paid any money to us.

**"Franchisee**" means your Principal Operator, any Designated Manager, you, any Guarantor, any officers, directors, managers, members and the holders of any equitable interest in a business-entity Franchisee, your family members that actively participate in the Business, and all others who may take an active role in the operation of the Business in a manager or above position. The use of personal pronouns such as "you" means the Franchisee and includes all Persons identified in this definition.

**"Franchisee Life Insurance Policy"** means the life insurance policy that we purchase with the Franchisee Life Insurance Policy Fees as more fully described in Article 9.



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**"Franchisee Life Insurance Policy Fee"** means the then-current fee that we charge per month for each natural-person franchisee or per equity owner, if Franchisee is a business entity, for our payment of the premium on the Franchisee Life Insurance Policy as more fully described in Article 9.

**"Franchisee Manual" or "Manual"** means the operations manuals (which may be in paper or electronic format and may be changed and updated by paper or electronic notices including email and texts ) that are delivered to you before you open for business, that may be amended from time to time.

**"Franchised Location"** means the Franchised Business's physical location, the address of which is identified in Exhibit 2.

**"Franchisor"** means the entity identified in this Franchise Agreement as the Franchisor and also includes our parent, predecessor, any Affiliate (if one or more Affiliates exist), plus the respective shareholders, directors, officers, managers, members, employees, and agents, and all successors, and assignees of the Franchisor, its parent, predecessor or Affiliate. The use of personal pronouns such as "we," "our," or "us" means the Franchisor.

**"Grand Opening"** means the celebration opening of the Business, and **"Grand Opening Cost"** is the amount you spend on your grand opening.

**"Gross Sales"** means all revenue and income generated from the operation of your Business whether received in cash, in services in kind, from barter or exchange, on credit (whether or not payment is received), including revenue from Clients you bill directly or from a billing service, from late fees, from revenue generated that is more than the billed amount, and any other amount charged to Clients. You may deduct from Gross Sales all sales tax or similar taxes that, by law, are chargeable to Clients by any taxing authority and are collected by you. You may also deduct from Gross Sales the amount of any documented approved discounts, refunds, and credits.

**"Indemnified Parties"** has the meaning given to it in Article 14.

**"Initial Franchise Fee" and "IFF"** means the fee that you pay us for the award to you of the rights granted to you under this Agreement, as more fully described in Article 3.

**"Initial Term"** has the meaning given to it in Article 4.

**"Initial Training"** means the initial training we offer to you and one other person as per Article 7.

**"Involuntary Transfer"** means any Transfer not approved by us and includes the loss of, transfer of, or assignment of, any interest in this Franchise Agreement; any of your interest in the Business; a substantial portion of the assets of the Business; any interest in the business entity that is the Franchisee or the transfer or assignment of any other asset or interest as a result of, any insolvency or bankruptcy proceeding; the foreclosure of any manner of lien or encumbrance; the taking as a result of a divorce or separation, or in the case of a business entity any action by the equity owners or creditors the result of which is the loss of any interest described in this definition; or the loss through any other means or method over which the Franchisee has no control, or against which Franchisee cannot substitute a bond or other monetary instrument to avoid such Involuntary Transfer.

**"Late Fee"** means our then-current late fee for failure to timely make payments because of underreporting or for another breach for which the fee can be collected. The Late Fee applies to each separate fee that you pay late. We may change this fee at any time and in any amount after giving you no less than 60 days' prior written notice.



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**"Local Advertising"** has the meaning given to it in Article 3.

**"Local Advertising Fee"** has the meaning given to it in Article 3.

**"Mandatory Non-Attendance Fee"** means the then-current fee we charge if you fail to attend a mandatory conference.

**"Marks"** means all trademarks, trade names, logos, service marks, and similar commercial symbols that we require you to use in identifying your Business, and as more fully stated in Article 6.

**Minimum Royalty** is the minimum amount you will pay monthly if your Percentage Royally calculation results in an amount that is less than the Minimum Royalty. The Minimum Royalty figure is calculated as more fully stated in Article 3 but will never be less than $500.

**"National Branding Account"** is the account into which all Marketing Fees are deposited as more fully outlined in Article 3.

**"Marketing Fee"** has the meaning given to it in Article 3

**"Opening Date"** means the date by which you must be open for business as more fully defined in Article 2 below.

**"OSHA (Occupational Safety and Health Administration) Training"** means the mandatory training that we supply on OSHA standards applicable to your operation of the Business as more fully disclosed in Article 7.

**"OSHA Training Fee"** means the then-current fee that we charge for you to attend the training.

**"Party" or the "Parties"** means the Franchisor and the Franchisee.

**"PCI-DSS"** is the acronym for "Payment Card Industry - Data Security Systems" and refers to the rules and regulations of the PCI Security Standards Council, which in turn set up standards for the acceptance of credit cards, debit cards, and similar payment cards.

**"Percentage Royalty"** is the Royalty figure determined by multiplying monthly Gross Sales by 7%.

**"Permanent Disability"** means a mental or physical disability, impairment, or condition that is reasonably expected to prevent or does prevent the Principal Operator or you from supervising the management and operation of the Franchised Business for 120 days from the onset of such disability, impairment or condition.

**"Person"** means a natural person, a business entity of any nature or kind, and the equity holders in any business entity.

**"Point of Sale System" or "POS System"** means the hardware and software that you will be required to purchase, maintain and use for accounting for all of the goods and services you deliver to Clients.



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**"Principal Operator"** means the person authorized by the business-entity Franchisee to receive our training, to operate the Business, and to act as the contact between us. The Principal Operator must own no less than 25% of the equity in the franchisee business entity.

**"Proposed Transferee"** means the Person to whom Franchisee wishes to Transfer an interest as more fully described in Article 9.

"**Proprietary Information"** has the meaning given to it in Article 6.

**"QSP Consumables"** means those items that are consumed and that need to be replenished through our approved vendor, an Affiliate, or us. QSP Consumables include bio-hazardous-compliant suits, gloves, masks, hazardous-waste transport containers, and similar items consumed at a job site.

**"QSP Cost"** means the then-current initial fee that is then being charged for the QSP Package.

**"QSP Package"** means that package of equipment, hand tools, cleaning supplies (including solvents and cleaning liquids), sponges, pails, QSP Consumables, vacuums, and other equipment, tools, and supplies that must be purchased from our approved vendor, an Affiliate, or us. The QSP Package includes shelving for the Business Vehicle (if shelving is not already installed) and other equipment necessary to operate.

**"QSP Package Maintenance and Renewal Fee** means the then-current fee that we charge for the maintenance of and renewal of the QSP Package (except for the QSP Consumables, which must be replaced as needed.)

**"Reasonable Business Judgment"** Use of our Reasonable Business Judgment means that our determination on a given matter will prevail even in cases where other alternatives are also reasonable so long as we are intending to benefit or are acting in a way that could reasonably benefit any component of the System or the Marks, any one or more of the franchisees, or any other aspect of the franchise system. Such decisions include matters that may enhance or protect the Marks and the System; increase Client satisfaction; increase the use of the services all franchisees offer; and matters that correspond with franchisee satisfaction. We are not required to consider the particular economic or other circumstances of you or any other franchisee when exercising our Reasonable Business Judgment. Reasonable Business Judgment decisions will not affect all franchisees equally, and some will benefit while others will not. You and we intend that the exercise of our Reasonable Business Judgment will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Franchise Agreement, you and we agree that such covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Franchise Agreement.

**"Regional Advertising Program"** has the meaning outlined in Article 3.

**"Report Late Fee"** means the then-current fee that we charge if you are late in filing any reports required by this Franchise Agreement. The Report Late Fee is applicable to each separate report that you file late. We may increase the fee in any amount at any time after giving you no less than 60 days' prior written notice.

**"Royalty"** means the Minimum Royalty or the Percentage Royalty as applicable.

**"Successor Franchise Fee"** is $10,000.

**"Successor Franchise Rights"** has the meaning given to it in Article 4.



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**"Successor Franchise Term"** has the meaning given to it in Article 4.

**"System"** means without limitation, the manner and method of training that we deliver to you; the operations, standards, and procedures that you will use in the day-to-day operation of the Business; marketing programs; the economic and financial characteristics of the Business; any copyrighted, trade secret or confidential information owned by us; the Proprietary Information; the Marks; and all other copyrighted, trade secret or confidential information owned by us. You must operate under our System. This definition may be supplemented by other language of this Franchise Agreement and by us from time to time.

**"Technology Maintenance Fee"** means the then-current fee you will pay us to maintain your presence on our internet web system. Payment is due with Royalties.

**"Technology Startup Fee"** means the then-current fee we charge you before you open to set up your landing page on our website.

**"Temporary Management Fee"** is the then-current fee that we charge if you breach this Franchise Agreement and if we elect to operate your Business temporarily.

**"Training"** has the meaning given to it in Article 7.

**"Transfer"** has the meaning given to it in Article 9.

"**Transfer Fee"** is $15,000.

### 1.2 Grant of Franchise

a. Subject to the terms of this Franchise Agreement, we grant you, and you accept from us, the non-exclusive right to use the Marks and System in connection with the establishment and operation of one Business at the Franchised Location. You will complete the Statement of Ownership found at Exhibit 1. You agree that an updated Exhibit 1 will be furnished within 30 days of any change. Each Person who is or becomes a Principal Operator and each natural person that joins the business-entity Franchisee as an equity owner must sign a guaranty in the then-current form that is now found at Exhibit 8.

b. At the time you sign this Franchise Agreement, and if you are a business entity, you must deliver to us your articles of incorporation, articles of organization, partnership agreement, or similar organizational documents filed with your state and proof that the business entity is in good standing with such state.

c. **As part of the grant of this Franchise Agreement, you agree that you will be subject to an initial credit and criminal background check before the Effective Date.** You further agree that we have the right to recheck your credit and criminal background at any time during the Term (or any Successor Franchise Term) of this Agreement. You will sign the release that is attached as Exhibit 3.

d. You do not receive any options, rights of first refusal, or similar rights to acquire additional franchises.

### 1.3 Scope of Franchise Operations



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You will comply at all times with your obligations under this Franchise Agreement and will use your best efforts to promote and operate the Business continuously. You will utilize the Marks, System, Proprietary Information, and Manuals to operate all aspects of the Business. The Business will offer all products and services that we designate (which product and service mix may change from time to time) and is restricted from offering or selling any products and services not previously approved in writing.

### 1.4. Reasonable Business Judgment

We will use our Reasonable Business Judgment in the exercise of our rights, obligations, and discretion, except where otherwise indicated. As part of its Reasonable Business Judgment, and to respond timely to market conditions and clients' needs and wishes, we reserve the right, in our sole determination, to vary any standard of the System Marks or the Franchisee Manuals.

### 1.5 Reservation of Rights

Our Affiliates and we reserve the right, among others, to,

a. own, franchise, or operate businesses that are similar to your Business and uses the Marks and the System at any location;

b. use the Marks and the System to sell any products or services (which may be similar to those that you will sell) through any alternate channels of distribution. Alternate channels of distribution include the internet, mail order, and catalog sales. You cannot use alternate channels of distribution without our express permission, which may be granted or denied for any reason or no reason at all;

c. use and license others to use other trademarks, trade names, service marks, logos, copyrighted materials, and methods of operation that are not the same as or confusingly similar to the Marks, that offers goods, services, and related products that may be similar to, or different from, the business operated by you;

d. purchase, or be purchased by or merge or combine with any business, including a business that competes directly with your Business, wherever located;

e. acquire and convert to our System any businesses offering services and products similar to those offered by you, including such businesses operated by competitors or otherwise operated independently, or as part of, or in association with any other system or chain, whether franchised or corporately owned; and,

f. retain all other rights not specifically reserved to you in this Franchise Agreement.

g. Though we can use alternative channels of distribution to make sales of goods, items, and services associated with the System and the Marks, or associated with any other system or trademarks, service marks, trade names, logos, and the like, we have not done so as of the date of the disclosure document. We reserve the right to do so at any time. We do not pay any compensation for soliciting or accepting orders through alternate channels of distribution regardless of the order's proximity to your Franchised Location.

### 1.6 Other Covenants Relating to the Grant of this License

**a. WE BOTH AGREE TO WAIVE THE RIGHT TO A JURY TRIAL AND TO BE AWARDED EXEMPLARY, PUNITIVE, OR CONSEQUENTIAL DAMAGES IN ANY ACTION**



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**BROUGHT CONCERNING THE RELATIONSHIP BETWEEN YOU AND US. SEE ALSO ARTICLE 10.**

**b. WE BOTH AGREE THAT EACH OF US IS LIMITED TO BRINGING ANY LEGAL CLAIM AGAINST THE OTHER WITHIN ONE YEAR OF THE DATE THAT THE FACTS WHICH GIVE RISE TO THE CLAIM WERE DISCOVERED, OR ONE YEAR FROM THE DATE THAT SUCH FACTS REASONABLY SHOULD HAVE BEEN DISCOVERED.**

**c. THIS FRANCHISE AGREEMENT DESCRIBES THE TERMS AND CONDITIONS ON WHICH WE CURRENTLY OFFER FRANCHISES TO NEW FRANCHISEES. WE MAY OFFER FRANCHISES UNDER DIFFERENT TERMS AND CONDITIONS TO ENHANCE, BUILD, AND PRESERVE THE SYSTEM.**

d. You covenant, represent, and warrant the following, and you acknowledge that we are relying upon such covenants, representations, and warranties in making its decision to enter into this Agreement:

i. You acknowledge that you have received and have read this Franchise Agreement and all Exhibits attached hereto. Specifically, you have been advised by us to seek out and use professional counsel of your choosing to interpret any terms, covenants, or conditions of this Franchise Agreement and advise on the relationship overall. It is your sole and exclusive obligation to obtain such counsel, and we will not provide any legal, financial, or other counsel about this Franchise Agreement.

ii. You have adequate funding to purchase and operate the Business and, as a result, are financially capable of undertaking the risks involved in the opening and operation of any business. You know of no circumstances that would lead to litigation against you in the future.

iii. All statements made by you in writing in connection with its application for this Franchise were, to the best of its knowledge, true when made and continue to be true as of the date of this Franchise Agreement.

iv. You are not a party to any litigation or legal proceedings other than those that have been disclosed to us by you in writing.

v. You agree to comply with and to assist us to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws as defined below. As a result, you and your owners certify, represent, and warrant that: (i) none of their property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that you are not otherwise in violation of any of the Anti-Terrorism Laws; (ii) none of them is listed in the Annex to Executive Order 13224 (which can be accessed at http://www.treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html); (iii) it will refrain from hiring (or, if already employed, retain the employment of) any individual who is listed in the Annex; (iv) it has no knowledge or information that, if generally known, would result in you being listed in the Annex to Executive Order 13224; (v) it is solely responsible for ascertaining what actions it must take to comply with the Anti-Terrorism Laws, and you specifically acknowledges and agrees that its indemnification responsibilities set forth in this Agreement pertaining to its obligations under this subparagraph; and (6) any misrepresentation under this subparagraph or any violation of the Anti-Terrorism Laws by you or your employees constitutes grounds for immediate termination of this Agreement and any other agreements between us. For purposes of this Franchise Agreement, "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations, and other regulations found at 31 CFR 515, 595, 597, and any laws which now pertain or which may in the future pertain to the matters of this Section.



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e. We do not now but may, in the future, receive rebates and material benefits from vendors with whom you are to do business. We may share the rebates or material benefits or not in our sole discretion.

### 1.7 Compliance with PCI-DSS

You are responsible for maintaining compliance with all PCI-DSS standards, rules, regulations, and laws. Talk with your merchant banker or the business that controls your use of a Client's credit card, debit card, or similar payment card. Should you fail to maintain such standards, or should there be a breach of your security systems such that PCI-DSS standards are breached, you will immediately notify us and will take all action necessary to resolve the same. You will indemnify us for any loss we suffer due to a breach of the PCI-DSS standards, as more fully stated in Article 14.

## ARTICLE 2

## OPENING PERIOD AND EQUIPMENT

### 2.1 Opening Date

a. You must open within 90 days of the date you sign the Franchise Agreement (Opening Date). You must attend Initial Training before you open. We may extend the Opening Date for a reasonable time (not to exceed 20 days) in the event factors beyond your reasonable control prevent you from meeting the deadline, and you request an extension of time from us.

b. Before opening, you must secure all necessary permits and licenses, purchase or lease all of the equipment required, and obtain and provide evidence of insurance.

### 2.2 Franchised Location

a. It is expected that you will operate your Business from your home (**Franchised Location**). We have no criteria for your Franchised Location.

b. The Franchised Location must be wired for internet access via a high-speed connection with a configuration acceptable to us.

c. You must abide by all federal, state, and local government guidelines concerning the status of any employees or independent contractors that you use.

d. You may relocate your Franchised Location after first obtaining our permission.

e. We do not review or approve any lease.

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

**THE LOCATION OF YOUR BUSINESS DOES NOT IN ANY WAY GUARANTY YOUR SUCCESS OR PROFITABILITY.**



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**2.3 QSP Package, Business Vehicle Requirements, Computer System, and Other Furniture, Fixtures and Equipment**

a. You must purchase the QSP Package at the time you pay the IFF.

b. You must maintain all of the QSP Package equipment to keep each piece operational. You may be required to replace all of the durable tools and equipment supplied with the original QSP Package no more often than once every five years at our then-current QSP Package Maintenance and Renewal Fee. We have the right to increase the QSP Cost for items in the QSP Package by any amount without limitation. We will notify you 60 days before a new fee is to be collected. The content of the QSP Package used for maintenance or renewal will be available only from an approved supplier, an Affiliate, or us. All QSP Consumables delivered as part of the QSP Package must be replaced as often as necessary and must be purchased from our approved vendor, an Affiliate, or us.

c. You must own, purchase, or lease a late-model Business Vehicle. You may already own a vehicle that meets our requirements. If not, you must purchase or lease a Business Vehicle that meets our requirements, which are more fully stated in the Manual.

i. You may purchase or lease the Business Vehicle from any source.

ii. The Business Vehicle must be in reasonable mechanical condition, and the body must be free of material dents, scratches, or rust. You must maintain the mechanical integrity and appearance of your Business Vehicle. If the Business Vehicle exceeds 15 years of age at any time during the Initial Term or any Successor Franchise Term, or if using our Reasonable Business Judgment, we determine that it has not been properly maintained, you may be required to replace it with the then-current Business Vehicle we require of all new franchisees.

iii. You must properly title and license the Business Vehicle and must maintain the insurance we require for the Business Vehicle (Article 17) at all times.

d. You must purchase the Computer System that we require, which is more fully stated in the Manual or a handout.

i. You must maintain all components of the Computer System to keep them operational.

ii. We may require you to update the Computer System hardware no more often than once every five years. We may, however, change the configuration of the Computer System at any time, and if we do, you will be required to comply within 60 days of the date you receive written notice from us.

iii. The Computer System must be connected to a high-speed internet connection at all times.

e. You must also have a printer of any type. You may already have this equipment.

f. You will need a desk, phone, chair, and other office furniture.

g. We may, in the future, require you to purchase a POS System from our approved vendor, an Affiliate, or us. We will give you no less than 60-days prior written notice before requiring you to purchase the POS System.



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h. We will have independent access to your Computer System, except we will never disclose a Client's personal information. If your databases are passcode protected, you will provide the code to us upon request. The information accessed will include scheduling information, attendees, and the identity of venues at which your services are offered. There are no other contractual limitations on our right to access such information

## ARTICLE 3

## FEES, ADVERTISING, and REPORTING

### 3.1 Initial Fees and Payments to Us Before Opening

a. The IFF is stated in Exhibit 1 and is due when you sign this Franchise Agreement. You acknowledge that the IFF represents payment for the training and the initial grant of the rights to use the Marks and Systems and that we have earned the initial franchise fee upon receipt thereof.

b. Before opening, you will also pay us,

i. the QSP Cost for the QSP Package;

ii. our then-current Technology Startup Fee; and,

iii. the OSHA Training Fee.

c. Unless stated elsewhere in this Franchise Agreement, all fees are uniform, fully earned by us, payable in one lump sum, and are non-refundable.

### 3.2 Technology Maintenance Fee and New Technology Fees

a. You will pay us our then-current Technology Maintenance Fee. We may increase this fee at any time without limitation after first giving you no less than 60 days' written notice. We may change the suppliers of these services at any time.

b. We each also acknowledge and agree that changes to technology are dynamic and not predictable. 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 and fees for implementing new technology in the System; and you agree to comply with those reasonable new standards.

### 3.3 Royalty

a. You will pay the greater of the Minimum Royalty or the Percentage Royalty monthly (**Royalty**), which is collected in the manner more fully stated below. We will start billing for Royalties and all other fees collected with the Royalty 45 days after your Opening Date.

b. The Minimum Royalty will never be less than $500.

i. It may be increased no more often than once every 36 months during the Initial Term (as measured from the Effective Date), to reflect an increase in the "Consumer Price Index" for all urban consumers, all items seasonally adjusted (base 1982-1984) (**CPI-U**) that is quoted by the U.S. Bureau of Labor Statistics, or its successor.



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ii. To determine if there is an increase in the CPI-U, we will first determine a baseline CPI-U (**Base CPI-U**) on the Effective Date. If the Effective Date is other than the first day of a month, then the Base CPI-U will be determined on the first day of the first month following the Effective Date. Then on the 36th-month anniversary of the Effective Date and again on the seventy-second month anniversary (or the first day of the month following the 36th or 72nd-month anniversary, if that date is other than the first day of a month), we will determine the then-current CPI-U. (**Current CPI-U**). We will calculate the increase (if any) in the Minimum Royalty by multiplying the then-current Minimum Royalty by a fraction, the denominator of which is the Base CPI-U and the numerator of which is the Current CPI-U.

c. The Minimum Royalty and Percentage Royalty may increase to the then-current amount if you are awarded Successor Franchise Rights.

**3.4 Advertising and Advertising Fees**

a. **Local Advertising, Grand Opening, and Web Presence:**

i. You must spend the greater of $1,500 or 5% per month of Gross Sales (**Local Advertising Fee**) on local marketing (**Local Advertising**) using vendors of your choice. Except as stated below, Local Advertising may take any form you choose, and you may spend any additional amount you choose.

ii. As part of your Local Advertising, you must purchase internet marketing from Google, Bing, Yahoo, or similar search engine businesses. Before you open, you will inform us of the search engine you choose, and we will set up your account with them. We advise you to make your search area's radius equal to 50 miles from your Franchised Location. You may choose an area with more or less territory. You then have the right to control the cost each month paid to the search engine provider. With your permission, we have the option in our sole discretion to monitor your account to determine how your Local Advertising Fee is used. This is not required, and if we agree to monitor it, we may cease doing so at any time. You do not pay us for this service.

iii. We must approve any marketing regardless of the medium into which it is inserted before it is placed. You will deliver the proposed marketing to us no less than 15 calendar days before its insertion into any medium. If you do not receive written notice within the 15 calendar days, the marketing is disapproved.

iv. During the first three months of operation, you must plan, pay a minimum of $750 for, and execute an marketing campaign (**Grand Opening**). We must review and approve your plans for the Grand Opening in the same way that we approve your local marketing.

v. Unless otherwise approved in writing by us or outlined in the Manual, you will not establish a separate website on the internet. Any uniform resource locator (**URL**) addresses, email addresses, blogs, vlogs, social media sites, and the like you create for the Business also require our approval. Upon expiration or the earlier termination of the Franchise Agreement, the URLs, email addresses, blogs, vlog, social media sites, and the like will belong to us, and you will transfer each to us as we may require.

b. **Regional Advertising**

We reserve the right, upon 30 days prior written notice, to allocate all or a portion of your Local Advertising Fee to a regional marketing program (**Regional Advertising Cooperative**) for the benefit of Businesses located within a market area. We have the right to determine the composition of all market



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areas included in a particular Regional Advertising Cooperative. If a market region is formed, we will require all franchisees and company-owned and affiliate-owned Businesses to participate. The Regional Advertising Cooperative will be administered by the contributors to it. There will be no governing documents. All marketing for the Regional Advertising Cooperative will be prepared by a local, national or international marketing agency or by us. The Regional Advertising Cooperative will prepare unaudited financial statements and will make them available to all Cooperative participants within 120 days of the year-end. We have the right to change, dissolve, reinstate, or merge any Regional Advertising Cooperatives.

**c**. **Marketing Fee**

i. We collect the greater of $145 per month, or up to 2% of your monthly Gross Sales for national marketing (**Marketing Fee**). The Marketing Fee will be due at the same time as your Royalty.

ii. The Marketing Fees will be deposited in a separate checking account, savings account, or any other account of our determination (**National Branding Account**). The National Branding Account is not a trust, and we assume no fiduciary duty in administering it. Any monies not used in any year will be carried to the next year.

iii. The National Branding Account will be administered by us in our sole discretion. The Marketing Fees may be used for all marketing expenditures reasonably intended to benefit some or all franchisees and for the payment to us of costs related to administering the National Branding Account. (**National Branding**).

iv. We make no guarantee to you or any other franchisee that National Branding or any marketing expenditures from the National Branding Account will benefit you or any other franchisee directly or on a pro-rata basis.

v. We assume no other direct or indirect liability or obligation to you concerning collecting amounts due to the National Branding Account or concerning maintaining, directing, or administering the National Branding Account.

vi. Any company-owned Businesses will participate in any national or regional marketing programs on the same basis as franchisee-owned Businesses.

vii. The marketing will be produced by a local, national, or international marketing agency or by us.

viii. Upon your prior written request, we will make available to you an annual unaudited financial statement no later than 120 days after our year-end.

ix. Though we have no plans now, we reserve the right to increase the Marketing Fee to no more than 3% of the Gross Sales. We will give you notice of our intent to do this and 60 days to comply.

x. We intend for the Marketing Fees to be continual and perpetual, but we have the right to form, change, suspend (and subsequently reinstate), merge or terminate it if necessary. We will not close the National Branding Account, however, until all contributions and earnings have been used for the purpose for which they were collected.

d. **Franchise Advisory Council**



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All franchisees are eligible to join our then-current Franchise Advisory Council. Currently, five franchisees that receive the greatest number of votes of all franchisees are placed on the council. The Franchise Advisory Council serves in an advisory capacity only, and we have the right at any time to form, change or dissolve (and then reinstate) Franchise Advisory Council.

### 3.5 Other Fees and New Lines

a. You will pay the Additional Training Fee and for any additional training as more fully described in Article 7.

b. You will be charged the Successor Franchise Fee (Article 4).

c. We may charge our then-current fee for approving a new vendor.

d. You will pay the then-current Franchisee Life Insurance Policy Fees.

e. We may charge you our then-current Late Fee and Default Interest for failing to pay timely Royalties, Marketing Fee, or any fee that is due to us.

f. We will charge you the Transfer Fee.

g. If you wish for more than two persons to attend Initial Training (Article 7), you will pay our then-current Additional Training Fee per person.

h. If you wish to have an additional person at initial training or wish to receive advanced or additional training, you will pay the then-current fee;

i. You will pay the then-current Designated Manager Training Fee.

j. If your state assesses them, and except for our income taxes, you will reimburse us for all taxes we pay for products or services we furnish you, or on our collection of the Initial Franchise Fee, the Royalties, marketing contributions, or other fees. We will give you written notice if such a tax is levied and provide commercially reasonable proof of the tax calculation.

k. Other fees you must pay are identified elsewhere in this Franchise Agreement.

l. We may, from time and in our sole discretion, assess other fees or costs to operate the Business more efficiently or that may be assessed for other reasonable purposes. We will notify you of these fees and costs, and you will have a reasonable time within which to comply unless an earlier time for compliance is required elsewhere in this Franchise Agreement.

m. We may, in the future, require all franchisees and you to add new goods, services, and technology to those already sold through or used in the Business. If we do this, you may incur additional expenses, costs, and fees, some of which may be due to an approved vendor, an Affiliate, a third party for whom we collect the funds, or us. If we introduce new lines of goods, services, and technology, we will notify you in writing and give you a reasonable time to comply with the changes.

### 3.6 Method of Payment, Reports and Audits



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a. The Royalty and all other fees due to us are paid monthly and will be delivered to us by such means as we may determine from time to time (including the delivery of EFT through an ACH transaction) on or before the 16th day of the month that follows the month for which the Royalties and other fees were calculated (**Due Date**). All such fees will be deposited into your operating account no later than 3:00 p.m. Mountain Time by the 15th day of the month following the prior month's end. If the 16th falls on a Saturday, Sunday, or federal or state holiday, the Royalty will be due on the next business day.

b. We have the right to change the method of collection of the Royalties and any other fees at any time after giving you reasonable notice. If we decide to use the ACH method, you will no later than ten days after receiving notice from us execute an authorization agreement for ACH transactions from your account to our account in the form that your bank may require.

c. No later than the 10th day of the month following the month in which the Royalty is due, you will report to us by such means as we direct, such information under standard transmittal procedures established by this Agreement regarding the calculation of the Royalty, and such additional information as we may request.

d. You agree to record all Gross Sales of the Business at the time of the sale in your Computer System. You agree to retain all computer records, charge account records, sales slips, orders, return vouchers, sales tax reports, and all of your other business records and related background material for at least seven years following the end of the year in which the items were or should have been generated.

e. In our discretion, we may require you to, and you will provide us with monthly or quarterly financial statements (or both), including a profit and loss statement and balance sheet by the 10th of each month for the previous month or quarter (or both). We may, as outlined in the Operations Manual, require you to use certain designated software for accounting or bookkeeping purposes. Your use of such software is a condition to your franchise, and in connection with such use, you must furnish to us no less than Viewing access to such software, together with all required reports as set forth herein. If we designate required accounting software, you must use such software from any designated vendor(s) as set forth in the Operations Manual. Such software use may include fees paid directly to such vendor(s), on such terms that they set.

f. In addition, you will submit to us within ten days after the end of each calendar year a complete financial statement for the preceding calendar year, including profit and loss statements and your balance sheet.

g. You will also provide us with your year-end business tax returns within ten days of the date that they are filed with the federal and state governments but no later than October 15 of each calendar year.

h. The monthly, quarterly, and yearly financial statements must be prepared using generally accepted accounting principles and must be based upon the accrual method of accounting. All bookkeeping and accounting must be completed by an employee, independent contractor, bookkeeper, accountant, or certified public accountant that is not you or a family member. You must provide us with reasonable proof at the end of each calendar year that your bookkeeping and accounting have met this requirement. We may, as outlined in the Operations Manual, require you to use certain designated software for accounting or bookkeeping purposes. Your use of such software is a condition to your franchise, and in connection with such use, you must furnish to us no less than Viewing access to such software, together with all required reports as set forth herein.



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i. All financial statements must be accompanied by a statement certified under penalty of perjury from the employee, independent contractor, bookkeeper, accountant, or certified public accountant that the documents are true and accurate.

j. If you fail to timely deliver any records required under this Franchise Agreement, we have the right to collect the then-current Report Late Fee for each separate late report in addition to any other rights we may have. We may increase this fee by any amount after giving you no less than 60 days' prior written notice.

k. If you fail to timely pay any Royalties or other fees due under this Franchise Agreement, have underreported Gross Sales, or for another breach for which the fee can be collected, you will owe the then-current Late Fee and Default Interest in addition to such Royalties and other fees. This will be automatically assessed and debited or paid along with the late payment fees due to us.

l. You acknowledge that this Section does not constitute our agreement to accept such payments after the Due Date or a commitment to extend credit to or otherwise finance the operation of the Business. In no event will you be required to pay interest at a rate greater than the maximum interest rate permitted by applicable law. The collection of any Late Fee, Default Interest, or Report Late Fee and the acceptance of any late payment will not diminish our right to any other remedies available under this Franchise Agreement.

m. We have the right to audit and copy your books and records at any time. We also have the right at any time to have an independent audit made of the books of the Business. If we discover that you have underreported your Gross Sales by 2% or less, you will have breached this Franchise Agreement and will (i) pay Royalties and all other fees calculated from Gross Sales, plus Late Fees and Default Interest; (ii) pay the then-current Audit Fee; (iii) if we decide, you will have your record-keeping done by a third-party bookkeeper; and, (iv) take other remedial measures we decide. If it is determined that you have understated your Gross Sales by more than 2%, you will have breached this Franchise Agreement, and we have the right to (1) require all of the above; (2) take other remedial action, including requiring you to provide audited financial statements; or, (3) terminate this Franchise Agreement without any right to cure. If any underreporting has been intentional, then regardless of the percentage of your Gross Sales that the underreporting represents, we have the right to terminate this Franchise Agreement without any right to cure.

### 3.7 Application of Payments

a. Notwithstanding any designation by you regarding the application of any payment to us, we will allocate any payments first to any Late Fees, Report Late Fees, and Default Interest, then to any Royalties or other fees that are past due, and then to the current Royalties and other fees owed. The allocation set forth above does not postpone any payments due on any current or future due date.

b. We will also have the sole discretion to allocate (in the same manner as stated above) any payments or any credits from third-party vendors delivered to us on your behalf. To the extent necessary to carry out the intent of this Section, you appoint us as your attorney-in-fact and grants his power of attorney coupled with an interest for the sole purpose of allocating any such funds received. This power of attorney continues throughout the Term of this Franchise Agreement, any extension thereof, and, if applicable, after the termination of this Agreement, but in the latter case, only to the extent you still owe us money from your operation of the Business.

## ARTICLE 4



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## TERM and SUCCESSOR FRANCHISE RIGHTS

### 4.1 Effective Date and Term

a. This Agreement is effective on the Effective Date. There is no agreement, and this is not a contract between us until that date.

b. Unless earlier terminated, the Initial Term of this Franchise Agreement is 10 years from the Effective Date. If we are required by law to give you notice before the expiration or earlier termination of this Franchise Agreement, and if we fail to do so, this Franchise Agreement will remain in effect until we have given the required notice.

### 4.2 Successor Franchise Rights

At the end of the Initial Term, you have the option to renew your franchise rights for one additional ten-year term (Successor Franchise Term) by acquiring Successor Franchise Rights under the following conditions:

a. if we do not exercise our right to refuse to offer Successor Franchise Rights as permitted under 4.3 below;

b. you are in Compliance at the time you apply for the first Successor Franchise Term;

c. **you sign the then-current franchise agreement for each Successor Franchise Term, which franchise agreement may contain materially different terms and conditions than the franchise agreement you signed for a prior Term. Under the new franchise agreement, the Royalty, marketing fees, and other fees will be no more than are charged to new franchisees who sign the franchise agreement at that time.** The franchise agreement must be signed and delivered to us no later than 45 days before the end of the then-current Term. If it is not so delivered, then you will have withdrawn your decision to purchase Successor Franchise Rights, and such rights will no longer be available to you;

d. you sign the most current form of General Release. A copy of the current form is found in Exhibit 4. Notwithstanding the preceding, to the extent that the law of the state in which the Business is located has determined that the requirement that a franchisee sign a general release be unenforceable, then this requirement will be deleted, and you will not be required to sign the same; or if signed, then such general release will not be enforceable. If, however, the law of the state in which the Business is located permits you to sign such general release, or if by agreeing to the alternative dispute resolution covenants and choice-of-law provisions of Article 16, we are able to enforce this requirement, then you will sign such a release as part of the process described in this Section. Notwithstanding the preceding, excluded from any release are claims arising from representations in the FDD.

e. you pay the Successor Franchise Fee. The Successor Franchise Fee is earned when you pay it and is not refundable under any circumstances;

f. you exercise the option for Successor Franchise Rights by giving written notice of such exercise to us not earlier than one year or later than 180 days before the scheduled expiration of this Franchise Agreement; and

g. the Successor Franchise Rights under the new Franchise Agreement begins on the day following the end of the then-current Term.



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**4.3. Conditions of Refusal**

a. We will not be obligated to offer you Successor Franchise Rights if you,

i. have received a fourth written notice of breach of any combination of terms, covenants, or conditions of this Franchise Agreement during the Initial Term, or more than one written notice of breach during any of the Successor Franchise Terms even though each such breach may have been timely cured;

ii. fail to comply with any of the conditions necessary to obtain Successor Franchise Rights as described in Section 4.2 above;

iii. are in breach of this Franchise Agreement at the time you attempt to exercise your right to purchase Successor Franchise Rights, even if such breach is not the fifth breach and even if such breach is timely cured; or

iv. we have determined in good faith, and after using our Reasonable Business Judgment, not to grant Successor Franchise Rights.

b. If we do not grant you Successor Franchise Rights, we will give notice of expiration at least 60 days before the expiration of the Term, and such notice will set forth the reasons for such refusal to offer Successor Franchise Rights.

**4.6 Expiration at the End of a Term and Holdover**

a. Unless it is terminated earlier, if you fail to elect to purchase Successor Franchise Rights, or if Successor Franchise Rights are not granted to you, this Franchise Agreement will expire at midnight Mountain Time on the last day of the then-current Term.

b. Upon expiration, we may permit you to continue operating your Business. During such period, the provisions of this Franchise Agreement will apply except that the Term will be only from month-to-month, and you will pay a Royalty equal to 150% of the Royalty identified above.

## ARTICLE 5

## MANUALS and SERVICES PROVIDED TO YOU BY US

**5.1 Manuals**

a. We will provide you one or more Manuals, technical bulletins, or other written materials covering our standards, specifications, and operating and marketing procedures, and you must use them in operating your Business. You will comply with the Franchisee Manuals as an essential aspect of your obligations under this Agreement, and your failure to comply substantially with the Franchisee Manuals will be considered by us to be a breach of this Agreement.

b. The Manuals will be updated from time to time, and you must comply with any changes in every update within the time provided in such updates.



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c. The Manuals are our sole property and will be used by you only during the Term of this Franchise Agreement and in strict accordance with the terms and conditions hereof.

d. We may modify any specification as to any goods, service, supplies, or the like, at any time, on a regional or national basis, by an amendment to the Manuals or by written notice to you. Once you are notified, you must make the change that is specified. All such changes will be effective as stated in such notice.

**5.2 Services Provided by Us Before Commencement of Operations**

Before the commencement of business, we will,

a. deliver the QSP Package;

b. deliver the Initial Training more specifically identified in Article 7;

c. provide you with a list of approved suppliers for equipment, goods, and services;

d. supply reasonable telephone, text, and email support; and,

e. offer OSHA Training if a quarterly training session occurs before you open.

f. Except as state above, we are not required to offer you any other services.

**5.3 Services Offered by Us During the Operation**

During the operation of your Business we,

a. may offer additional conferences, seminars, or programs, at a frequency we determine. Some of these seminars or programs may be mandatory, and we may charge tuition. We will give you no less than 60 days prior written notice before we assess tuition;

b. may deliver updates to the Franchisee Manuals, the System, the Marks, and the training provided to you, at a frequency that we determine;

c. will review all promotional and marketing you wish to use;

d. may visit and inspect your Business and use other methods to ensure you and all other franchisees are delivering quality services and products that conform to the System;

e. may provide promotional materials and marketing programs from time to time, as we deem appropriate;

f. may begin regional cooperative buying, and if we do, you may be required to participate;

g. may offer reasonable phone, text, and email assistance as we deem necessary; and,

h. will offer OSHA Training if a quarterly training session occurs after you open. (Article 7).

i. Except as stated above, we are not required to offer you any other services.



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## ARTICLE 6

## MARKS, COPYRIGHTS, THE SYSTEM, and PROPRIETARY INFORMATION

### 6.1. Proprietary Information

a. You acknowledge that you will gain knowledge of proprietary matters, techniques, and business procedures that are necessary and essential to the operation of the Business, without which information you could not effectively and efficiently operate. You further acknowledge that the methods of operation used in the operation of the Business are unique and novel to the System.

b. As used herein, "Proprietary Information" includes (i) Persons that are, have been or become franchisees of the System and any investors therein; (ii) Persons that are, have been or become Clients of the Business; (iii) the terms of and negotiations relating to past or current franchise agreements concerning the System; (iv) the operating procedures of, and each component of the System, including our distinctive management, bookkeeping, and accounting systems and procedures; training; marketing; promotional and marketing methods; and the like; (v) the economic and financial characteristics of the System and franchisees, including pricing policies and schedules, profitability, earnings and losses, and capital and debt structures; (vi) the services and products offered to Clients of the Business; (vii) the Client Lists; (viii) any common law or statutory copyrighted materials and the protection afforded thereby; (ix) the Marks; and, (x) the Franchisee Manuals.

c. In consideration of the time and effort that we have put into the System and its goodwill, and for other good and valuable consideration, you agree that we retain ownership and control of your Client List. You may use the Client List only in conjunction with the operation of the Business. Upon a Transfer or the expiration of this Franchise Agreement or its earlier termination for any reason, the Client List will be retained by us.

d. During the Term of this Agreement and following a Transfer or the expiration or termination of this Agreement, you will not divulge to any Person, directly or indirectly, any Proprietary Information (including the content of the Client Lists) without our prior written consent, which will be granted or denied for any reason or no reason at all. Nothing contained herein will be construed to require us to divulge any portion of the Proprietary Information except as needed to help you operate the Business.

e. You may disclose Proprietary Information only to such of its employees, agents, and representatives as must have access to it to operate the Business. You will obtain from each such employee, representative or agent, an agreement that such Person will not, during the Person's employment, representation, or agency with you, or at any time after that use, divulge, disclose or communicate, any of the Proprietary Information, directly or indirectly, in any form or manner, to any person or business entity.

f. You acknowledge that any failure to comply with this Article's requirements will cause us irreparable injury, and as a result, we are entitled to obtain specific performance or an injunction against any violation of such requirements. You waive the requirement for posting a bond(s) to the fullest extent permitted by law.

g. You have the right to use the Proprietary Information only as permitted by this Franchise Agreement and only for so long as you fully perform and comply with all of the conditions, terms, and covenants of this Agreement, and our policies and procedures that we prescribe from time to time.



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h. You acknowledge that we have the sole right to license and control your use of every component of the Proprietary Information. You also acknowledge that you have not acquired any right, title, or interest in or to any component of the Proprietary Information and will not in the future acquire any such interest. You are granted the limited, non-exclusive license to use the same in the operation of Business as disclosed in this Franchise Agreement.

i. You will not copy any component of the Proprietary Information unless we specifically authorize it in writing, which authorization may be granted or denied for any reason or no reason at all.

j. Your Principal Operator, any Designated Manager, and you will never during the Term of this Franchise Agreement, or at any time after the Transfer, termination, or expiration of this Agreement, reveal any component of the Proprietary Information to any person or entity nor use it for any other business.

k. We reserve the right to require each Person identified as a Franchisee (Article 1) to sign a non-disclosure and non-competition agreement.

**6.2. Marks and Copyrights**

a. The following Mark is owned by our IP Affiliate and is registered with the United States Patent and Trademark Office (**USPTO**):

| Registration Number | Description of Mark | Register of the USPTO | Registration Date |
|---|---|---|---|
| 4,406,169 | | Principal | September 24, 2013 |
| Application Number 97336651 | | Principal | (Application Date) March 29, 2022 |

b. We have a license with our IP Affiliate that permits us to sublicense the Marks under this Franchise Agreement. If we breach the license such that our IP Affiliate terminates it, our IP Affiliate has agreed to license the Marks directly to each franchisee.

c. You have the right to use the Marks only as permitted under this Franchise Agreement and only for so long as you fully perform and comply with all of the conditions, terms, and covenants of this Franchise Agreement and our policies and procedures that we prescribe from time to time.

d. Except as permitted in the Franchisee Manuals, you will not use any of the Marks as part of an electronic mail address or on any sites on the internet, and you will not use or register any of the Marks as part of a domain name.

e. Any use of a Mark in marketing must be with our prior written approval as outlined in this Franchise Agreement and the Franchisee Manuals.

f. You further agree to execute any additional documents and assurances reasonably requested by us in connection with our ownership and use of the Marks, and agree to fully cooperate with



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us or any of our other franchisees or licensees in securing all necessary and required consents of any federal or state agency or legal authority.

g. If you purchased this franchise through a business entity, or if you convert to a business entity other than a sole proprietorship, each individual who owns any equity interest in the business entity may be required to sign the Guaranty found at Exhibit 8. The Guaranty requires each guarantor to be bound by all of your obligations under this Franchise Agreement and makes each Guarantor subject to the restrictive covenants of this Franchise Agreement

**6.3 Infringement**

a. You will notify us in writing of any possible infringement on the Marks, any component of the System, and any part of the copyrighted materials or the illegal use by others of any Mark, any portion of the System, or any copyrighted materials that may be the same as, or confusingly similar to, that used by us.

b. Our IP Affiliate and we have the right in our sole discretion to control any administrative proceedings or litigation involving a Mark licensed or sublicensed to you under this Franchise Agreement. If you learn of any claim against you for alleged infringement, unfair competition, or similar claims about the Marks, you must promptly notify us. Our IP Affiliate, or we will take the action we deem necessary to defend you. We must indemnify you for any action against you by a third party based solely on alleged infringement, unfair competition, or similar claims about the Marks. We have no obligation to defend or indemnify you if the claim against you is related to your use of the Marks in violation of the Franchise Agreement.

c. You will have no right to make any demand or prosecute any claim against the alleged infringer. You must cooperate with us in any way necessary in the event of such an infringement.

**6.4 Business Name**

a. You acknowledge that our principals, our Affiliates, or we have a prior and superior claim to each portion of the Marks. You will not use the phrase "Bio-One" or any portion of the Mark in the legal name of your business entity and will not use the phrase "Bio-One" or any portion of the Mark on any letterhead, checks, invoices, or other documents without our express prior written consent. You also agree not to register or attempt to register a trade name using the words "Bio-One" in your name or that of any other person or business entity without our prior written consent, which may be withheld for any reason or no reason at all. You may do business as "Bio-One of _____ (city/county/area)" so long as this is only a "doing business as" or fictitious name and not part of the business entity name.

b. You understand and agree that the telephone number(s), URLs, and email addresses for the Business constitute a part of the System, and each is subject to the restrictions of this Agreement. You will not change the telephone number(s), create new URLs for the Business, or the like without our prior notice and written approval. You will advertise and publicize the telephone number(s) for the Business in the manner prescribed by us. Upon the Transfer of, or the expiration or earlier termination of this Agreement, all contact information other than the address, if you operate your Business out of your home, is our property under Exhibit 5.

c. Except as permitted in the Franchisee Manual, you will not use any of the Marks as part of an electronic mail address or on any sites on the internet, and you will not use or register any of the Marks as part of a domain name on the internet.



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### 6.5 Modification, Discontinuation, and Goodwill

a. If we, in our sole discretion, determine it necessary to modify or discontinue use of any Marks or any portion of the Proprietary Information or the System, or to develop additional or substitutes for any such component, you will, within a reasonable time after receipt of written notice of such modification or discontinuation from us, take such action, at your sole expense, as may be necessary to comply with such modification, discontinuation, addition or substitution.

b. You have the right to use the Marks, the System, and the Proprietary Information only as permitted by this Franchise Agreement, and only for so long as you fully perform and comply with all of the conditions, terms, and covenants of this Franchise Agreement, and our policies and procedures that we prescribe from time to time.

c. All other use of the Marks must be with our prior written approval (which may be granted or denied for any reason or no reason at all).

d. All goodwill associated with any component of the Proprietary Information (including the Marks and the System), including any goodwill that might be deemed to have arisen through your activities, inure directly and exclusively to our benefit. You further agree to execute any additional documents and assurances reasonably requested by us and agree to fully cooperate with us or any of our other franchisees or licensees in securing all necessary and required consents of any federal or state agency or legal authority. If you take any action that in any manner disparages, brings disrepute to, or harms the goodwill associated with the Marks, the System, or the Proprietary Information, we will have the right to terminate this Franchise Agreement immediately without granting you any right to cure.

### 6.6 No Use of Other Marks

No marks, logotypes, trade names, trademarks, or the like other than specifically approved by us will be used in the identification, marketing, promotion, or operation of the Business.

### 6.7 Protection of All Information

a. You agree to,

i. fully and strictly adhere to all security procedures prescribed by us for maintaining the secrecy of the Marks, each component of the System, and all of the Proprietary Information;

ii. disclose such information to your employees only to the extent necessary to make and market our products;

iii. refrain from: (A) directly or indirectly contest nor aid in contesting the validity of the ownership of the Marks; (B) in any manner interfere with or attempt to prohibit our use of the Marks, any component of the System or derivatives thereof, or any of the Proprietary Information or any other name that is or becomes a part of our System; or, (C) at any time interfere with the use of the Marks by our other franchisees or licensees.

iv. refrain from using any component of the Marks, the System, or the Proprietary Information in any other business or any manner not specifically authorized or approved by us in writing; and



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v. exercise the highest degree of diligence and make every effort to maintain the absolute confidentiality of all such information during and after the Term of the Franchise Agreement.

b. You also agree to refrain from conducting any activity at the Franchised Business or in connection therewith, or take any action at the Business which is illegal, or take any action or fail to take any action either at the Business, or outside the Business, or during personal time, which could result in damage to, or disparagement of the Marks, System, or Proprietary Information, or which reasonably could, or does negatively impact our reputation and goodwill.

**Any breach of this covenant will result in immediate termination for which no cure is provided.**

**6.8 Innovations by You.**

a. During the Initial Term or any Successor Franchise Term, you may create, design, or otherwise improve upon any portion of the System, or the Proprietary Information, including improving upon any manner of doing business (**Innovation**). Any such Innovations are our sole and exclusive property. Upon creating such Innovation, you will immediately notify us in writing, which will describe the nature of the Innovation in detail. We have the sole and exclusive right to approve or disapprove of any such Innovation for any reason or no reason at all. If we approve of it, we may permit you to use the Innovation and may, in our sole and exclusive option, permit any one or more franchisees or company-owned stores to use any portion of the Innovation.

b. You agree that as between us and between you, us, and third parties, we will own the right, title, and interest to the Innovation. You agree to take any action necessary to ensure that we obtain such right, title, and interest, so long as such action costs you nothing. To the extent such ideas, concepts, techniques, or materials comprise copyrights or patents, the Innovation will be a "work-made-for-hire." To the extent the Innovation is not deemed a work-made-for-hire, you expressly assign to us all exclusive right, title, and interest in and to all portions of the Innovation without further consideration and without any restrictions, liens, or encumbrances. To the extent any of the rights in and to any Innovation cannot be automatically assigned to us due to applicable laws, you will ensure that we are granted an exclusive, royalty-free, transferable, irrevocable, worldwide license (with rights to sublicense) to practice such non-assignable rights, including the right to use, reproduce, distribute, and modify any such Innovation. To the extent any of the rights in and to such Innovation can neither be assigned nor licensed to us, you irrevocably waive and agree never to assert such non-assignable and non-licensable rights against us or against any of our successors in interest. No rights of any kind in or to any Innovation are reserved to or by you, and none will revert to or be reserved by or on your behalf.

c. We are not obligated to pay you for the Innovation, though we reserve the right to do so without incurring the obligation to pay you or any other franchisee for any future Innovation.

## ARTICLE 7

## TRAINING

**7.1 Initial Training, OSHA Training, and Training of Designated Manager**

**a. <u>Initial Training</u>**

i. For the first franchise that you buy, your Designated Manager, or your Principal Operator, must attend and complete Initial Training to our reasonable satisfaction. You may also have one



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additional trainee attend (for a total of two Persons). At least one of the two must complete Initial Training before you open. You will then have no more than 365 days after the Opening Date to send a second trainee to Initial Training. If each Person completes Initial Training within that time, there will be no tuition. If, however, you send a Person after the 365 days, Initial Training will be offered at our then-current Additional Training Fee.

ii. If one of the two people that attend Initial Training before opening fails to pass Initial Training, the Person will be allowed to take it again at the next available class. There will be no tuition charged for this, but you will pay for travel, room, and board. If the training fails to pass the second time, the Person will not be permitted to provide any Services that require completion of the Initial Training. If the two people that take Initial Training before opening fail to complete training to our reasonable satisfaction, both will be permitted to take it the second time for no additional tuition. If they both fail to pass Initial Training the second time, we have the right to terminate the Franchise Agreement, except that all restrictive and other covenants of the Franchise Agreement that must survive termination to remain enforceable will survive. The IFF will not be refunded.

iii. If one Person passes Initial Training before opening and the second person attends training within 365 days of the Opening Date, that Person must pass Initial Training to our satisfaction. If the trainee does not pass, the Person will be allowed to take it again at the next available class. There will be no tuition charged for this, but you will pay for travel, room, and board. If the Person does not pass the second time, the Person will not be permitted to provide any Services that require completion of the Initial Training. Though the Person may take the course for the third time, we will charge the then-current Additional Training Fee, and the Person will pay for travel, room, and board.

iv. Training participants will not receive any compensation from us while attending the training. If you wish more than two people to attend training, you will pay our then-current fee for each additional trainee.

**b. WE DO NOT PROVIDE TRAINING ON CLEANING OR REMOVAL OF CONTROLLED SUBSTANCES SUCH AS FENTANYL. YOU CANNOT ACCEPT SUCH JOBS UNLESS YOU HAVE RECEIVED APPROPRIATE TRAINING FROM A THIRD-PARTY SOURCE AND HAVE OBTAINED THE NECESSARY FEDERAL OR STATE LICENSES.**

c. **OSHA Training**

In order to refresh and emphasize the safety procedures taught to you during Initial Training, you (if you are a sole proprietor or are the sole equity owner of the business-entity franchisee) or one of your equity owners (if you are a business entity that has two or more equity owners) must attend and also pass OSHA Training. The training is given quarterly, so there is no guarantee that the attendee will take it before opening. In that case, you will take it at the next available time. You will pay the then-current OSHA Training Fee, and you will be responsible for your travel, room, and board. This training must be completed to our reasonable satisfaction. If the attendee fails to pass the OSHA Training, the person will be required to take it again until it is passed. In this case, however, you will pay the then-current OSHA Training Fee and your costs for travel, room, and board each time the training is taken.

d. If you replace your Principal Operator or Designated Manager, the replacement must attend our training. You will pay the then-current fee Designated Manager Training Fee for such training, and you will be responsible for travel, room, board, and wages of the attendee.

**7.2 Conference, Additional Training, and Other Education Development Programs.**



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a. We do have a Conference though attendance is not now mandatory. We may change this at any time after giving you no less than 60 days prior written notice. You must pay the then-current Conference Fee, and you are responsible for our travel, accommodations, food, and other expenses. We reserve the right to change the Conference Fee at any time and in any amount after giving you no less than 60 days prior written notice before the Conference.

b. If you request additional, extraordinary, advanced, or refresher courses or training, or if we require you to take the same, we may, at our option, charge our then-current Additional Training Fee. You will pay your costs for travel, lodging, and food.

c. In addition to the conference, we have the right in the future to require your Principal Operator, Designated Manager, and you to attend a local or regional meeting up to two times per year. Though none is now charged, we reserve the right to charge tuition in the future. You, however, are always responsible for all travel and living expenses that are associated with attendance at the same.

d. If attendance at any conference or meeting is mandatory, we may charge you our then-current Mandatory Non-Attendance Fee if you fail to attend.

### 7.3 Employees and Employee Training

a. Your employees are not our employees. You are exclusively responsible for any matters concerning your employees and independent contractors, including hours worked, scheduling, the payment of taxes, purchasing any workers' compensation insurance, and following all municipal, state, and federal rules, laws, and statutes.

b. You will be solely and exclusively responsible for properly training all employees in the operation of the Business. We make no determination and provide no advice on any matter governing the essential terms or conditions of your employees' or independent contractors' employment. By way of example and not limitation, we provide no advice, direction, or control over wages or methods of payment, benefits, hiring policies, supervision, promotion, discipline, termination procedures, scheduling, employee-customer relationships, employee bookkeeping, or records, and the like.

c. You may not, under any circumstances, use our name, Marks, copyrighted information, or other Proprietary Information on any checks, employee records, employee applications, employee handbooks, or other items that are delivered to the employee.

## ARTICLE 8

## QUALITY CONTROL

In addition to all other obligations and representations of yours outlined in this Franchise Agreement, you agree as follows:

### 8.1 System Compliance, Franchise Agreement Compliance and Client Service Fee

a. You agree to follow the System, the Franchisee Manuals, and other procedures, forms, and obligations promulgated or provided by us from time to time.

b. You agree to comply with all covenants and duties placed upon you by this Franchise Agreement.



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c. You will give prompt, courteous, and efficient service to all Clients.

d. If one of your Clients complains to us, and if we deem it necessary to service the Client directly, you must reimburse us our Client Service Fee. We have the right to increase the Client Service Fee by any amount without limitation. We will notify you 60 days before a new fee is to be collected.

**E. YOU MUST, AT ALL TIMES AND ON ALL JOBS, WEAR ALL OF YOUR PERSONAL PROTECTION EQUIPMENT, INCLUDING SUITS, GLOVES, MASKS, AND THE LIKE. THERE ARE NO EXCEPTIONS TO THIS RULE.**

**8.2 Compliance with Applicable Laws**

a. You agree to comply with all applicable laws, ordinances, and regulations, or rulings of every nature whatsoever that in any way regulate or affect the operation of your Business. You agree not to engage in any activity or practice which results in or may reasonably be anticipated to result in any public criticism of the System or any part thereof.

b. We have not made, and you have not relied upon, any representation that no licenses, or only certain licenses, are necessary to operate the Business.

c. **WE DO NOT PROVIDE TRAINING ON CLEANING OR REMOVAL OF CONTROLLED SUBSTANCES SUCH AS FENTANYL. YOU CANNOT ACCEPT SUCH JOBS UNLESS YOU HAVE RECEIVED APPROPRIATE TRAINING FROM A THIRD-PARTY SOURCE AND HAVE OBTAINED THE NECESSARY FEDERAL AND STATE LICENSES.**

**8.3 Inspections**

a. In addition to our right to audit your books and records (Article 3), we also have the right to audit any other aspect of your business. You consent to such reasonable inspections and audits during normal business hours at the Business.

b. Should we notify you at any time of defects, deficiencies, or unsatisfactory conditions concerning the Business (including your books and records), you agree to correct the deficiencies within the time for any cure that is granted by this Franchise Agreement or by the Franchisee Manuals.

**8.4 Approved Products, Product Purchases, and Approval Method**

a. You agree to provide only the services we specify in the Franchisee Manuals, which will be amended from time to time. You also agree that all goods or services supplied by the Business will comply with our standards and specifications. You must purchase the same from designated or approved sources and suppliers.

b. In some cases, you may wish to purchase a required good or service from a supplier that has not been previously approved by us. There is no charge for this service. We do not maintain written criteria for approving suppliers, and thus, these criteria are not available to you or your proposed supplier. To obtain our approval, you must submit such information as we may reasonably require to evaluate the prospective supplier. We will evaluate the submitted information and will provide written notice of our decision to you within 15 days. If, however, no written notice is received, the approval is denied. We may



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grant or deny approval for any reason or no reason at all. Other than as stated here, we have no other process for approving suppliers.

c. Approval of alternative suppliers may be revoked by us if we determine in good faith that the goods or services they are supplying no longer meet the quality standards that are in effect at that time.

### 8.5 Management

Your Principal Operator, Designated Manager, or you must devote the Person's full time, attention, and best efforts to the management and operation of the Business and the compliance with this Franchise Agreement.

### 8.6 Modification

a. We may reasonably change or modify the System, the Franchisee Manuals, and the Marks, and you agree to accept, be bound by, use, implement, and display any such changes to the System. You will make whatever expenditures are reasonably required to implement such changes or modifications. We have complete ownership and control of any changes, modifications, enhancements, or suggestions, whether made by you or us.

b. We may approve exceptions to, or changes in the uniform standards for you or other franchisees that we believe are necessary or desirable under particular circumstances. You have no right to object to such variances or to obtain the same variances for yourself.

### 8.7 Disclosure

We can disclose any information concerning your Business in our disclosure materials, including your name, address, telephone number, financial, and other information.

## ARTICLE 9

## TRANSFERS

### 9.1 Sale or Assignment by Franchisor

This Franchise Agreement and all of our rights and obligations are fully assignable and transferable by us and, if so assigned or transferred, will binding upon and inures to the benefit of our successors and assigns. By way of example and not limitation, we may be sold, or we may sell to a competitor or any other entity any portion of or all of our rights: to license or sublicense the Marks; to any component of the Proprietary Information or System; or, any other assets. In addition, we may go public, may engage in a private or other placement of some or all of our securities, may merge, or acquire other entities or assets which may be competitive with the System, or not, we may be acquired by a competitor or other entity, and we may undertake any refinancing, leveraged buy-out or other transaction. You waive all claims, demands, and damages concerning any transaction allowed under this section or otherwise. You will fully cooperate with any such proposal, merger, acquisition, conversion, sale, or financing.

### 9.2 Transfer by You

a. This Franchise Agreement is personal as to you and has been signed by us in reliance on and in consideration of your qualifications and representations. Therefore, this Franchise Agreement, any



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of its rights or privileges, or any equitable, capital, voting, non-voting, or other interest in you may be assigned, sold, transferred, or divided in any manner by you or anyone else only with our express written permission.

b. To obtain such written approval, you will provide us with all documentation relating to the "**Proposed Transfer**" (as defined in this Article). We will notify you of our approval within 30 days after we receive all of the information that we may request from you. If we do not respond within the 30 days, the proposed transfer is disapproved by us.

c. The term "**Transfer**" includes the voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition by you of any interest in (i) this Franchise Agreement; (ii) your equity ownership as stated in Exhibit 1; or (iii) any assets of the Business (other than in the normal course of business). A Transfer also includes any assignment, sale, gift, or other disposition and includes but is not be limited to: (iv) a transfer as a gift to any Person; (v) a transfer resulting from a divorce, insolvency, or business-entity dissolution proceeding; (vi) by operation of law; (vii) in the event of the death, transfer or disposition by will or under the laws of intestate succession; (vii) by declaration of or transfer in trust; and, (viii) by any other direct or indirect assignment, sale, gift, pledge, mortgage or the granting of any security interest encumbering the assets of the Business. A "**Proposed Transfer"** is one that is covered by this Article but that has not yet occurred.

d. If a proposed Transfer is only among existing natural-person franchisees, existing shareholders or members of a corporate or limited liability company franchisee, or among existing partners of a partnership franchisee, and if there is no Change of Control, then there will be no Transfer Fee, and we will not be entitled to exercise our "Right of First Refusal" which is described below. All other conditions to the approval of a proposed Transfer will, however, apply.

e. If the proposed Transfer could result in a Change in Control, then all of our rights apply, and such Transfer will be subject to our approval

f. Each certificate of a corporate or limited-liability-business-entity franchisee will have endorsed upon its face a legend stating that assignment or transfer thereof is subject to the restrictions of this Agreement. You agree to provide us with a copy of each such certificate to ensure compliance with this provision.

### 9.3 Conditions to Approval of any Transfer

a. In determining the acceptability of the Proposed Transferee, we will consider, among other things, our then-current standards for new franchisees, including the net worth, creditworthiness, background, training, personality, reputation, and business experience of the Proposed Transferee, the terms and conditions of the proposed transfer, and any circumstances that would make the transfer contrary to our Reasonable Business Judgment or the best interests of the System.

b. We may meet with the Proposed Transferee and candidly discuss all matters relating to the Franchise Agreement and the Franchised Business. In no case will you or a Proposed Transferee rely on us to review or evaluate any proposed transfer. We will not be liable to you or the Proposed Transferee or any other person or entity relating to the transfer.

c. As a condition of any Transfer otherwise permitted under this Franchise Agreement, you agree as follows,



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i. you will notify us of a proposed Transfer by sending a written notice to us and enclosing a copy of the written offer from the Proposed Transferee;

ii. you must be in Compliance with this Franchise Agreement and not be in default hereunder at the time you request the transfer;

iii. all accounts payable and other monetary obligations to any Affiliate or us must be paid in full;

iv. you must have timely submitted all required reports, financial statements, and other documents;

v. the terms and conditions of the proposed Transfer must be provided in writing to us;

vi. if approved, the Proposed Transferee must sign the then-current form of the franchise agreement, **which may contain terms, covenants, and conditions that are significantly different from those found in this Franchise Agreement**;

vii. the Proposed Transferee must attend training and will pay tuition (if any) that is then being charged to new franchisees. The Proposed Transferee will also pay for his travel, room and board expenses for such training;

viii. the Transferee or you must pay the Transfer Fee upon execution of the franchise agreement by the Proposed Transferee;

ix. you (and if we deem it necessary, any other Person defined as the Franchisee under Article 1) must execute the then-current form of General Release to us. A copy of the current form of General Release is attached as Exhibit 4.

x. all covenants found in this Franchise Agreement, including any post-term covenant not-to-compete, any indemnification covenants, confidentiality obligations, and the provisions relating to dispute resolution, will survive any Transfer and will continue to be your obligation.

### 9.4 Invalidity of Transfers

a. Any Involuntary Transfer by you, such as by legal process including bankruptcy, assignment for the benefit of creditors, assignment as security for any financial or non-financial matter or otherwise, are not permitted, are not binding on us, and are grounds for the termination of this Franchise Agreement without the right to cure.

b. You agree that using this Franchise Agreement as security for a loan or otherwise encumbering this Franchise Agreement is prohibited unless we specifically consent to any such action in writing before the proposed transaction.

c. You agree not to grant a sub-franchise under this Franchise Agreement, nor to otherwise seek to license or permit others to use this Franchise, the Franchised Business, or any of the rights derived by you under this Franchise Agreement and any manner that violates the provisions herein.

d. Any attempt to complete a Transfer without our express permission will be considered a breach of this Franchise Agreement for which no cure will be provided.



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### 9.5 Death or Permanent Disability and Franchisee Life Insurance Policy

a. Subject to subparagraph 9.5(b), upon your death or Permanent Disability or upon the death or Permanent Disability of your Principal Operator or the owner of a controlling interest in the business-entity Franchisee, the executor, administrator, conservator, guardian or another personal representative of such person will transfer your interest in this Franchise Agreement or such interest in the business-entity Franchisee to an approved third party who may be the heirs or successors of the deceased or disabled individual. Such disposition of this Franchise Agreement or such interest (including, without limitation, transfer by operation of law, intestacy, bequest or inheritance) must be completed within a reasonable time, not to exceed 180 days from the date of death or Permanent Disability, and will be subject to all terms and conditions applicable to transfers contained in this Article as though the transferee was being introduced to us by the deceased or disabled Franchisee, provided, however, that no transfer fee will be charged.

b. We purchase the Franchisee Life Insurance Policy using the then-current Franchisee Life Insurance Policy Fees that you pay. Upon your death, we will use the proceeds from this policy to operate your Business until you sell it (with our approval) or allow your estate to assume this Franchise Agreement. Any proceeds from the policy that remain after the sale or assignment will be retained by us.

c. Failure to transfer the interest in this Agreement or such interest in the business-entity Franchisee within 180 days constitutes a breach of this Agreement for which no additional cure may be granted.

### 9.6 Right of First Refusal

In the event of a Transfer, you agree the same is subject to our 30-day right of first refusal (**Right of First Refusal**) to purchase such rights, interest, or assets on the same terms and conditions as are contained in the written offer for the Transfer, except that the following additional terms and conditions will apply:

a. you will notify us of such offer by sending a written notice to us (which notice may be the same notice as required by Section 9.3 above), enclosing a copy of the written offer from the Proposed Transferee;

b. the 30-day Right of First Refusal period will run concurrently with the period that we have to accept or not accept the Proposed Transferee;

c. such Right of First Refusal is effective for each proposed transfer and upon any material change in the terms or conditions of the proposed transfer will be a separate offer on which a new 30 day right of first refusal will be given to us;

d. if the consideration or manner of payment offered by a Proposed Transferee is such that we may not reasonably be required to furnish the same, then we may purchase the interest which is proposed to be sold for the reasonable cash equivalent. If the Parties cannot agree within a reasonable time on the cash value of the consideration proposed to be paid by the Proposed Transferee, an independent appraiser will be designated by us, whose determination will be binding upon you and us. All expenses of the appraiser shall be paid for equally between you and us; and

e. if we choose not to exercise the Right of First Refusal, you will be free to complete the Transfer, subject otherwise to your compliance with this Franchise Agreement. Our failure to reply to your notice of a proposed sale within the 30 days is a waiver of such Right of First Refusal.



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## ARTICLE 10

## DEFAULT AND TERMINATION

### 10.1. Termination by Franchisor - Effective upon Notice

We have the right, at our option, to terminate this Franchise Agreement and all rights granted you hereunder, without affording you an opportunity to cure (subject to any state laws to the contrary, where such state law may prevail), or to exercise any other rights that we may have including terminating your right to operate your Business without terminating the Franchise Agreement, which notice of termination will be effective five days after mailing by prepaid, certified mail, return receipt, or if by overnight or hand delivery, then effective on the date of such delivery or the date of refusal by you to accept delivery, upon the occurrence of any of the following events:

a. You cease to operate the Business or otherwise abandon the Business for 14 consecutive days, or any shorter period that indicates your intent to discontinue operation of the Business, unless and only to the extent that full operation of the Business is suspended or terminated due to Force Majeure and not related to the availability of funds to you.

b. You become insolvent, as that term is commonly defined using generally accepted accounting principles, consistently applied; are adjudicated a bankrupt; if any action is taken by you, or by others against you under any insolvency, bankruptcy, or reorganization act; or if you make an assignment for the benefit of creditors or a receiver is appointed by you. This provision may not be enforceable under federal bankruptcy law, 11 U.S.C. §§ 101 et seq. If for any reason, this Agreement is not terminated under this Article 10, and the Franchise Agreement is assumed, or assignment of the same is made to any Person that has made a bona fide offer to accept an assignment of the Franchise Agreement under the U.S. Bankruptcy Code, then you must supply us within 20 days after receipt, written notice of such proposed assignment or assumption, setting forth, (i) the name and address of the proposed assignee; and (ii) all of the terms and conditions of the proposed assignment and assumption; and, in any event, within ten 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 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 this Franchise 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 which may be payable by you out of the consideration to be paid by such assignee for the assignment of this Franchise Agreement.

c. Any material judgment or award (or several judgments or awards which in the aggregate are material) is (are) obtained against you and remain(s) unsatisfied or of record for 30 days or longer (unless a supersedeas bond or other appeal bond has been filed); if execution is levied against the Business or any of the property used in the operation of the Business and is not discharged within five days; or if the real or personal property of the Business or the business-entity Franchisee is levied upon under the law of the state in which the Business is located.

d. Any criminal background check (as permitted by you under Exhibit 3 and which may be conducted at any time during any Term of this Franchise Agreement), discloses, or if we learn through any other method, that you have been arrested for, convicted of, or plead no contest to, a crime (whether a petty offense, misdemeanor, or felony) involving moral turpitude; are arrested for, convicted of, or plead no contest to, a felony of any nature; or are arrested for, convicted of, or plead no contest to, any crime (whether



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a petty offense, misdemeanor, or felony), or civil offense that is reasonably likely, in our sole opinion, to unfavorably reflect on the System, Marks, or the goodwill or reputation thereof.

e. Any credit background check determines that your status as a debtor has materially negatively changed from any prior report so that your ability to continue to operate the Business is commercially substantially in doubt.

f. You fail to pay any Royalties, marketing fees, Late Fees, Default Interest Report Late Fees, or any other amounts due us, including any amounts which may be due as a result of any other agreements between you and us within five days after receiving notice that such fees or amounts are due.

g. You misuse or fail to follow our direction and guidelines concerning use of the Marks or any component of the Proprietary Information, and fail to correct the misuse or failure within five days after notification from us; except that if your violation of this subparagraph (g) is intentional, there will be no 5-day right to cure and default and termination will be immediate.

h. You disclose to any unauthorized person any component of the Proprietary Information or the System.

i. During the Initial Term of this Franchise Agreement (or during any Successor Franchise Rights Term), you have received from us three written notices of default as to any term, covenant, or condition (or a combination thereof) of this Franchise Agreement, each of which has been timely cured (if cure is available), and you are again in default of the same or any other portion, term, or covenant of this Agreement, even if all prior breaches were timely cured.

j. During any Successor Franchise Term, you receive one written notice of default as to any term, covenant, or condition (or combination of them) of this Franchise Agreement and are again in default of the same or any other term, covenant, or covenant of this Agreement, even if the breach was timely cured.

k. You violate a term of Article 9, or suffer an Involuntary Transfer.

l. You violate any Applicable Law and then fail to cure (if cure is provided).

m. You make any material misrepresentations relating to the acquisition of your rights under this Franchise Agreement.

n. You violate any covenant or condition of 1.6(d)(v).

o. You violate any other term, covenant, or condition which contains its own cure provision and then fail to cure within the time provided in that term, covenant, or condition.

p. You have employees, and you fail to pay the Person’s wages or withholding taxes.

q. You fail, refuse, or neglect to obtain any prior written approval or consent required by this Agreement.

r. You engage in any unauthorized business or practice or sell any unauthorized product or service from the Business.



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s. You fail to pay any tax (including but not limited to payroll, sales, income, or any other tax) due as a result of the operation of the Business).

t. One or more complaints are received by us concerning: you; the operation of your Business; your demeanor; or for any other reason during any 12 months;

u. You violate any other covenant of this Franchise Agreement that has its own cure provisions and fail to cure within the time stated there.

v. You fail to file or deliver any documents to us at the time required under this Franchise Agreement and fail to cure the same after receiving ten days written notice to do so;

w. You take any action, fail to take any action either during normal business hours or outside business hours which action or failure to act in our commercially reasonable judgment results in, or may reasonably result in the disparagement of the Marks, the System, or any portion of the Proprietary Information;

x. There is a "**Cross-Default**" under Section 10.3 below; or,

y. You fail to add new lines of goods, services, or technology after we have notified you in writing and have given you reasonable time to comply, which will be no longer than 60 days.

### 10.2. Termination by Franchisor – Thirty-Days Notice

We have the right to terminate this Franchise Agreement (subject to any state laws to the contrary, in which case such state law will prevail) effective upon 30 days' written notice to you if you breach any other term, covenant, or condition of this Franchise Agreement that does not have its own cure period oris not identified in Section 10.1 and fail to cure within the 30 days

### 10.3 Cross Default

a. If you are a party to any other Franchise Agreements with us or are a party to any agreements with an Affiliate, and if such agreement is breached and not timely cured within the time permitted in such document with the result being that that agreement is terminated, then we have the right to terminate this Franchise Agreement without affording you any additional right to cure.

b. If you violate the terms, covenants, or conditions of any other contract or agreement with a third party that is unrelated to us but which is material to the operation of the Business including any real property or equipment lease (**Third Party Contract**) and fail to cure any such breach within the time permitted under such Third Party Contract, and as a result, you are unable (i) to operate this Business in the manner you were able to before the breach of the other agreement; or, (ii) to operate any other Business under a separate franchise agreement (**Cross-Default**); or, (iii) operate the Business under the terms of this Agreement, then upon termination of said Third Party Contract, this and all other franchise agreements with us may, in our sole and exclusive discretion, also be terminated at the same time as the Third Party Contract terminates. You will provide us immediate notice in the event of the termination of such a material agreement.

### 10.4 Diligent Pursuit of Cure and Discontinuation of Services

a. If the breach is one for which cure is provided, and if you undertake the cure within three days of the date you receive our notice, and if you continue to pursue such cure in good faith but are unable



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to complete it within the cure period, we will give you up to an additional 30 days after the end of the first cure period within which to complete such cure. If you fail to pursue the cure during this additional time or are unable to complete such cure within this additional time, we have the right to terminate the Franchise Agreement without further notice to you.

b. We also have the right, in our sole discretion, to grant you extended time to cure. In such an event, however, we will not have waived our rights to later strictly enforce any right to cure, to deny you the right to cure a future breach for which no cure is provided, or to take such action as is allowed to us by this Franchise Agreement if you fail to cure during the extended period granted to you.

c. As to any breach of this Franchise Agreement for which cure is granted, during the period of cure, we have the right to suspend our performance of any of our obligations under this Franchise Agreement, including the supply of any online services, online marketing, web-page hosting or the sale or delivery of any services or products until you correct the breach.

**10.5 Temporary Management, Temporary Management Fee and Discontinuation of Service**

a. If you breach this Franchise Agreement, whether or not the breach is one for which cure is provided, we have the option but not the obligation to temporarily manager your Business until (i) the breach is time cured (if cure is permitted); (ii) until the termination process is complete, and you are no longer a Franchisee; or (iii) we determine our temporary management should cease.

b. During this period, we have the right to operate your business as though we were your Designated Manager, and we will perform all duties required to operate the Business, will service all Clients, will collect all Gross Sales revenue, will make all tax payments, will make all commercially reasonable payments to employees, will pay the then-current Temporary Management Fee, will pay accounts payable, and will take all other reasonable actions necessary to operate your Business.

c. You will indemnify us and hold us harmless from any claim, cause of action, damage, loss, fee, cost, wage, award, and the like that may be incurred by us unless the same is caused by our gross negligence.

d. To the extent we deem it necessary, you will amend any insurance policies to ensure that we are covered by such insurance.

e. Further, and as to any breach of this Franchise Agreement for which cure is granted, during the period of cure, we have the right to suspend our performance of any of our obligations under this Franchise Agreement, including the supply of any online services, online marketing, web-page hosting or the sale or delivery of any services or products until you correct the breach.

**10.6 Our Rights to Damages**

Upon your failure to cure any Event of Default (if cure is provided), we may proceed to enforce any or all of the following non-exclusive remedies or any other remedy, claim, cause of action, award, or damages allowed by law or equity, with the understanding that the pursuit of one remedy is not an election or waiver by us to pursue additional remedies, as all remedies are cumulative and are not exclusive:

a. Bring one or more actions for lost profits as measured by the Royalties and other fees that would have been due and payable had breach and default not occurred (less however any amounts necessary to ensure that we are receiving only the net amount of such Royalties or fees;) penalties and interest as



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provided for in this Franchise Agreement; and for all other damages sustained by us as a result of your breach of this Franchise Agreement.

b. Accelerate the balance of any outstanding installment obligation due hereunder and bring an action for the entire accelerated balance.

c. Bring an action for temporary or permanent injunctions and orders of specific performance enforcing the provisions of this Franchise Agreement and otherwise stop you from engaging in actions prohibited hereby, including, without limitation: (i) improper use of the Marks or System; (ii) unauthorized assignment of the Franchise Agreement; (iii) violation of any of the restrictive covenants; and (iv) your failure to meet or perform your obligations upon the Transfer, termination or expiration of this Franchise Agreement.

d. Terminate this Franchise Agreement and proceed to enforce our rights under the appropriate provisions.

e. We also have the right to refrain from terminating this Franchise Agreement, but to enforce our rights to deny you use of the Proprietary Information; the operation of the business; and any other legal or equitable rights and to bring an action for any damages, costs (including reasonable attorneys' fees and arbitration costs) or losses suffered by us.

f. If you operate the Business after Transfer, repurchase, termination, or expiration; use any of the Marks, Proprietary Information, or any component of the System; violate any surviving covenants after a Transfer, any termination or expiration, then, in addition to any remedies provided above, and in addition to any other remedies in law or equity (all of which are cumulative and not an election of remedies to the exclusion of other remedies), our remedies will include recovery of the greater of, (i) all profits earned by you in the operation of the business using our Marks or System after such Transfer, Assignment, repurchase, termination, or expiration; (ii) all Royalties, marketing contributions, and other amounts that would have been due to us if such Transfer, repurchase, termination, or expiration had not occurred; or (iii) any other amount that may be proven.

**10.7 Waiver of Jury Trial and Waiver of Punitive, Exemplary, or Consequential Damages**

**a. YOU AND WE AGREE TO WAIVE THE RIGHT TO A JURY TRIAL AND AND INSTEAD ELECT TO USE THE ALTERNATIVE DISPUTE RESOLUTION PROCEDURE OF ARTICLE 16.**

**b. Each Party agrees that it has the right to seek damages that are in addition to the actual monetary loss that can be proven, including consequential, exemplary, and punitive damages, even if a Party is made aware of the right to such damages. Being advised of the same, we each waive such damages that may be in addition to any actual monetary damages suffered; except if you must indemnify us under Article 14 and if, as a result of the action underlying the indemnification, such damages are awarded to the injured party, then you agree that indemnification will cover such damages. If in some event the arbitrator awards such damages and if such award is not deemed to be outside the scope of what is permitted by this Franchise Agreement, then any constitutional or statutory limitations on punitive, exemplary, multiple, or similar damages will apply.**

Initials as to this Section

_____

Initials of Franchisee

_____



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Initials of Franchisee

_____

Initials of Franchisor

### 10.8 State or Federal Law Prevails

If any mandatory provisions of governing state law prohibit termination of the franchise agreement as described herein, or if the same otherwise limits our rights to terminate by imposing different rights or obligations as are found herein, then such mandatory provisions of state law will be incorporated into the agreement by reference and will prevail over any inconsistent terms in the agreement. If no such law exists, or if such law exists but permits you to agree to abide by the termination provisions set forth here instead of the state law, then you agree that the terms of this Franchise Agreement will prevail. If by electing the alternative dispute resolution provisions and choice-of-law provisions of Article 16, it is determined that the terms of this Franchise Agreement preempt or prevail over the application of any state law to the contrary, then the choices made by the Parties will prevail to permit the limitations identified in this Article.

### 10.9 Payment of Fees is an Independent Covenant

You agree that you will not withhold payments of Royalties, Marketing Fees, regional marketing contributions, or any other amounts of money owed to us for any reason, even including a claim by you of the alleged nonperformance by us of any obligation hereunder. All such claims by you will, if not otherwise resolved by us, be resolved as permitted in this Agreement. All covenants are independent of each other.

### 10.10 Action Against the Franchisor

Subject to the limitations of actions as found in Article 16, before starting any dispute resolution procedure against us or any of our officers, agents, or employees, you agree to give our officers, agents, employees, or us 60 days prior written notice and an opportunity to cure any alleged act or omission within that time. If such act or omission cannot be cured within 60 days and we or our officers, agents, or employees are diligently pursuing cure, you will give us or our officers, agents, or employees such additional time as is reasonably necessary to cure which time will not exceed an additional 30 days. If we fail to complete such a cure in a timely fashion, you have such rights as are permitted in this Franchise Agreement.

## ARTICLE 11

## OBLIGATIONS OF FRANCHISEE UPON TERMINATION OR EXPIRATION

### 11.1 Obligations upon Transfer, Termination or Expiration

Upon a Transfer, termination, or expiration of this Franchise Agreement for any reason, you will cease to be a licensed Franchisee and will immediately,

a. pay for all product purchases, marketing fees, and other charges and fees owed or accrued to us;

b. refrain from holding yourself out as a Franchisee and immediately cease to advertise or in any way use the System, the Marks, any materials, designs, logos, methods, procedures, processes, and other commercial property and symbols or promotional materials provided by or licensed to you by us or in any way connected with the Business;



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c. take all steps necessary to disassociate yourself from the System and the Business, including the removal of signs and destruction of letterhead. You also agree to assign to us your telephone listings and telephone numbers, changing internet sites, web pages, and Uniform Resource Locators (**URL**) web pages, blogs, vlogs, social media addresses, "**handles**," and the like. In this regard, you will sign the "**Collateral Assignment of Contact and Electronic Information**," the current copy of which is attached as Exhibit 5. If you fail or refuse to do so, the telephone company, website manager, hosting agent, and other listing agencies will accept this Franchise Agreement as evidence of our exclusive rights in and to the same. If your state requires specific information included in this Franchise Agreement or a particular document be executed to perfect our rights as your attorney in fact, you and we agree that this Franchise Agreement is amended to include such language or the document, and you and we will cooperate to ensure that such document is executed;

d. take such action as is necessary to amend or cancel any assumed name, fictitious name, or business name or equivalent registration which contains any trade name or Mark of ours, or in any way identifies you as being affiliated with the System;

e. notify all suppliers, utilities, creditors, and concerned others that you are no longer affiliated with us, the System, or the Franchise, and provide proof to us of such notification. You covenant not to use any part of the System or any part of our trade secret or confidential or proprietary information or materials following the termination of this Franchise Agreement and not to identify any present or future business owned or operated by you as having been in any way associated with us or the System;

f. within seven calendar days, return to us by first-class, prepaid, certified, return receipt requested, United States Mail, all Manuals (including originals and any copies), all training, marketing, promotional aids, materials, and all other printed materials concerning the operation of the Business and the Client Lists;

g. unless an earlier time is called for, in which case the earlier time prevails, furnish evidence satisfactory to us of compliance with this Article within 30 calendar days after the termination, expiration, or Transfer of this Franchise Agreement.

h. The terms of this Section survive a Transfer or the expiration or earlier termination of this Franchise Agreement.

### 11.2 Additional Matters

Upon a Transfer or the expiration or earlier termination of this Franchise Agreement,

a. no payment will be due to you from any source on account of any goodwill or other equity claimed by you arising from your operation or ownership of the Business or this Franchise Agreement;

b. unless otherwise described herein, no fees, charges, royalties, marketing fees, or other payments of any kind from you to us will be refundable in whole or in part; and,

c. you will have no equity or other continuing interest in this Franchise Agreement.

## ARTICLE 12

## RIGHT TO PURCHASE

### 12.1 Right to Purchase



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a. Except as otherwise provided in Article 9, which prevails in the instance of a Transfer, upon expiration or earlier termination of this Franchise Agreement, you grant to us the right to acquire, in our sole discretion, all or any part of your inventory, equipment, signs, and accessories, and other personal property relating to the Business or the Franchise Agreement at the then-existing Fair Market Value of such furniture, fixture, equipment, or item as of the date of expiration or termination of this Franchise Agreement.

b. We must exercise this option within 30 days of such expiration or termination by giving written notice to you of our intent to exercise our option to purchase. Unless otherwise agreed by you, the purchase price as determined hereunder will be paid in cash within the option period.

c. If we have not notified you of our election to exercise this option within the 30 days, it is conclusively presumed that we have elected not to exercise our option, and you are then free to sell or transfer such assets to any person or entity on such terms as you may so choose.

## ARTICLE 13

## RELATIONSHIP BETWEEN THE PARTIES

### 13.1 Independent Contractor

a. In all matters between us, or between you and the public, you are an independent contractor. Nothing in this Franchise Agreement or the franchise relationship constitutes a partnership, agency, joint venture, or another arrangement between us.

b. Neither Party is liable for the debts, liabilities, taxes, duties, obligations, defaults, compliance, intentional acts, wages, negligence, errors, or omissions of the other.

c. You are responsible for the management and control of the Business and its operation under this Franchise Agreement, including, without limitation, its daily operations, management, employee direction, and payment of all costs and expenses.

d. The Parties agree not to hold themselves out by action or inaction, contrary to this Article.

e. None of your employees are our employees, and each employee must be so notified.

f. Neither Party will act or have the authority to act as agent for the other, and neither you nor we will guaranty the obligations of the other or become obligated for the debts or expenses of the other unless agreed to in writing.

### 13.2 No Fiduciary Relationship

It is understood and agreed between us that this Franchise Agreement does not establish a fiduciary relationship.

### 13.3 Posting of Signs

You agree to post promptly and maintain any signs or notices specified by us or by applicable law indicating the Parties' status.

## ARTICLE 14



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## INDEMNIFICATION

### 14.1 Indemnification

a. You agree to and will indemnify and defend us (the "**Indemnified Parties**"), against, and will reimburse us for all "**Claims**" (as defined below), directly or indirectly arising out of, your operation of the Business including Claims by your employees or Customers; your breach of any agreement with a third party that results in our being named in the Claim; a Claim of premises liability; your use of the Marks, the System, and the Proprietary Information; or as a result of your performance or failure to perform under this Franchise Agreement. "**Claims**" include any legal or equitable claim, obligation, liability, cause of action, damage, award, judgment, cost (including reasonable attorney's fees, court costs, and expert witness fees), expenditures of funds by us, or loss suffered by us.

b. Included in indemnification is the reimbursement or direct payment by you of any award, damage, consequential damages, and costs reasonably incurred in defense of any Claim against the Indemnified Parties, including, without limitation, reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses.

c. We have the absolute right to defend any such Claim and have the right to have legal counsel of our choosing, the reasonable cost of which will be borne by you.

d. This indemnity continues in full force and effect after and notwithstanding the Transfer, expiration, or termination of this Franchise Agreement and will continue for any applicable limitation-of-actions statute.

e. **Further, should any Claim result in the granting of exemplary, punitive, or consequential damages, the same will be covered under this Article and will be reimbursed to us regardless of any language to the contrary in this Franchise Agreement.**

## ARTICLE 15

## RESTRICTIVE COVENANTS

### 15.1 In-Term Covenant Not to Compete

a. You and we share a common interest in avoiding situations where Persons who are or have been franchisees operate or become involved with a similar competing business either during a Term or after the expiration, termination, or Transfer of this Franchise Agreement. Similarly, you and we want to protect our Proprietary Information, trade secrets, and similar information from misuse or in a Competitive Business.

b. Therefore, during each Term of this Franchise Agreement, you will refrain in any capacity or at any location from owning; operating; leasing; franchising; conducting; consulting with; engaging in; having any interest in; assisting any Person in; or acting as an employee, consultant, partner, officer, director or shareholder of any other Person in any Competitive Business, except with our prior written consent that may be granted or withheld for any reason or no reason at all.

### 15.2 Post-Term Covenant Not to Compete



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Upon the Transfer of, or termination, or expiration of this Franchise Agreement for any reason, or the occurrence of any Transfer, and for of 36 full months after that, you agree you will refrain from owning; operating; leasing; franchising; conducting; consulting with; engaging in; having any interest in; assisting any Person; or acting as an employee, consultant, partner, officer, director or shareholder in a Competitive Business that is within 50 miles of your Franchised Location, or within 50 miles of the Franchised Location of any other franchisee or Business owned by an Affiliate or us.

### 15.3 No Disclosure

You agree that during the Term of this Franchise Agreement, during any Successor Franchise Term or at any other time after the Transfer, expiration, or earlier termination of this Franchise Agreement (or any franchise agreement signed under the Successor Franchise Term), each will refrain from making any unauthorized disclosure or use the Marks, any component of the System, or any portion of the Proprietary Information.

### 15.4 Other Protection

During the Term of this Agreement, for two years following the Transfer, expiration, or termination of this Agreement, and in the area described in Section 15.2 above, you covenant that you will refrain either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, persons, or legal entity from:

a. diverting or attempting to divert to any competitor of the Business (by direct or indirect inducement or otherwise) any business or Clients of the Business; or

b. doing or performing, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System.

### 15.5 Application and Survival

a. This Article applies to all participants in the Franchised Business including the Principal Operator, any equity holder, any Person that has a manager or higher position, any Person that is a spouse or civil partner of you, of the Principal Operator or the equity holder, any Guarantor, and all others that take an active role in the operation of the Business that holds a manager or higher position.

b. The restrictive covenants of this Article and all other restrictive covenants in this Franchise Agreement (including those in Article 6) survive its Transfer, expiration, or earlier termination and will continue to bind those Persons subject to these terms.

### 15.6 Reasonable Restriction and Savings Clause

a. The covenants found in this Article are intended to be a reasonable restriction on you and others identified above. You and we agree that the purpose of these restrictions is to protect the entire franchise system from unfair competition and to protect the goodwill, and time and effort spent by us in creating the Marks, the System, and the Proprietary Information. In fact, we would not have shared such information with you unless you agreed to be bound by the terms of this Article 15.

**b. You further agree you (and each Person identified as a Franchisee under Article 1) have skills of a general and specific nature and has other opportunities, or will have other opportunities, to use such skills, and that the enforcement of these covenants will not unduly deprive you of the opportunity to earn a living.**



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c. To ensure that the covenants found in this Article are and will remain enforceable, every location of a Business, every month, each mile of distance, or any other restriction may be amended by the arbitrator in the most limited manner possible to reduce any spatial, temporal, or other limitation considered to be overly broad to create a reasonably enforceable covenant that upholds the restrictive nature of this Article specifically and this Franchise Agreement generally.

d. You expressly agree that the existence of any claim you may have against us, whether or not arising from this Franchise Agreement, does not constitute a defense to the enforcement by us of any covenants of this Article specifically and this Franchise Agreement generally. You further agree that we are entitled to set off any loss or damage we suffer against any amounts owed to you.

### 15.7 Tolling of Time and Injunctive Relief

a. You acknowledge that any failure to comply with this Article will cause us irreparable injury for which no adequate remedy at law may be available, and you, therefore, understand that we may apply for an injunction to a court of competent jurisdiction to protect our rights. If permitted by law, you agree to waive any requirement that we post a bond. Further, you and we understand that to obtain injunctive relief, you and we are not required first to meet face-to-face or to mediate under Article 16. If the temporary injunction is granted, we must begin the alternative dispute resolution process under Article 16. We may further avail ourselves of any legal or equitable rights and remedies which it may have under this Franchise Agreement or otherwise.

b. If at any time during a period of non-competition, you fail to comply with your obligations under this Article, under Article 6, or under any other covenant that has survived expiration, termination, or a Transfer, the period of noncompliance will not be credited toward your satisfaction of the non-competition requirement. Instead, the counting of the period of non-competition will be tolled until you are again in compliance.

## ARTICLE 16

## DISPUTE RESOLUTION

### 16.1 Intent, Meeting, and Mediation

You and we believe that it is important to resolve disputes amicably, quickly, cost-effectively, and professionally and return to business as soon as possible. You and we agree that the provisions of this Article support these mutual, practical business objectives, and, therefore, agree as follows:

a. All provisions of this Franchise Agreement (including the language of this Article) will be fully enforced, including those relating to arbitration, waiver of jury trial, limitation of damages, venue, choice of laws, and shortened periods in which to bring claims.

b. **All of the terms, covenants, and conditions of this Article, including the choice of law, choice of venue, and use of arbitration are mandatory and not permissive.**

c. The Parties rely on the federal preemption of state laws under the Federal Arbitration Act (9 U.S.C. §1 et seq.) (**FAA**) with the understanding that the FAA and not state law will control any matters concerning mediation and arbitration and, as a result, the provisions of this Franchise Agreement will be enforced only according to its terms and through the alternative dispute mechanism found in this Article.



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The Parties further agree that each Party intends that any state law attempting to prohibit arbitration or attempting to void out-of-state forums for arbitration are preempted by the Federal Arbitration Act and that arbitration will be held as provided in this Article.

d. Except as expressly provided in this Franchise Agreement, **EACH PARTY KNOWINGLY WAIVES ALL RIGHTS TO A COURT OR JURY TRIAL AND, INSTEAD, SELECTS FACE-TO-FACE MEETINGS, MEDIATION AND FINALLY BINDING ARBITRATION AS THE SOLE MEANS TO RESOLVE DISPUTES UNDERSTANDING THAT FACE-TO-FACE MEETINGS, MEDIATION AND ARBITRATION MAY BE LESS FORMAL THAN A COURT OR JURY TRIAL, MAY USE DIFFERENT RULES OF PROCEDURE AND EVIDENCE, THAT AN APPEAL PROCESS IS GENERALLY LESS AVAILABLE, AND THAT THE FEES AND COSTS ASSOCIATED WITH MEDIATION AND ARBITRATION MAY BE SUBSTANTIALLY GREATER THAN IN CIVIL LITIGATION.**

Initials as to the above three subsections:

_____
Initials of Franchisee

_____
Initials of Franchisee

_____
Initials of Franchisor

e. Notwithstanding the fact that a Party is or may become a party to a court action or special proceeding with a third party or otherwise, and whether or not such pending court action or special proceeding: (i) may include issues of law, fact, or otherwise that arise out of the same transaction (or series of related transactions) as any arbitrable matter between or involving the Parties; (ii) involves a possibility of conflicting rulings on issues of law, fact, or otherwise; and (iii) such pending court action or special proceeding may involve a third party who cannot be compelled to arbitrate the terms, covenants, and conditions of this Franchise Agreement, the Parties still agree any dispute between the Parties to this Franchise Agreement will be enforced according to the terms found herein, including the obligation to perform under this Article.

f. Before arbitration, each Party agrees to adhere to the following procedure:

i. First, in the event of a disagreement between us, we agree to meet face-to-face within 30 days after one Party gives written notice to the other;

ii. Second, if the issues between us cannot be so resolved, then the disagreement must be submitted to non-binding mediation before the Judicial Arbitration and Mediation Service (**JAMS**) or its successor (or an organization designated by JAMS or its successor). If JAMS is unable or unwilling to conduct such proceedings, and the Parties to the dispute cannot agree on an appropriate organization or person to conduct such proceedings, mediation will be heard by the American Arbitration Association. (**AAA**).

A. You and we will agree upon a single mediator. If we cannot agree upon the mediator, then the senior-most officer, director, or manager of the association under which the mediation is to take place will choose a neutral and disinterested mediator, and such choice will be final and binding.

B. Mediation must begin 30 days after the face-to-face meeting. Any Party may be represented by counsel and may bring persons appropriate to the proceeding with permission of the mediator.



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iii. Each Party will bear the Person's costs associated with attending mediation. Each Party will equally split the cost of the mediator.

iv. If mediation does not resolve the matter, you and we agree that the disagreement will be submitted to and finally resolved by binding arbitration.

**16.2 Resolution under Arbitration**

a. Subject to the terms of this Article, Arbitration must begin by the earlier of 90 days after the end of mediation or the last day of the one year identified in this Article.

b. Arbitration will be held before and under the arbitration rules of JAMS or its successor (or an organization designated by JAMS or its successor). If JAMS is unable or unwilling to conduct such proceedings, and the Parties cannot agree on an appropriate organization or person to conduct such proceedings, the arbitration will be heard by a single arbitrator from the AAA. The arbitrator must be experienced in franchising. If the Parties cannot agree upon the arbitrator, the senior-most officer, director, or manager of the association under which the arbitration is to take place will choose a neutral and disinterested arbitrator, and such choice will be final and binding upon the Parties.

c. Any Party may be represented by counsel and may, with permission of the arbitrator, bring persons appropriate to the proceeding.

d. The arbitrator's judgment on any preliminary matter and the final arbitration award will be final and binding and may be entered in any court having jurisdiction.

e. The arbitrator's award will be in writing. On request by any party to the arbitration, the arbitrator will provide to all disputants a reasoned opinion with findings of fact and conclusions of law, and the Party so requesting will pay the arbitrator's fees and costs.

f. There will be no right to appeal any preliminary finding or ruling, and there is no right to appeal the final award.

g. The Parties agree that they will equally split the fees paid to start arbitration and the fees paid to the arbitrator until the arbitrator awards fees and other costs to the Prevailing Party.

**16.3 Confidentiality:**

The Parties to any meeting, mediation, or arbitration will sign confidentiality agreements, excepting only public disclosures and filings as are required by law.

**16.4 Choice of Law, Venue and Jurisdiction**

a. Any meeting, mediation, or arbitration will be conducted exclusively at a neutral location within 15 miles of our then-current headquarters without regard to conflict of law provisions or *forum non-conveniens* demand to the contrary.

b. The arbitrator will apply all applicable laws and equity permitted under the laws of the state in which our headquarters is then located without regard to conflicts of law provisions.



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c. The terms of this Section and the terms of this Article generally **are mandatory and not permissive** and will control any matters of jurisdiction, venue, and choice of law; and by initialing below, you and we have agreed to the mandatory terms of this Article generally and to the mandatory terms of this Section specifically.

Initials as to this entire Section

_____
Initials of Franchisee

_____
Initials of Franchisee

_____
Initials of Franchisor

**16.5 Scope, Discovery, other Procedural Matters, Fees, and Costs**

a. The arbitrator will decide any factual, procedural, or legal questions relating to the dispute, including any decision as to whether there is a franchise contract between the Parties; whether this Article is applicable and enforceable; and all other matters, including issues relating subject matter, timeliness, scope, remedies, unconscionability, and any alleged fraud in the inducement.

b. The Parties to the dispute have the same discovery rights as are available under the rules of the arbitration association hosting the arbitration.

c. Each participant must submit or file any claim which would constitute a "compulsory counter-claim" (as defined by the applicable rule under the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such compulsory counter-claim that is not submitted or filed in such proceeding will be forever barred.

d. The arbitrator may issue summary orders disposing of all or part of a claim and provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships, and other equitable, interim or final relief.

e. Each Party consents to the enforcement of such orders, injunctions, etc., by any court having jurisdiction.

f. The arbitrator has subpoena powers limited only by the laws of the state in which our headquarters is then located

g. In addition to any other remedy, the arbitrator will award the "**Prevailing Party**" their costs, fees, reasonable attorney's fees, expert witness fees, and the like that Party expended in preparation for and the prosecution of the case at arbitration. The Prevailing Party will be the Party that has obtained the greatest "**net judgment**" in terms of money or money equivalent. If money or money equivalent has not been awarded, then the Prevailing Party will be that Party that has prevailed on a majority of the material issues decided. The "**net judgment**" is determined by subtracting the smallest award of money or money equivalent from the largest award. If there is a mixed decision involving an award of money or money equivalent and equitable relief, or if the arbitrator deems it to be in the best interest of justice, the arbitrator using their reasonable judgment, will award the above fees to the Party that it deems has prevailed over the other Party. This award applies to all matters decided by the arbitrator, including matters concerning misrepresentation or fraud.

**16.6 Disputes Not Subject to the Mediation or Arbitration**



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a. Claims or disputes relating primarily to the Marks, to any intellectual property licensed to you, to any matter governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.), are subject to court proceedings in a court of competent jurisdiction. Only the portion of any claim or dispute identified in this Section is subject to court action, but only to the extent that such action is necessary to protect the Marks, the intellectual property, and any matters governed by the Lanham Act.

b. Matters relating solely to the collection of money by one Party against the other are not subject to a face-to-face meeting, mediation, or arbitration. Such matters include collection efforts against you or us solely for the failure to make timely payment of any amount due to the other. In such an event, such matter may be brought in a court of competent jurisdiction and venue. If, however, one Party to such action pleads another claim, cross-claim, counter-claim or affirmative defense based on anything other than the mere collection of money, or if the other Party alleges facts concerning fraud or any other equitable defense, then the entire matter, including the collection-of-money effort will be subject to the alternative dispute resolution procedures of this Article.

c. To the extent that either of us seeks injunctive relief before the face-to-face meeting or mediation, the same may be applied to a court of competent jurisdiction. The court will hear only the application for injunctive relief, and the mere fact that the court exercised jurisdiction in considering the injunction will not serve to eliminate the alternative dispute resolution requirements of this Article. If the temporary injunction is granted, then the Party that made the application must begin the alternative dispute resolution process under this Article.

### 16.7 Other Matters

We each understand and specifically agree that any matters concerning the relationship between us and any dispute arising, as a result, will be determined on an individual basis and will not be brought as a class action or with multiple unrelated franchisees (whether as a result of attempted consolidation, joinder, or otherwise). This is prudent from a business standpoint because (a) the mediation and arbitration procedures function most effectively on an individual case basis; (b) there are significant factors present in each individual franchisee's situation which should be respected; and (c) class-wide or multiple plaintiff disputes do not foster quick, amicable, and economic dispute resolutions.

### 16.8 One Year Limitation of Action

a. Except for an alleged violation of the Marks or any intellectual property licensed to you (which may be brought at any time), and except for the enforcement of our right to indemnification under Article 14 and subsection (c) just below, **YOU AND WE ARE LIMITED TO BRINGING ANY ARBITRATION AGAINST THE OTHER WITHIN ONE YEAR OF THE DATE THAT THE FACTS WHICH GIVE RISE TO THE CLAIM WERE DISCOVERED, OR ONE YEAR FROM THE DATE THAT SUCH FACTS REASONABLY SHOULD HAVE BEEN DISCOVERED.** The one-year period begins to run and will not be tolled merely because the claiming party was unaware of legal theories, statutes, regulations, or case law upon which the claim might be based. If the Parties have begun mediation on the day that the one-year expires, then the one-year will be extended by 90 days from the unsuccessful end of mediation within which a Party must bring arbitration. If arbitration is not brought by 5:00 p.m. Mountain Time on the 90th day after mediation ends, then the right to bring arbitration expires, and the Parties will have no other opportunity to try, arbitrate or receive any other relief because of the action, matter, dispute, or disagreement underlying the claim.

b. Notwithstanding the foregoing, if any federal or state law provides for a shorter limitation period than is described in this Section, then such a shorter period will govern.



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c. This Section will not apply to issues of indemnification, and such actions under the indemnification covenant may be brought within the period provided by any limitation-of-action statute under the laws of the state in which our headquarters is then located.

Initials as to this entire Section

_____
Initials of Franchisee

_____
Initials of Franchisee

_____
Initials of Franchisor

**16.9 Survival of Obligations**

Each provision of this Article 16 is self-executing and will continue in full force and effect after a Transfer, expiration, termination, rescission, or finding of unenforceability of this Agreement (or any part of it).

## ARTICLE 17

## INSURANCE

**17.1 Insurance is Required and Minimum Coverage**

a. Before you open, and then no later than 30 days before each renewal or expiration date of a policy, you will purchase and maintain in full force during each Term, an insurance policy or policies protecting you and us, and the officers, directors, partners, and employees of both you and us against any loss, liability, personal injury, death, property damage or expense whatsoever arising or occurring upon or in connection with the operation of the Business. We and our officers, directors, members, partners, and employees will be named as an additional insured on all such policies using the latest version of ISO endorsement CG 20 10 or the latest version of ISO endorsements CG 20 42 or CG 20 43 (or their combined equivalent). The coverage afforded to the additional insureds must be written on a primary basis and will not require or contemplate contribution by any other policy or policies obtained by, or available to, an additional insured.

b. You will deliver to us the actual policy or policies of insurance or endorsements issued by the insurer (and not the broker) evidencing the proper coverage with limits not less than those required hereunder.

c. All policies must expressly provide that not less than 30 days prior written notice must be given to us in the event of a material alteration to termination, non-renewal, or cancellation of the coverage evidenced by such policies.

d. You will obtain the following insurance with the following minimum coverages. You can elect to purchase insurance with greater coverage or limits:

i. General liability insurance having a combined annual single limit for any form of injury and property damage of $1,000,000 per occurrence and 2,000,000 in the aggregate.



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ii. Automobile liability insurance for the vehicle or vehicles that are used in the operation of the Business, and automobile liability coverage for owned, non-owned, scheduled, and hired vehicles having limits for bodily injuries of $500,000 per person and $1,000,000 per accident, and property damage limits of $50,000 per occurrence.

iii. Employer's liability and worker's compensation insurance is mandatory regardless of being required by state law in the state in which the Business is found. If your state does not require you to carry such insurance (such as Mississippi or Texas), you must still obtain it, in which case the minimum amount will be $1,000,000/$1,000,000/$1,000,000. You or your equity owners that operate the Business must be covered; no exclusions are allowed. A "Stop Gap" endorsement or similar coverage is required in North Dakota, Ohio, Washington, and Wyoming. This policy must provide primary coverage.

iv. Business interruption insurance of not less than $30,000.00 per month for loss of income and other expenses with a limit of not less than nine months of coverage.

v. Professional liability insurance with coverage of at least $1,000,000 per occurrence and $1,000,000 annual aggregate.

vi. Excess liability umbrella coverage for general and automobile liability coverage in an amount of not less than $1,000,000 per occurrence and $2,000,000 in the aggregate.

e. Such policy or policies must be written by an insurance company rated A-minus or better, in Class 10 or higher, by Best Insurance Ratings Service and satisfactory to us under standards and specifications outlined in the Franchisee Manuals or otherwise in writing, from time to time, and will include, at a minimum, the coverage found above. The insurance will insure us, you, and our respective subsidiaries, owners, officers, directors, partners, members, employees, servants, and agents against any loss, liability, products liability, personal injury, death or property damage that may accrue due to your operation of the Franchise. Your policies of insurance, will contain a separate endorsement naming us as an additional named insured. The insurance will not be limited in any way because of any insurance we maintain, and will be the primary, non-contributory insurance for claims made thereunder. The insurance will not be subject to cancellation except upon **20** days' written notice to us. Certificates of your insurance policies will be kept on deposit with us. Maintenance of the required insurance will not diminish your liability to us under the indemnities contained in this Agreement. The policy or policies will insure against our vicarious liability for actual and (unless prohibited by applicable law) punitive damages assessed against you.

All insurance policies you obtain will contain a blanket waiver of the insurer's rights of subrogation in respect of or against us and our officers, agents, employees and representatives; and will not contain any insured vs. insured exclusion clause, but will contain a severability clause providing that each the policy will be treated as though a separate insurance policy had been issued to each named insured.

We may require you to increase the minimum limits of and types of coverage to keep pace with regular business practice and prudent insurance custom.

If you fail to comply with any of the requirements of this Subsection, we may, but are not obligated to, purchase insurance at your expense to protect our interests. This insurance may, but need not, also protect your interest. The coverage we obtain might not pay any claim you make or any claim made against you. You may later cancel the insurance we obtain by providing evidence that you have obtained proper coverage elsewhere. You are responsible for the cost of any insurance purchased by us pursuant to this paragraph. This coverage may be considerably more expensive than insurance you can obtain on your own and might



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not satisfy your needs. You will pay us upon demand the premium cost of this insurance with a late payment charge on the unpaid balance at the rate established in this Agreement.

You will promptly report all claims or potential claims against you, the Business or us in writing when you become aware of them. You will give immediate written notice to us of any claims or potential claims you make to your insurers.

We may, at our sole discretion, upon not less than 90 days prior written notice to you, secure a policy of insurance which will provide defined insurance coverage to all or any part of the Five Star Bath Solutions system. This policy may replace or supplement the insurance coverage you are required to maintain. You will pay the relevant insurance premium to us or the designated insurance provider, as we direct.

Nothing contained in this Agreement will be construed as a representation or warranty by us that the insurance coverage we specify will insure you against all insurable risks or amounts of loss which may or can arise out of or in connection with the operation of your franchise business. It is your sole responsibility to ensure that adequate insurance coverage is obtained for your business.

Your procurement and maintenance of the insurance specified above will not relieve you of any liability to us under any indemnity requirement of this Agreement.

### 17.2 No Limitations on Coverage and Primacy of Your Insurance

a. Your obligation to obtain and maintain the preceding policy or policies in the amounts specified, which will not be limited in any way because of insurance that may be maintained by us, nor will your performance of these obligations relieve you of liability under the indemnity provisions set forth herein.

b. Although we require certain insurance coverage and may recommend other coverages, we do not guarantee that the required or recommended insurance will be adequate to protect all of your assets. You should consult with an insurance professional to determine what coverage, in addition to the minimum required coverage, may be needed for you and your Business.

c. Your insurance policies will contain a provision stating that your insurance coverage is primary to any coverage maintained by us, and we will be entitled to recover under your policies for any loss sustained by us.

### 17.3 Franchisor May Procure Insurance Coverage

Should you, for any reason, fail to procure or maintain the insurance required by this Agreement, as described from time to time by the Franchisee Manuals or otherwise in writing, we have the right and authority (but no obligation) to procure such insurance and to charge the same to you; said charges, together with a reasonable fee for our expenses in so acting, will be immediately payable to us by you.

## ARTICLE 18

## ADDITIONAL PROVISIONS

### 18.1 Entire Agreement - Merger



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a. This Franchise Agreement, including all exhibits and addenda, contains the entire agreement between the Parties and supersedes all prior oral, written, express, or implied agreements, statements, or understandings concerning the subject matter hereof.

b. You agree and understand that we are not liable or obligated for any oral or written representations or commitments made before the execution of this Franchise Agreement or for claims of negligent or fraudulent misrepresentation based on any such representations or commitments not made part of this Franchise Agreement.

c. Nothing in this Franchise Agreement or any related agreement you sign with us is intended to disclaim any representations in the franchise disclosure document.

**18.2 Modification and Power of Attorney**

a. This Agreement may only be modified in a written agreement signed by all parties to this Franchise Agreement.

b. You acknowledge, however, that we may modify our standards, specifications, and operating and marketing procedures, any component of the System, the Marks, or any copyrighted or Proprietary Information, unilaterally, under any conditions and to the extent to which we, in our sole discretion, deem necessary to protect, promote or improve the Marks and the quality of the System in general.

c. If you grant us a power of attorney under this Franchise Agreement, it is always coupled with an interest. To the extent that a specific form or special language is required in your state to ensure enforceability, you agree to execute a separate power of attorney in the form required or to incorporate the special language into this Franchise Agreement to form an enforceable power-of-attorney.

**18.3 Delegation**

From time to time, we have the right to and will delegate the performance of any portion or all of our obligations and duties hereunder to a third party who is approved by us to deliver such services and perform such duties, whether the same are agents of ours or independent contractors which we have contracted with to provide such services. You agree in advance to any such delegation by us of any portion or all of its obligations and duties hereunder.

**18.4 Review of Agreement**

You acknowledge that you had a copy of this Franchise Agreement in your possession for no less than 14 calendar days before signing it or giving us money, during which time you had the opportunity to submit it for professional review and advice by one or more professionals of your choosing before freely executing this Agreement.

**18.5 No Waiver**

A waiver by a Party of any term, covenant, or condition contained in this Agreement is not a waiver in the future of the enforcement of such term, covenant or condition, and the failure of a Party to exercise a right or remedy granted to it under this Agreement will not constitute or be considered to imply a further waiver by a Party of enforcement of the same or any other condition, covenant, right, or remedy. No custom, usage, concession, or practice on the part of a Party that varies from the literal terms of this



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Franchise Agreement will preclude at any time the strict enforcement of this Agreement (upon due notice) under its terms.

### 18.6 No Right to Set Off or Third-Party Beneficiaries

a. You will not set off against amounts owed to us any amount we owe you, and in any event, you will not withhold such amounts due to us because of any alleged nonperformance by us, which right of set-off you expressly waive.

b. All of our obligations under this Agreement are solely and exclusively for the benefit you and us, and no other party is entitled to rely on, enforce, benefit from, be deemed to be a third-party beneficiary, or otherwise obtain relief either directly or by subrogation.

### 18.7 Invalidity

If any provision of this Agreement is held invalid, and if the arbitrator modifies such provision to eliminate the invalid element, then the provision as modified will be a part of this Franchise Agreement as though originally included. The remaining provisions of this Franchise Agreement will not be affected by such modification. If any provision cannot be modified, it will be stricken, and the rest of the Franchise Agreement will remain in full force and effect.

### 18.8 Notices

a. Any notice relating to any breach of this Franchise Agreement, and all notices concerning the implementation of the alternative dispute resolution procedures must be given in writing and must be delivered by certified mail, return receipt requested, or by an overnight delivery service providing documentation of receipt, at the address either of us may designate from time to time and will be effective when receipted for (or when refused) A copy of all notices will also be sent to:

Five Star Franchising, LLC
Attn: Matthew J. Morrison
761 W. Spring Creek Pl.
Springville UT 84663

b. Communication other than relating to any breach of this Franchise Agreement or the implementation of alternative dispute resolution may be given by email (which is effective when sent to the recipient at the correct email address) or by the means stated in subparagraph (a) of this Section.

### 18.9 Time is of the Essence and Construction

a. In all matters concerning this Franchise Agreement, time is of the essence.

b. The headings are for the convenience only of the reader and are not intended to be inclusive or exclusive of any term, covenant, or condition.

c. In reading this Agreement, the singular includes the plural, and the reference to one gender includes reference to the other gender and the neutral gender.

d. The word "**including**" means "**including, but not limited to**..."



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e. If a term, covenant, or condition is deemed vague, its interpretation will not be construed against the Party that drafted it.

f. Unless otherwise stated, a reference to "**days**" means calendar days. The counting of days includes weekends and all state and national holidays. If a notice is to be delivered is one that requires the counting of days, such counting will begin on the first calendar day following the day that the notice was received, refused, or deemed to have been delivered under the terms of this Franchise Agreement. Unless otherwise stated, the last day of any counted period will end at 5:00 pm local time of our then-current headquarters.

### 18.10 Survival of Provisions and Independent Covenants

a. Any provisions that by its terms extend beyond the Transfer, expiration, or earlier termination of this Franchise Agreement will continue in full force and effect after and notwithstanding the Transfer, expiration, or earlier termination of this Franchise Agreement.

b. The Parties further agree that each covenant of this Franchise Agreement will be construed to be independent of any other covenant or provision of this Agreement.

### 18.11 Force Majeure

Except for monetary obligations that are due regardless of this Section's language, and unless otherwise specifically provided in this Franchise Agreement, Force Majeure will apply.

### 18.12 Guaranty

If you take ownership of the franchise other than as a natural person at any time during a Term, you and all equity owners must sign the Guaranty, which is attached as Exhibit 8. The Guarantors are bound by all covenants of this Franchise Agreement, including all covenants in Articles 6 and 15.

### 18.13 Acknowledgement

**BEFORE SIGNING THIS FRANCHISE AGREEMENT, YOU SHOULD READ IT CAREFULLY WITH THE ASSISTANCE OF PROFESSIONAL COUNSEL OF YOUR CHOICE. YOU ACKNOWLEDGE THAT:**

**a. THE SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED HEREIN INVOLVES SUBSTANTIAL RISKS AND DEPENDS UPON YOUR ABILITY AS AN INDEPENDENT BUSINESS PERSON AND ITS ACTIVE PARTICIPATION IN THE DAILY AFFAIRS OF THE BUSINESS, AND**

**b. NO ASSURANCE OR WARRANTY, EXPRESS OR IMPLIED, HAS BEEN GIVEN AS TO THE POTENTIAL SUCCESS OF SUCH BUSINESS VENTURE OR THE EARNINGS LIKELY TO BE ACHIEVED, AND**

**c. NO STATEMENT, REPRESENTATION, OR OTHER ACT, EVENT, OR COMMUNICATION, OTHER THAN IS SET FORTH IN THIS FRANCHISE AGREEMENT AND IN THE FRANCHISE DISCLOSURE DOCUMENT IS BINDING ON US.**



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**d. YOU UNDERSTAND THAT IF YOU ARE NOT ABLE TO OPERATE THE BUSINESS PROFITABLY, YOU COULD LOSE PART OR ALL OF YOUR INVESTMENT, PLUS ANY ADDITIONAL FUNDS THAT YOU CONTRIBUTE TO THE BUSINESS.**

**18.14 Recitals, State Specific Amendment, Closing Acknowledgement, and Signatures**

a. The Recitals are made part of this Franchise Agreement.

b. Further, you will review and sign the "**Closing Acknowledgment**" attached at Exhibit 8.

c. In some cases, the state in which you are located requires that this Franchise Agreement be amended. Please see Exhibit 6 to learn if there is an amendment that affects your state.

d. This Franchise Agreement may be signed in any number of counterparts, all of which taken together are one original document. Signatures may be done electronically or manually. Facsimile or electronically signed or delivered documents are as effective as an original.

**DONE AS OF THE EFFECTIVE DATE**

| **FRANCHISOR** | **FRANCHISEE** |
|---|---|
| **RINGSIDE DEVELOPMENT COMPANY dba Bio-One Colorado, Inc** | _____ |
| By: _____ | By: _____ |
| President | Print Name: _____ |
| date: _____ | Its: _____ |
| | Address: _____ |
| | _____ |
| | _____ |
| | _____ |
| | Telephone: _____ |
| | Email _____ |
| | Date: _____ |

**IF FRANCHISEE IS/ARE INDIVIDUALS**

| | |
|---|---|
| Signature _____ | Signature: _____ |
| Name: _____ | Name: _____ |
| Address: _____ | Address: _____ |
| City: _____ | City: _____ |
| State: _____ | State: _____ |
| Zip: _____ | Zip: _____ |
| Telephone No: _____ | Tele. _____ |
| Date: _____ | Date: _____ |



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**EXHIBIT 1**
**INITIAL FRANCHISE FEE AND STATEMENT OF OWNERSHIP**



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## INITIAL FRANCHISE FEE AND STATEMENT OF OWNERSHIP

**Franchisee:** _____

**Trade Name** (if different from above): _____

**The Initial Franchise Fee (IFF) is:** $50,000.00

**Form of Ownership (Check One)**

_____ Individual _____ Partnership _____ Corporation ____ limited liability business entity

If you are a partnership, provide the name and address of each partner showing the percentage owned, whether active in management, and indicate the state in which the partnership was formed.

If you are a limited liability business entity, provide the name and address of each equity-interest holder, Member, and Manager, showing percentage owned, and indicate the state in which the limited liability business entity was formed.

If you are a corporation, provide the state and date of incorporation, each officer and director's names and addresses, and list every shareholder's names and addresses, showing what percentage of stock is owned by each.

_____
_____
_____
_____
_____

Franchisee acknowledges that this Statement of Ownership applies to the Business authorized under this Franchise Agreement.

Use additional sheets if necessary. All changes to the above information must be reported to the Franchisor in writing.

**DONE AS OF THE EFFECTIVE DATE**

| **FRANCHISOR** | **FRANCHISEE** |
|---|---|
| **RINGSIDE DEVELOPMENT COMPANY dba Bio-One Colorado, Inc** | _____ |
| By: _____ | By: _____ |
| President | Print Name: _____ |
| date: _____ | Date: _____ |

**IF FRANCHISEE IS/ARE INDIVIDUALS**

| | |
|---|---|
| Signature _____ | Signature: _____ |
| Print Name: _____ | Print Name: _____ |



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Date: _____ Date: _____



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**EXHIBIT 2**
**FRANCHISED LOCATION**



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**FRANCHISED LOCATION**

The business address (Franchised Location) for any notices mailed under the Franchise Agreement is: _____.

**DONE AS OF THE EFFECTIVE DATE**

| **FRANCHISOR** | **FRANCHISEE** |
|---|---|
| **RINGSIDE DEVELOPMENT COMPANY dba Bio-One Colorado, Inc** | **_____** |
| By: _____ | By: _____ |
| President | Print Name: _____ |
| date: _____ | Date: _____ |

**IF FRANCHISEE IS/ARE INDIVIDUALS**

| | | | |
|---|---|---|---|
| Signature | _____ | Signature: | _____ |
| Print Name: | _____ | Print Name: | _____ |
| Date: | _____ | Date: | _____ |



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**EXHIBIT 3**
**RELEASE FOR CRIMINAL AND CREDIT CHECK**



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**CREDIT AND CRIMINAL BACKGROUND CHECK RELEASE FORM**

I understand that an initial and ongoing credit and criminal background check is a condition of being considered a franchise candidate (and franchisee) of Ringside Development Company d/b/a Bio-One Colorado, Inc. (RDC).

I consent to RDC obtaining my criminal conviction history from any law enforcement agency, criminal background service provider, municipality, state, or the FBI. I understand that RDC will obtain this information when I apply to become a franchisee and during the Term of my franchise agreement. The criminal history record, as received from the reporting entity, may include, but not be limited to, arrest and conviction data, plea bargains, deferred adjudication, as well as social security verification. It may also include information regarding driving history. I understand that I will have a limited opportunity to review the criminal history, and a process is available for clarification if I dispute the record as received.

I further consent to RDC obtaining my credit history from all three credit reporting agencies. I understand that RDC will obtain this information when I apply to become a franchisee and during the Term of my franchise agreement.

I release and agree to indemnify RDC and its officers, directors, employees, and agents harmless from and against all liability, expense (including court cost and attorneys' fees), and claims for damage of any nature whatsoever resulting from the investigation of my background in connection with my application to become, and ongoing performance as a franchisee.

I certify that the information provided in this form is true and complete. I understand that false or misleading information given in my application to purchase a franchise, any subsequent written documents, any interview(s), any other documents given to RDC, or on this form will render my application void and will result in my not being able to purchase a franchise or may result in the termination of my franchise. I authorize you to make a criminal background investigation and other such investigations as are necessary for arriving at the decision to permit me to purchase a franchise or to retain my rights as a franchisee.

I further understand and agree that should any criminal or credit background checks be done during the Term of the franchise agreement, disclose any material change in my status, the same may result in the termination of my franchise.

_____
Initials

Notwithstanding the foregoing, any misuse by Franchisor of any information obtained during such background check that results in damage or injury to the below-signed shall permit the below-signed such rights as may be available.

RDC will keep this form on file for the Term of my franchise agreement and a period of two years following its termination for any reason.

**DATE:** _____

**PRINTED NAME:** _____ _____ _____
**FIRST MIDDLE LAST**

**SIGNATURE:** _____



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**DATE OF BIRTH:** _____

**SOCIAL SECURITY NO.:** _____

**ADDRESS:** _____
_____

**DRIVER'S LICENSE STATE AND NO.:** _____

**GENDER**: _____



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**EXHIBIT 4**
**GENERAL RELEASE**



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## GENERAL RELEASE

This General Release (Release) is made on the date that it is signed by all Parties (Effective Date) between Ringside Development Company d/b/a Bio One Colorado, Inc, an Arizona corporation authorized to do business in Colorado (hereinafter "Franchisor"), _____ (hereinafter "Franchisee"), and _____ (hereinafter "Guarantor"). Franchisor, Franchisee, and Guarantor may sometimes be referred to as a "Party" or jointly as the "Parties." Any capitalized term not defined here will have the meaning outlined in the Franchise Agreement.

## RECITALS

Franchisor and Franchisee entered into that certain franchise agreement dated_____ (Franchise Agreement), and Guarantor guaranteed the performance of the Franchisee under the Franchise Agreement.

Franchisee desires take some action (or make some amendment) to the Franchise Agreement, or desires for the Franchisor to take any action for which a General Release is called for in the Franchise Agreement or is required by Franchisor as part of such action and as a material inducement to the Franchisor approving the same, you have agreed to provide this Release.

NOW, THEREFORE, for and in consideration of the mutual covenants found herein, for that consideration stated below, and for other good and valuable consideration, the adequacy of which is admitted by all parties hereto, it is agreed as follows:

## COVENANTS

1. Franchisee, for and on behalf of itself, its officers, directors, shareholders, and employees, and on behalf of any parent corporation or subsidiary, business entity, successor, assignee, and their officers, directors, shareholders, and employees, (Franchisee Parties) and Guarantor for themself and for and on behalf of its family members and in consideration of Franchisor granting Franchisee the right to do the following; _____; and for other good and valuable consideration, all of which is deemed to be adequate by all Parties hereto, do each (personally, jointly and severally) from the beginning of time to the Effective Date of this Release, release, indemnify, and forever forgive and discharge Franchisor and Franchisor's officers, directors, shareholders, agents and employees (Franchisor Parties), from any and all: equitable or legal claims; claims sounding in federal law or state statute; causes of action; complaints; direct, indirect, punitive or consequential damages; judgments; business losses; awards; injury, or any other right or action (separately and together a "Claim" or the "Claims") which relate in any way to: (i) the manner and method by which Franchisor delivered the FDD to Franchisee, and Guarantor (ii) the content, or lack of content of the FDD (as such content may have been required by any applicable state or federal law); (iii) the performance or failure of performance of Franchisor or Franchisor Parties in reference to any federal-required or state-required disclosure obligations and requirements; (iv) any oral, written, express or implied promises, statements, disclosures and the like relating in any way to the Franchise Agreement or the franchise relationship between the Franchisor and Franchisor Parties, Franchisee, Guarantor and the Franchisee Parties; (v) the performance or the failure to perform of Franchisor or any Franchisor Party under the Franchise Agreement; (vi) the performance or failure to perform of Franchisor or any Franchisor Party under any other oral or written, express or implied agreement, covenant, or document whether or not found in the Franchise Agreement; and, (vii) any other Claim sounding in equity or law. Notwithstanding the foregoing, nothing in this Release is intended to disclaim any representations made in the Franchise Disclosure Document.



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2. Franchisee for itself and on behalf of the Franchisee Parties and Guarantor each agree and expressly states that this Release was made in contemplation of not only known Claims and the consequences thereof but also in contemplation of the possibility that each such Party identified in this paragraph may or will sustain future damages presently unknown to them and which accrued on or before the Effective Date of this Release but which were not asserted until after that date. By executing this Release Franchisee for itself and on behalf of the Franchisee Parties intend to release Franchisor and the Franchisor Parties, jointly and severally from liability for all known, unknown, and unforeseen Claims, losses, expenses, damages, costs, liabilities, business losses, and the consequences thereof.

3. Franchisee for itself and on behalf of the Franchisee Parties assume all risk that the facts and law may be, or may become, different from the facts and law as known to them, or believed to be known by them as of the date of this Release, and each agrees that if the execution of this Release was made based on a mistake (mutual or unilateral) that each will forever waive any right to claim that entering into this Release resulted from a mistake of any kind, thereby waiving all claims based upon the doctrine of mistake.

4. Franchisee for itself and on behalf of the Franchisee Parties and Guarantor deliver this Release with the intent that Franchisor rely upon the same. Should any condition, covenant, or clause herein be considered to be unenforceable, any tribunal of competent jurisdiction shall be permitted to amend the Release to the least extent possible to form an enforceable covenant, or if such amendment cannot be fashioned then to excise the offending clause, covenant, or condition to form an enforceable Release, which shall be binding upon the Parties to the fullest extent permissible.

5. Notwithstanding the terms of this Release, nothing herein relieves any Party of the obligation to maintain the confidentiality of any confidential, trade secret, proprietary, or similar information of any other Party. The terms of this Release are and will remain confidential and will not be disclosed by any Party, except as required by legal process, and except as required to be disclosed in Franchisor's Franchise Disclosure Document.

6. In the event of a dispute concerning this Release, the Parties agree that the alternative dispute resolution provisions of the Franchise Agreement found in Article 16 are incorporated herein by this reference as if fully set forth here, and the same will be the manner by which any such dispute is resolved.

7. If any mandatory provisions of the governing state law limit or prohibit the use of this Release, or which in any manner impose different rights or obligations as are found herein, then such mandatory provisions of state law are incorporated in the Franchise Agreement and this Release by reference and shall prevail over any inconsistent terms in this Release. If no such law exists, or if such law exists but permits the Franchisee to agree to abide by the terms of this Release, or if by accepting the alternative dispute resolution covenants of the Franchise Agreement found in Article 16, the state law is preempted by the federal law applicable to such dispute resolution, then the Franchisee for itself and on behalf of the Franchisee Parties and Guarantor each agree to abide by the terms of this Release. Notwithstanding the preceding, excluded from this release are claims arising from representations in the FDD.

8. Notwithstanding anything herein to the contrary:

a. Release of Unknown Claims and Waiver of California Law. The Franchisee, Franchisee Parties, and Guarantors acknowledge that they are aware and informed that the laws of California may purport to limit or reduce the effect of a general release concerning claims not know or suspected by them



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at the time of execution of the release, such as Section 1542 of the Civil Code of the State of California which provides that:

> "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release which, if known by him, must have materially affected his or her settlement with the debtor."

Franchise, Franchisee Parties, and each Guarantor waives and relinquishes every right or benefit which they have, or may have, under Section 1542 of the Civil Code of the State of California and any similar provisions of any other law (as may apply to this Release), to the fullest extent that the Franchisee, Franchisee Parties, and Guarantors, may lawfully waive such right or benefit concerning the subject matter of this Release. In connection with such waiver and relinquishment, concerning the Released Claims, the Franchisee, Franchisee Parties, and Guarantors each acknowledge that they are aware and informed that they may hereafter discover facts in addition to or different from those that they now know or believe to be true concerning the subject matter of this Release, but that it is the Franchisee's, Franchisee Party's, and Guarantor's intention to settle and release fully, finally and forever, all claims, disputes, and differences, known or unknown, suspected or unsuspected, which now exist, may exist or previously existed, and in furtherance of such intention, the release given herein shall be and remain in effect as a full and complete release, notwithstanding the discovery or existence of any such additional or different facts that would have affected the release of all Released Claims. Franchisee and each Franchise Party and Guarantor agree to defend and indemnify Franchisor from all claims arising out of, directly or indirectly, the assertion by Franchisee, each Franchisee Party, and each Guarantor (or any person or entity by, through, or on their behalf) of any Released Claims, positions, defenses, or arguments contrary to this Section 6(a) above.

b. Release of Unknown Claims and Waiver of South Dakota Law. The Franchisee and each Franchisee Party and Guarantor acknowledge that each is aware and informed that the laws of South Dakota may purport to limit or reduce the effect of a general release concerning claims not known or suspected by them at the time of execution of the release, such as South Dakota Codified Laws§ 20-7-11, which provides as follows:

> "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

Franchisee and each Franchisee Party and Guarantor, waive and relinquish every right or benefit which they have, or may have, under § 20-7-11 of the South Dakota Codified Laws, and any similar provisions of any other law (as may apply to this Release), to the fullest extent that they may lawfully waive such right or benefit concerning the subject matter of this Release. In connection with such waiver and relinquishment and concerning the Released Claims, Franchisee and each Franchisee Party and Guarantor acknowledge that they are aware and informed that they may hereafter discover facts in addition to or different from those that Franchisee and each Franchisee Party and Guarantor now know or believe to be true concerning the subject matter of this Release, but that they intend to settle and release fully, and finally and forever, all Released Claims, disputes and differences, known or unknown, suspected or unsuspected, which now exist, may exist or previously existed, and in furtherance of such intention, the release given herein shall be and remain in effect as a full and complete release, notwithstanding the discovery or existence of any such additional or different facts that would have affected the release of all Released Claims. Franchisee and each Franchisee Party and Guarantor agree to defend and indemnify Franchisor and the Franchisor Affiliates from all Released Claims arising out of, directly or indirectly, the assertion by the Franchisee and the Franchisee Affiliates (or any person or entity by, through, or on behalf of Releasor) of any Released Claims, positions, defenses, or arguments contrary to this Section l (b) of this Release.



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9. Additional Provisions

a. Each such Party represents that the execution and delivery of this Release is the duly authorized and binding act of such Party.

b. The Recitals are incorporated herein by this reference.

c. This Release shall be interpreted under the laws of the state of Colorado without regard to any conflict of laws provision to the contrary. Enforcement of this Release is to be under the alternative dispute resolution provisions of the Franchise Agreement found at Article 16 as though such Article was incorporated in its entirety herein.

d. Each Party shall fully cooperate with all other Parties concerning the performance of this Release. Each Party will execute, acknowledge, and deliver such further documents that may reasonably be required to perform this Release effectively and evidence the release of all obligations and liabilities of the Parties as more fully stated herein.

e. This Release may be executed in one or more counterparts, each of which will be deemed to be an original, but all of which together will constitute the same instrument, without the necessity of production of the others. An executed signature page delivered via facsimile transmission or electronic signature shall be deemed as effective as an original executed signature page.

**DONE AS OF THE EFFECTIVE DATE**

| **FRANCHISOR** | **FRANCHISEE** |
|---|---|
| **RINGSIDE DEVELOPMENT COMPANY dba Bio-One Colorado, Inc** | _____ |
| By: _____ | By: _____ |
| President | Print Name: _____ |
| date: _____ | Date: _____ |

**IF FRANCHISEE IS/ARE INDIVIDUALS**

| | | | |
|---|---|---|---|
| Signature | _____ | Signature: | _____ |
| Print Name: | _____ | Print Name: | _____ |
| Date: | _____ | Date: | _____ |

**GUARANTORS**

| | | | |
|---|---|---|---|
| Signature | _____ | Signature: | _____ |
| Print Name: | _____ | Print Name: | _____ |
| Date: | _____ | Date: | _____ |



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**EXHIBIT 5**
**COLLATERAL ASSIGNMENT OF CONTACT AND ELECTRONIC INFORMATION**



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## COLLATERAL ASSIGNMENT OF CONTACT AND ELECTRONIC INFORMATION

This Collateral Assignment of Contact and Electronic Information (Agreement) is made on the date that it is signed by all Parties (Effective Date) between Ringside Development Company d/b/a Bio-One Colorado, Inc. (Franchisor) and _____ (Franchisee). Any capitalized term not defined here will have the meaning given it in the Franchise Agreement.

## RECITALS

On _____, 20____, Franchisor and Franchisee executed a "**Franchise Agreement**" pursuant to the terms of which Franchisee obtained a franchise from Franchisor to operate a Business at the Franchised Location. As part of the Franchise Agreement, the Franchisee agreed that upon the Transfer, expiration, or termination of the Franchise Agreement, Franchisor would have the right, title, and interest in and to all contact and electronic information relating to the Franchisee's Business;

NOW THEREFORE, for and in consideration of the covenants found in the Franchise Agreement and for other good and valuable consideration the adequacy of which is admitted by all parties hereto, it is agreed as follows:

## COVENANTS

1. Franchisee acknowledges that, as between Franchisor, the public, and any other Person, the Franchisor has the sole rights to and interest in all telephone, telecopy or facsimile machine numbers, directory listings, URL's web page identifiers, blogs, vlogs, email addresses, and social network addresses (including Twitter and Facebook), that are associated with any Mark and Franchisee assigns to Franchisor all of Franchisee's right, title, and interest to the same.

2. Should Franchisee fail to assign voluntarily all right, title and interest to Franchisor, Franchisee authorizes Franchisor to, and hereby appoints Franchisor and any of its officers, as Franchisee's attorney-in-fact, coupled with an interest, to direct the telephone company, all telephone directory publishers, any electronic transfer agent, any URL or webpage host, and any other electronic business, company, transfer agent, host, webmaster, and the like to transfer to the Franchisor all telephone, facsimile machine numbers, and directory listings, and all electronic listings, web pages, social network pages or identities (including Twitter and Facebook), URL's, blogs, vlogs, email addresses and the like that relate to the Franchised Business, to assign the same to Franchisor. Any party identified above may accept this direction under this Agreement as conclusive of Franchisor's exclusive rights in and to such information, site, URL, electronic media, telephone numbers, directory listings, and the like and Franchisor's authority to direct their transfer. If your state requires you to sign a separate agreement or agree to specific language as part of a grant of a power of attorney, you will sign such agreement or agree to such specific language as though it was incorporated into this Agreement at the time of execution.

3. This Agreement is only effective at such time as the Franchise Agreement is terminated for any reason, and then only if the Franchisee fails or refuses to make the necessary assignments as contemplated by this Agreement.

4. The Recitals are incorporated into this Agreement by this reference.

**FRANCHISOR** **FRANCHISEE**



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**RINGSIDE DEVELOPMENT COMPANY dba**
**Bio-One Colorado, Inc**

By: _____
President
date: _____

By: _____
Print Name: _____
Date: _____

**IF FRANCHISEE IS/ARE INDIVIDUALS**

Signature _____
Print Name: _____
Date: _____

Signature: _____
Print Name: _____
Date: _____



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**EXHIBIT 7**
**GUARANTY**



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## GUARANTY OF FRANCHISEE'S OBLIGATIONS

This Guaranty of Franchisee's Obligations (Guaranty) is entered into as of the date that the Parties sign below (Effective Date) between Ringside Development Company d/b/a Bio-One Colorado, Inc., (Franchisor), and _____ (Franchisee) and _____, whose address is _____ and _____, whose address is _____ (herein jointly and severally known as Guarantor(s)). Any capitalized term not defined here will have the meaning given it in the Franchise Agreement.

## RECITALS

Franchisee signed a franchise agreement with Franchisor on the ____ day of _____, 20__ (Franchise Agreement). As an inducement to the Franchisor for granting Franchisee rights under the Franchise Agreement, the Guarantor(s) agreed to guarantee the payment and performance of Franchisee under the Franchise Agreement;

NOW, THEREFORE, for and in consideration of the mutual covenants found herein and for other good and valuable consideration, which consideration is deemed to be adequate by all parties, each of the undersigned personally and unconditionally agrees to the following:

## COVENANTS

1. Guarantor(s) guarantee to Franchisor and its successors and assigns, for the Term of the Franchise Agreement, including any amendments or renewals, that the Franchisee shall timely pay any amount required by the Franchise Agreement and shall perform every undertaking, agreement, and covenant under the Franchise Agreement and any addenda or Exhibits attached as each may be amended or renewed.

2. Guarantor(s) further agrees to be personally bound by every Term of the Franchise Agreement, as amended or renewed, and agrees to be personally liable for the breach of, and, if permitted, the cure of every breach of any term, covenant, or condition of the Franchise Agreement. Guarantor(s) agree that this Guaranty is one of payment and performance and not one of just collection.

3. By signing this Guaranty, each Guarantor further agrees that each shall also be subject to all restrictive covenants in the Franchise Agreement, including all covenants of Article 6, any in-term or post-term covenants not to compete, found at Article 15, and all indemnification provisions of the Franchise Agreement.

4. As part of the inducement given to Franchisor by the Guarantor(s) to permit the Franchisee to enter into the Franchise Agreement, the Guarantor(s) further agree to waive the following,

a. acceptance and notice of acceptance of the undertaking;

b. notice of demand for payment of any indebtedness or notice of any nonperformance of any obligations guaranteed;

c. protest and notice of default concerning the indebtedness or nonperformance of any obligations guaranteed;

d. any right Guarantor may have to require that any action be first brought against Franchisee or any other person or entity as a condition of liability; and



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e. all other notices and legal or equitable defenses to which Guarantor may be entitled.

5. Guarantor(s) further consent and agrees that:

a. Guarantor is directly and immediately liable under this Guaranty, and if signed by more than one Person, such liability is joint and several;

b. Guarantor(s) shall render any payment or performance required under the Franchise Agreement upon demand of Franchisor if Franchisee fails or refuses punctually to do so;

c. Guarantor(s) performance shall not be contingent or conditioned upon the pursuit of any remedies against Franchisee or any other person;

d. Guarantor(s) liability shall not be diminished, relieved, or otherwise affected by an extension of time, credit, or another indulgence, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims which Franchisor may from time to time grant to Franchisee or any other person, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the Term of the Franchise Agreement, including renewals thereof;

e. this Guaranty will be continuing and irrevocable during the Term of the Franchise Agreement, including renewals thereof; and,

f. Franchisor's rights under this Guaranty will not be exhausted by any action of Franchisor until all of the terms, covenants, and conditions of the Franchise Agreement have been met.

6. Guarantor waives all of the following, whether created or imposed by or under statute, common law or otherwise:

a. any right to require Franchisor to proceed against Franchisee or any other person or any security now or hereafter held by Franchisor or to pursue any other remedy whatsoever;

b. any defense based upon any legal disability of Franchisee or any Guarantor, or any discharge or limitation of the liability of Franchisee or any Guarantor to Franchisor, or any restraint or stay applicable to actions against Franchisee or any other Guarantor, whether such disability, discharge, limitation, restraint or stay is consensual, or by order of a court or other governmental authority, or arising by operation of law or any liquidation, reorganization, receivership, bankruptcy, insolvency or debtor-relief proceeding, or from any other cause;

c. all setoffs, counterclaims, presentment, demand, protest, or notice of any kind, except for any notice which may be expressly required by the provisions of this Guaranty.

d. any defense based upon the modification, renewal, extension, or other alteration of the obligations under the Franchise Agreement, or of the documents executed in connection the Franchise Agreement;

e. any defense based upon the negligence of Franchisor, including, without limitation, the failure to file a claim in any bankruptcy of the Franchisee or any guarantor;



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f. all rights of subrogation, reimbursement, and indemnity;

g. any defense based upon or related to Guarantor's lack of knowledge as to Franchisee's financial condition;

h. all rights to revoke this Guaranty in whole or in part;

i. any defense based upon any action taken or omitted by Franchisor in any bankruptcy or other insolvency proceeding involving Franchisee; and,

j. all rights and defenses arising out of an election of Franchisor's remedies, even though that election of remedies impairs or destroys Guarantor's right of subrogation or reimbursement against Franchisee.

7. Guarantor agrees to pay upon Franchisor's demand, Franchisor's reasonable out-of-pocket costs and expenses, including but not limited to attorneys' fees, costs, and disbursements, incurred to collect or enforce any of the terms, covenants, or conditions of the Franchise Agreement, or this Guaranty, regardless whether any lawsuit is filed.

8. Guarantor, and each of the persons or entities executing this Guaranty as Guarantor individually makes the following representations and warranties, which are deemed to be continuing representations and warranties until payment and performance in full of terms, covenants, and conditions of the Franchise Agreement:

a. Guarantor has all the requisite power and authority to execute, deliver, and be legally bound by this Guaranty on the terms and conditions herein stated;

b. this Guaranty constitutes the legal, valid, and binding obligations of Guarantor enforceable against Guarantor under its terms;

c. the execution and delivery of this Guaranty and the consummation of the transaction contemplated will not, with or without notice or lapse of time, (i) constitute a breach of any of the terms and provisions of any note, contract, document, agreement, or undertaking, whether written or oral, to which Guarantor is a party or to which Guarantor's property is subject; (ii) accelerate or constitute any event entitling the holder of any indebtedness of Guarantor to accelerate the maturity of any such indebtedness; (iii) conflict with or result in a breach of any writ, order, injunction or decree against Guarantor of any court or governmental agency or instrumentality; or (iv) conflict with or be prohibited by any federal, state, local or other governmental law, statute, rule or regulation;

d. No consent of any other person is required in connection with the valid execution, delivery, or performance by Guarantor of this Guaranty; and,

e. this Guaranty and any other statement furnished by Guarantor to Franchisor contain no untrue statements of a material fact or omits to state a material fact necessary to make the statements contained herein or therein true and not misleading.

9. Each Guarantor understands and agrees that each is bound by the Dispute Resolution covenants of the Franchise Agreement found at Article 16, which are incorporated herein by this reference as if fully set forth here.

10. The Recitals are incorporated herein by this reference.



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**DONE AS OF THE EFFECTIVE DATE**

| **FRANCHISOR** | **FRANCHISEE** |
|---|---|
| **RINGSIDE DEVELOPMENT COMPANY dba Bio-One Colorado, Inc** | _____ |
| By: _____ | By: _____ |
| President | Print Name: _____ |
| date: _____ | Date: _____ |

**IF FRANCHISEE IS/ARE INDIVIDUALS**

| | |
|---|---|
| Signature _____ | Signature: _____ |
| Print Name: _____ | Print Name: _____ |
| Date: _____ | Date: _____ |



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**EXHIBIT 8**
**CLOSING ACKNOWLEDGEMENTS**



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## CLOSING ACKNOWLEDGEMENT

Franchisee Name: _____
Address: _____
Telephone: _____
Today's Date: _____

### A. GENERAL QUESTIONS

1. I had a face-to-face meeting with a franchise marketing representative. Yes_____ No_____. If yes, the date of said meeting was: _____

2. The date which I received the Franchise Disclosure Document (FDD) from Franchisor. _____

3. The earliest date on which I signed the Franchise Agreement or any other binding document (not including the Receipt). _____

4. The earliest date on which I delivered cash, check, or consideration to the franchise marketing representative or any other person. _____

5. Did you initiate negotiations about the Franchise Agreement with the Franchisor? Yes_____ No_____. If yes, what was that date? _____

### B. REPRESENTATIONS

**PLEASE RESPOND TO EACH PARAGRAPH. IN RESPONDING, PLEASE STATE WHETHER THE STATEMENT IS TRUE OR FALSE AND PROVIDE ANY OTHER INFORMATION THAT YOU THINK IS IMPORTANT TO YOU.**

1. I had an opportunity to review the FDD and other agreements attached to the disclosure document and understand the terms, conditions, and obligations of these agreements.

☐ **Yes** ☐ **No**

_____ _____
_____ Initials



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2. I had an opportunity to seek professional advice regarding the FDD, the Franchise Agreement, and all matters concerning the purchase of my franchise rights.

☐ **Yes** ☐ **No**

_____ _____
_____ Initials

3. Except as specifically written in the Franchise Agreement, no promises, agreements, contracts, commitments, representations, understandings, "side deals" or otherwise have been made to or with me with respect to any matter, including, but not limited to, any representations or promises regarding marketing (television or otherwise), marketing, site location, operational assistance or other services.

☐ **Agree** ☐ **Disagree**

_____ _____
_____ Initials

4. Even if promises, agreements, contracts, commitments, representations, understandings, "side deals" or otherwise have been made to or with me with respect to any matter, including, but not limited to, any representations or promises regarding marketing (television or otherwise), marketing, site location, operational assistance or other services, I have not relied in any way on any such promises, agreements, contracts, commitments, representations, understanding or "side deals" when making my decision to purchase this franchise.

☐ **Agree** ☐ **Disagree**

_____ _____
_____ Initials

5. No oral, written, or visual claim or representation, promise, agreement, contract, commitment, representation, understanding, or otherwise that contradicted or was inconsistent with the disclosure document or the Franchise Agreement was made to me.

☐ **Agree** ☐ **Disagree**

_____ _____
_____ Initials

6. Even if an oral written or visual claim or representation, promise, agreement, contract, commitment, representation, understanding, or otherwise which contradicted or was inconsistent with the disclosure document or the Franchise Agreement was made to me, I have not relied in any way on any such matter the contradicts or is inconsistent with the disclosure document when making the decision to purchase this business.

☐ **Agree** ☐ **Disagree**

_____ _____
_____ Initials

7. Except as specifically stated in Item 19 of the disclosure document, no oral, written, visual, or other claim or representations were made which stated or suggested any sales, income, expense, profits, cash flow, tax effects, or otherwise was made to me by any person or entity representing the Franchisor; or if made, I did not rely on the same when making my decision to purchase this business.



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☐ **Agree** ☐ **Disagree**

_____ _____

_____ Initials

8. I have made my own independent determination that I have adequate working capital to develop, open, and operate my Franchised Business.

☐ **Agree** ☐ **Disagree**

_____ _____

_____ Initials

9. I understand that my investment in this business contains substantial business risks and that there is no guarantee that it will be profitable.

☐ **Agree** ☐ **Disagree**

_____ _____

_____ Initials

10. I acknowledge that the success of my business depends in large part upon my ability as an independent business person and my active participation in the day-to-day operation of the business.

☐ **Agree** ☐ **Disagree**

_____ _____

_____ Initials

**C. STATEMENTS OF THE FRANCHISOR**

**THE PARAGRAPHS BELOW ARE POLICIES OF THE FRANCHISOR. IF ANY IS UNTRUE OR IS CONTRADICTED BY YOUR EXPERIENCE, PLEASE PROVIDE AN EXPLANATION.**

**1. The Franchisor <u>does not permit</u> any employee, salesperson, officer, director, or another individual to make or endorse any representations, warranties, projections, or disclosures of any type relating to the financial success of the franchise business and, except as specifically stated in Item 19, or by you at the line below, no information as to sales, income, expenses, profits, cash flows, tax consequences or otherwise have been given to the Franchisee. I*f any such representations have been made to you by any person in the Franchisor's employ, please state so below and immediately inform the President or Chief Officer of the Franchisor.***

_____

_____

**Initials**

**2. The Franchisor <u>does not permit</u> any employee, salesperson, officer, director, franchisee, or another individual to project any results that a Franchisee can expect in the operation of the business. *If any such representations have been made to you by any person, please state so below and immediately inform the President or Chief Officer of the Franchisor.***

_____

_____



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**Initials**

**3. The Franchisor <u>does not permit</u> any promises, agreements, contracts, commitments, representations, understandings, "side deals," or variations or changes in or supplements to the Franchise Agreement except by means of a written addendum thereto signed by you and the Franchisor.** ***If any such deals or changes have been made or promised, please state so below and immediately inform the President or the Chief Officer of the Franchisor.***

_____

_____
**Initials**

**I have completed this Closing Acknowledgement and have disclosed any information that is contrary to any printed statement or have provided any other information that I deem to be important.**

**DONE AS OF THE EFFECTIVE DATE**

| **FRANCHISOR** | **FRANCHISEE** |
|---|---|
| **RINGSIDE DEVELOPMENT COMPANY dba Bio-One Colorado, Inc** | _____ |
| By: _____ President | By: _____ |
| | Print Name: _____ |
| date: _____ | Date: _____ |

**IF FRANCHISEE IS/ARE INDIVIDUALS**

| | |
|---|---|
| Signature _____ | Signature: _____ |
| Print Name: _____ | Print Name: _____ |
| Date: _____ | Date: _____ |



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**EXHIBIT C**

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**FOR THE OPERATIONS MANUAL**



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**EXHIBIT D**

**CURRENT FRANCHISEES AND**
**FRANCHISEES THAT HAVE LEFT THE SYSTEM**



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**Current Franchisees**

| State | Franchisee | Business Phone | Address |
|---|---|---|---|
| Alabama | Jake Snavely | 256-677-6111 | 4800 Whitesburg Dr #30-282, Huntsville AL 35802 |
| Arizona | Josh and Rebecca Wallace | 928-863-8276 | 2532 N 4th Street #640, Flagstaff AZ 86004 |
| Arizona | Todd Weisberg | 602-561-6393 | 428 E Thunderbird Rd #136, Phoenix AZ 85022 |
| Arizona | Angela Wilson / Mick Varoskovic | 602-538-4355 | 500 N Estrella Pkwy Ste B2-409, Goodyear AZ 85338 |
| Arizona | David and Caroline Scott | 520-771-5960 | 12090 N Thornydale Rd Suite 110#354, Marana AZ 85658 |
| California | Jason Madsen | 619-892-1744 | 591 Telegraph Canyon #653, Chula Vista CA 91910 |
| California | Travis Nichols | 510-274-1548 | 5627 Telegraph Ave #217, Oakland CA 94609 |
| California | Aaron Valdez | 949-403-6188 | 17595 Harvard Ste C#3100 Irvine, California 92614 |
| California | James Ian Johnson | 562-235-7182 | 6285 E Spring Street #521, Long Beach CA 90808 |
| California | Armand Amoranto | 760-429-0729 | 4225 Oceanside Blvd H311, Oceanside CA 92056 |
| California | Cory Flores | 714-397-8375 | 1439 W Chapman Ave #159, Orange CA 92868 |
| California | Jack Lynch | 626-267-5427 | 556 S Fair Oaks Ave Ste 101#245, Pasadena CA 91105 |
| California | Rene Flohr and Nicki Flohr | 858-261-4527 | 7875 Highland Village Place, Ste B102-364, San Diego CA 92129 |
| California | Jason Falk | 951-502-7470 | 19069 Van Buren Blvd Ste 114, Riverside CA 92508 |
| California | Jamil Bazzy | 661-714-0205 | 19425 Soledad Canyon Rd #405, Canyon Country CA 91351 |
| California | Jason Falk | 951-502-7470 | 140 E Stetson Ave #575, Hemet CA 92543 |
| California | Corey Vande Voort | 707-761-2418 | 2010-A Harbison Drive Suite 223 Vacaville, California 95687 |
| Colorado | Matt and Krista Gregg | 720-365-2393 | 303 S Broadway Ste 200-482, Denver Co 80209 |
| Colorado | Dale Palmer | 719-421-1121 | 605 Stetson Hills Blvd #180, Colorado Springs CO 80923 |
| Colorado | Gregg and Cheryl Chiasson | 303-946-8834 | 9457 S. University Blvd., Suite 516, Highlands Ranch, CO 80126 |
| Colorado | Vicky Thurlow | 970-812-5468 | 2695 Patterson Rd Suite 2-221 Grand Junction. CO 81506 |
| Connecticut | Matthew Hill | 203-577-8242 | 554 Boston Post Road #341, Orange CT 06477 |
| DC | Antoine and Torrie Holloman | 202-699-2333 | 1411 H St. NE, Washington, DC 20002 |
| Delaware | Ryan Lowe | 302-893-3595 | 4142 Ogletown-Stanton Rd #458, Newark DE 19713 |
| Florida | Ginger and Jamie Akemon | 904-778-5125 | 731 Duval StationRoad Ste 107-510, Jacksonville FL 32218 |



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| State | Franchisee | Business Phone | Address |
|---|---|---|---|
| Florida | Keith Clark | 954-303-1669 | 1314 E Las Olas Blvd #734, Fort Lauderdale FL 33301 |
| Florida | Alejandro Flores Sahrur | 239-464-2231 | 13650 Fiddlesticks Blvd Suite 202-319, Fort Myers FL 33912 |
| Florida | Christopher Burns | 352-448-1366 | 15202 NW 147th Drive Suite 1200 #161, Alachua FL 32615 |
| Florida | Joseph Collins | 786-245-3460 | 3921 Alton Road Suite 262, Miami Beach FL 33140 |
| Florida | Pierre and Nichelle Reese | 786-865-8028 | 16850 Collins Ave Ste 112-611, Sunny Isles Beach FL 33160 |
| Florida | Gabe Montenegro | 850-855-6349 | 707 E Cervantes Suite B#129, Pensacola FL 32501 |
| Florida | Robert Riley | 863-258-7944 | 5337 N. Socrum Loop Rd., Suite 317, Lakeland, FL 33809 |
| Florida | Oscar Prado | 561-531-9589 | 516 Dixie Highway #223, West Palm Beach FL 33401 |
| Georgia | James Lenny Jackson | 706-305-5029 | 2801 Washington Rd Suite 107#367, Augusta GA 30909 |
| Georgia | Becca Phillips and Michele O'Brien | 470-556-2330 | 6175 Hickory Flat Hwy Suite 110 #413, Canton GA 30115 |
| Georgia | Becca Phillips, Michele O'Brien. Teresa Boughton, Ming Aii | 470-556-2330 | 6300 Powers Ferry Rd NW, Ste 600-187 Atlanta, Georgia 30339 |
| Georgia | Jared Lafferty | 478-733-6235 | 722 Collins Hill Road Ste H308, Lawrenceville GA 30046 |
| Georgia | Gary and Armelle Maxey | 912-755-1211 | 5710 Ogeechee Rd #200-321, Savannah GA 31405 |
| Idaho | Travis Nichols | 208-505-8731 | 1775 W State Street #159, Boise ID 83702 |
| Idaho | Justin Turley | 208-541-0509 | 2184 Channing Way #135, Idaho Falls ID 83404 |
| Illinois | Dawn Muir | 708-476-4763 | 2863 W. 95th St., Suite 143-213, Naperville, IL 60564 |
| Illinois | Brian and Lynn Martin | 773-951-4262 | 4740 N Cumberland Ave #105, Chicago IL 60656 |
| Indiana | Kellen Dooley | 260-450-7547 | 921 E Dupont Road #892, Fort Wayne IN 46825 |
| Indiana | Richard Weinblatt | 317-435-1611 | 1389 West 86th Street #184, Indianapolis IN 46260 |
| Indiana | Juan Pablo and Roxana Jimenez | 317-499-0614 | 5351 E Thompson Rd #255, Indianapolis IN 46237 |
| Iowa | Derek and Daniela Myers | 515-776-1044 | 6750 Westown Parkway Ste 200 #358, West Des Moines IA 50266 |
| Kansas | Travis Hansen | 785-221-9795 | 4021 SW 10th Street Suite 318, Topeka KS 66604 |



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| State | Franchisee | Business Phone | Address |
|---|---|---|---|
| Kentucky | Patricia Smith | 502-572-0930 | 4621 Outer Loop<br>#341 Louisville, Kentucky 40219 |
| Louisiana | Corey Dimattia and Jacques Gasquet | 225-286-1800 | 7350 Jefferson Hwy Ste 485#266, Baton Rouge LA 70806 |
| Maine | Lucas Murray | 207-653-2339 | 405 Western Ave #425 South<br>Portland, Maine 04106 |
| Massachusetts | Bruce Ballard | 774-501-3464 | 11 Robert Toner Blvd Ste 5, Attleboro Falls MA 02763 |
| Michigan | Martel Williams | 586-663-8766 | 23205 Gratiot Ave. #270, Eastpointe, MI 48021 |
| Michigan | Chris and Carole Davis | 248-880-7869 | 35560 Grand River Ave #235, Farmington Hills, MI 48335 |
| Michigan | Jamie Trasciatti | 616-724-7971 | 4370 Chicago Drive, Suite B171, Grandville, MI 49418 |
| Minnesota | Michael and Linda Loesch | 612-806-5834 | 13055 Roverdale Drive NW Suite 500 #218, Coon Rapids MN 55448 |
| Minnesota | Brett Dempsay | 651-308-1096 | 1807 Market Boulevard #288 Hastings, Minnesota 55033 |
| Mississippi | Justin Brady | 228-369-2762 | 3586 Sangani Blvd Suite L310, D'Iberville MS 39540 |
| Mississippi | Michael Mengarelli | 601-622-0373 | 4209 Lakewood Drive #346, Flowood, MS 39232 |
| Missouri | Gary Kolek | 816-492-4210 | 118 N Conistor Lane Suite B247, Liberty MO 64068 |
| Missouri | Jim Ward, Julia Ward | 573-712-0052 | 1899 N Westwood Blvd Ste C#265, Poplar Bluff MO 63901 |
| Missouri | Megan & Amanda Boccardi | 636-279-9570 | 1939 Wentzville Pkwy., Suite 273, Wentzville, MO 63385 |
| Nebraska | Derek and Daniela Myers | 402-521-4301 | 4089 South 84th Street #263, Omaha NE 68127 |
| Nevada | James Herold | 702-403-4242 | 10040 W. Cheyenne Ave #170-77, Las Vegas NV 89129 |
| Nevada | Terry and Tisha Haufler | 775-499-5304 | 59 Damonte Ranch Pkwy Suite B#305, Reno NV 89521 |
| New Jersey | Victor and Courtney Russomanno | 848-456-0747 | 57 South Main Street #338, Neptune City NJ 07753 |
| New Jersey | Mark Bonanni | 856-725-6099 | 1977 N Olden Ave Unit #555, Ewing NJ 08618 |
| New Mexico | Justin Turley | 505-400-7370 | 3301 Coors Blvd. NW Ste. R #196 Albuquerque, NM 87120 |
| New York | Jim Wurts | 212-203-7124 | 2744 Hylan Boulevard, Suite 130 Staten Island, New York 10308 |
| North Carolina | Matt and Krista Gregg | 828-407-0454 | 1854 Hendersonville RD Suite A #209, Asheville NC 28803 |
| North Carolina | John and Jen Symons | 704-726-5905 | 13000 S Tryon Street Suite F-232, Charlotte NC 28278 |



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| State | Franchisee | Business Phone | Address |
|---|---|---|---|
| North Carolina | Jason Widen | 919-800-9435 | 3724 National Drive Suite 212 Raleigh, North Carolina 27612 |
| North Carolina | Ken and Nady Conyers | 704-645-0345 | 475 W. Jake Alexander Blvd Ste 102-254, Salisbury NC 28147 |
| North Carolina | Anthony Coleman and Nadine Black | 336-830-1336 | 380 Knollwood St, Suite H 239, Winston-Salem NC 27103 |
| Ohio | Cuyler and Babs Costanzo | 330-888-5665 | 3867 W Market Street #226, Akron OH 44333 |
| Ohio | Aaron Roper | 513-299-8807 | 8190-A Beechmont Ave., Suite #142, Cincinnati, OH 45255-6117 |
| Ohio | Tim Lockard | 614-743-1795 | 3000 East Main St. #151, Columbus, OH 43209 |
| Ohio | Jonathan and Sam Schaffer | 937-286-0165 | 707 Miamisburg-Centerville Rd #245, Dayton OH 45459 |
| Oklahoma | Michel Mizirl and Marty Mayfield | 405-816-5744 | 202 N Mustang Rd Suite 12, Mustang OK 73064 |
| Oklahoma | Ralph and Candy Trenary | 918-932-6085 | 2608 W Kenosha Suite 502, Broken Arrow OK 74012 |
| Oregon | Phillip and Angela Kirton | 503-277-8763 | 8630 SW Scholls Ferry Road #244, Beaverton OR 97008 |
| Pennsylvania | Tom Gervasio | 484-995-3949 | 64 E Uwchlan Ave #208, Exton PA 19341 |
| Pennsylvania | Jeffrey and Carin Kuhn | 717-507-7806 | 6059 Allentown Blvd# 901, Harrisburg PA 17112 |
| Pennsylvania | James McArthur | 267-258-3583 | 58 Snyder Ave., Suite 37118, Philadelphia, PA 19148 |
| Pennsylvania | Nick Phelps | 412-414-3101 | 4885-A McKnightRd #185, Pittsburgh PA 15237 |
| Pennsylvania | Juan Morales | 570-877-0868 | 201 S Blakely Street #149, Dunmore PA 18512 |
| Rhode Island | Zachary Mattera | 401-569-0169 | 1643 Warwick Ave #101, Warwick Rhode Island 02889 |
| South Carolina | Dan and Hope Paffe | 843-800-5453 | 3022 S Morgans Point Road #250, Mt Pleasant SC 29466 |
| South Carolina | Kris Elliott | 803-669-7089 | 1670 Springdale Drive, Unit 9 #137, Camden, SC 29020 |
| Tennessee | Michael Kishigian | 423-902-9858 | 2288 Gunbarrel Road Ste 154-270, Chattanooga TN 37421 |
| Tennessee | Tim Ballard | 901-474-9510 | 1779 Kirby Parkway #1-544, Memphis TN 38138 |
| Tennessee | Stephanie Hix/Max Hix | 615-970-1573 | 5543 Edmondson Pike Suite #189, Nashville TN 37211 |
| Tennessee | Ted Petersen | 865-399-2979 | 10629 Hardin Valley Rd Ste 168, Knoxville TN 37932 |
| Texas | Daniel Avila | 469-975-9492 | 8301 Lakeview Parkway Suite 111-304, Rowlett TX 75088 |
| Texas | Mandy and Brent Grigsby | 469-786-7882 | 809 Woodbridge Parkway Ste 500-222, Wylie TX 75098 |



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| State | Franchisee | Business Phone | Address |
|---|---|---|---|
| Texas | Rigo and Jessica Melendez | 915-588-2934 | 3800 N Mesa Street Suite AZ #330, El Paso TX 79902 |
| Texas | Juan Acuna | 469-677-6300 | 6245 Rufe Snow Drive Suite 280-32, Fort Worth TX 76148 |
| Texas | George and Jade Morrison | 832-444-8352 | 945 Mckinney St., Suite 435, Houston, TX 77002 |
| Texas | Thomas Polcyn | 346-831-7405 | 16720 Stuebner Airline Unit#149, Spring, TX 77379 |
| Texas | Michael Fulweber | 713-591-1522 | 1127 Eldridge Parkway Suite 300-366, Houston, TX 77077 |
| Texas | Garrett Spooner | 432-661-5711 | 3001 West Loop 250 N., Suite C-105 #270, Midland, TX 79705 |
| Utah | Kimberly and Robert Harrison | 435-703-4142 | 782 River Road #201, St George UT 94790 |
| Utah | Joe Dussol | 385-528-7574 | 4287 S. Harrison Blvd., Suite 229, Ogden, UT 84403 |
| Virginia | Joshua Williams | 571-200-2461 | 8116 Arlington Blvd #180, Falls Church VA 22042 |
| Virginia | Marc Garber | 804-300-3892 | 12220 Chattanooga Plaza, Midlothian VA 2311 |
| Washington | Sean Quayyum | 360-301-7771 | 914 164th Street SE, B12-297 Mill Creek, WA 98012 |
| Wisconsin | Tim Budz | 920-228-2461 | 101 S Military Ave #134, Green Bay WI 54303 |
| Wisconsin | Angela Welbes and David Levin | 608-609-5802 | 4230 East Town Blvd #374 Madison, WI 53704 |
| Wisconsin | Andrew and Viktoria Gonzales | 414-418-2521 | 2108A Silvernail Rd #174, Pewaukee WI 53072 |



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**Franchisees Who Have Left the System**

| State | Franchisee | Business Phone | Address |
|---|---|---|---|
| Arkansas | Kyle Evans | 870-285-1013 | 3900 Dave Ward Dr Suite 1900 #237, Conway AR 72034 |
| Florida | Steve Cutler | 305-720-6371 | 18495 South Dixie Highway Suite 161, Miami FL 33157 |
| Oregon | Owen McGovern | 914-987-0875 | 2852 Willamette Street #111, Eugene OR 97405 |
| Texas | Todd Roach | 972-850-8246 | 820 S. MacArthur Blvd., Suite 105-365, Coppell, TX 75019 |
| West Virginia | Catherine Viernes | 304-308-0794 | 630 N Mildred Street #446, Ranson WV 25438 |



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## EXHIBIT E

## TRADEMARK-SPECIFIC FRANCHISEE ASSOCIATIONS AND INDEPENDENT FRANCHISEE ASSOCIATIONS

**NONE**



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**EXHIBIT F**

**STATE ADDENDA**



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**STATE OF CALIFORNIA**

**Section 31125 of the Franchise Investment Law requires us to give you a disclosure document approved by the Department of Financial Protection and Innovationbefore we ask you to consider a material modification of your Franchise Agreement.**

**THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT**

**The Franchise Agreement requires you to resolve disputes with us by mediation and arbitration only in Colorado. Out-of-state mediation and arbitration may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate and arbitrate in Colorado than in your own state.**

**The Franchise Agreement states that Colorado law governs the agreement, and this law may not provide the same protections and benefits as local law. You may want to compare these laws.**

ITEM 1 is amended to provide the following:

In California, you must obtain a Trauma Scene Waste Management Practitioner (TSW) permit from the California Department of Health. This requires the filing of a form and fee. See generally, https://www.cdph.ca.gov/Programs/CEH/DRSEM/Pages/EMB/MedicalWaste/Trauma-Scene.aspx, which is the page from the California Department of Public Health that describes this procedure.

ITEM 2 is amended to provide the following:

The franchisor, any person or franchise broker listed in Item 2 of the disclosure document are not subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

ITEM 3 is amended to state the following:

The franchisor, any person or franchise broker in Item 2 of the UFDD is not subject to any currently effective order of any national securities association or national securities exchange, as defined by the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

ITEM 4 is amended to state the following:

No person previously identified in Item 2 of this Disclosure Document has been involved as a debtor in proceedings under the U.S. Bankruptcy Code.

ITEM 5 is amended to state the following:

We will refrain from collecting the IFF or any other fees from you until we have delivered all of our pre-opening services (Item 11) and you are open for business. At that time, we will collect all pre-opening fees that are due to us.



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ITEM 12 is amended to state that we reserve the right to establish alternative channels of distribution without compensation to the franchisee.

ITEM 17 of the Disclosure document is amended to add the following:

The California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise if the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A., Sec. 101 et seq.)

The Franchise Agreement requires Franchisee to sign a general release as a condition of transfer. This general release excludes claims arising under California law and will exclude any claims arising from representations in the FDD.

The Franchise Agreement contains a covenant not to compete, which extends beyond the term of the agreement. This provision might not be enforceable under California law.

The Franchise Agreement requires litigation to be conducted by arbitration held in Denver, Colorado. This provision might not be enforceable for any cause of action arising under California law.

The Franchise Agreement requires the application of the laws of the state of Colorado. This provision might not be enforceable under California law.

The Franchise Agreement may contain a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516).

Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professional Code Sections 2000 through 20043.

The Franchise Agreement requires binding arbitration. The arbitration will occur no further than 15 miles from our then-current headquarters that now is Littleton, Colorado, with the costs being borne by the prevailing party. Prospective franchisees are encouraged to consult legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside the State of California.

The following URL address is for the franchisor's website:

www.BioOneInc.com

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.



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**STATE OF ILLINOIS**

The Franchise Disclosure Document is amended as follows:

Illinois law shall apply to and govern the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees' rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or **any other law of Illinois** is void.

Payment of the Initial Franchise/Development Fees will be deferred until Franchisor has met its initial obligations to franchisee and franchisee has commenced doing business. The financial assurance requirement was imposed by the Office of the Attorney General due to Franchisor's financial condition.

The Franchisor reserves the right to service your customer complaints. You must reimburse the Franchisor for all costs it incurs in resolving complaints, along with a Client Service Fee, which can be increased at any time without limitation.



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**STATE OF INDIANA**

1. ITEM 8 of the Disclosure Document is amended to add the following:

Under Indiana Code Section 23-2-2.7-1(4), the franchisor will not obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor unless the benefit is promptly accounted for and transmitted by the franchisee.

2. ITEMS 6 and 9 of the Disclosure Document are amended to add the following:

The franchisee will not be required to indemnify franchisor for any liability imposed upon franchisor due to franchisee's reliance upon or use of procedures or products required by franchisor, if the franchisee utilized such procedures or products in the manner required by franchisor.

3. ITEM 17 of the Disclosure Document is amended to add the following:

Indiana Code 23-2-2.7-1(7) makes unlawful unilateral termination of a franchise unless there is a material violation of the Franchise Agreement, and termination is not in bad faith.

Indiana Code 23-2-2.7-1(5) prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.

ITEM 17(r) is amended subject to Indiana Code 23-2-2.7-1(9) to provide that the post-term non-competition covenant shall have a geographical limitation of the territory granted to franchisee.

ITEM 17(u) is amended to provide that arbitration between a franchisee and franchisor will be conducted in Indiana or a site mutually agreed upon.

ITEM 17(v) is amended to provide that franchisees will be permitted to commence litigation in Indiana for any cause of action under Indiana Law.

ITEM 17(w) is amended to provide that in the event of a conflict of law, Indiana Law governs any cause of action which arises under the Indiana Disclosure Law or the Indiana Deceptive Franchise Practices Act.



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**STATE OF MARYLAND**

The Franchise Disclosure Document is amended to add the following:

Item 5 and the Franchise Agreement are amended to state: **Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.**

In Item 17 and the Franchise Agreement requires you to sign a general release. The general release required as a condition of renewal, termination, or transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

In Item 17 and the Franchise Agreement, we require you to arbitrate in Colorado using Colorado law. This is amended to provide that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Item 17 and the Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. § 101, et seq.).

Item 17 is amended to state: "Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The Closing Acknowledgment that is attached to the Franchise Agreement is amended to state: "All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

In Item 17 and the Franchise Agreement requires you to sign a general release. The general release required as a condition of renewal, termination, or transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.



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**STATE OF MINNESOTA**

The following Minnesota-specific language must be included in an exhibit attached to the Franchise Disclosure Document and also to the franchise agreements:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties, or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.

- Minnesota considers it unfair not to protect the franchisee's right to use the trademarks. Refer to Minnesota Statues, Section 80C.12, Subd. 1(g).

- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5. 3.



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**STATE OF NEW YORK**

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

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21st FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

The following additional RISK FACTOR is added to the cover page of the Franchise Disclosure Document:

SEE ITEM 6. THERE ARE SEVERAL FEES THAT STATE 'THERE IS NO LIMIT TO THE AMOUNT OF AN INCREASE IN THIS FEE OR THE NUMBER OF TIMES IT MAY BE INCREASED. IN ADDITION, YOU MUST MAKE MINIMUM ROYALTY, ADVERTISING, AND OTHER PAYMENTS, REGARDLESS OF YOUR SALES LEVELS. YOUR INABILITY TO MAKE THE PAYMENTS MAY RESULT IN TERMINATION OF YOUR FRANCHISE AND LOSS OF YOUR INVESTMENT.

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

> Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:
>
> A. No such party has an administrative, criminal or civil action pending against that person alleging, a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
>
> B. No such party has pending actions, other than routine litigation incidental to the business, which is significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations.
>
> C. No such party has been convicted of a felony or pleaded *nolo contendere* to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded *nolo contendere* to a misdemeanor charge or has been the subject of a civil action alleging a violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
>
> D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities,



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antitrust, trade regulation, or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as the debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the "Summary" section of Item 17(d), titled **"Termination by franchisee"**:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the "Summary" section of Item 17(j), titled "**Assignment of contract by franchisor"**:

However, no assignment will be made except to an assignee that, in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

8. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum,"** and Item 17(w), titled "**Choice of law"**:



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



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**STATE OF RHODE ISLAND**

In recognition of the requirements of the Rhode Island Franchise Investment Act §§ 19-28.1-1 through 19-28.1-34, the Franchise Disclosure Document for Ringside Development Company d/b/a Bio-One Colorado, Inc., for use in Rhode Island is amended as follows:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."



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**STATE OF VIRGINIA**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Ringside Development Company, for use in the Commonwealth of Virginia shall be amended as follows:

**ADDITIONAL DISCLOSURES**

The State Cover Page is amended to include the following **RISK FACTORS**

3. THE FRANCHISOR AND FRANCHISEE EACH AGREE THAT HE, SHE, OR IT WILL BE LIMITED TO BRINGING ANY ACTION AGAINST THE OTHER WITHIN 1 YEAR OF THE DATE THAT THE FACTS WHICH GIVE RISE TO THE CLAIM WERE DISCOVERED, OR 1 YEAR FROM THE DATE THAT SUCH FACTS REASONABLY SHOULD HAVE BEEN DISCOVERED.

4. IF FRANCHISEE OBTAINS FINANCING FROM THE FRANCHISOR, THE FRANCHISEE'S SPOUSE MAY BE REQUIRED TO SIGN A PERSONAL GUARANTY MAKING SUCH SPOUSE JOINTLY AND SEVERALLY LIABLE FOR THE OBLIGATIONS WHICH ALSO PLACES THE SPOUSES PERSONAL ASSETS AT RISK. YOU MAY WANT TO CONSIDER THIS WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE OPPORTUNITY.

5. WE BOTH AGREE TO WAIVE THE RIGHT TO A JURY TRIAL AND TO BE AWARDED EXEMPLARY, PUNITIVE, OR CONSEQUENTIAL DAMAGES.

6. **THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.**

Item 3 is amended to say:

No person previously identified in Item 2 of this Disclosure Document has been involved as a debtor in proceedings under the U.S. Bankruptcy Code.

Item 5 is amended to say:

Franchisor agrees that it will defer collection of the initial fees until Franchisor has delivered all of its pre-opening services to Franchisee and Franchisee is open for business. At that time, the initial fees will be due.

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.



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**STATE OF WASHINGTON**

The following **RISK FACTOR** is added to the **Special Risks to Consider About *This* Franchise page:**

**Use of Franchise Brokers.** The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

Item 8 of the Disclosure Document is amended to provide that any markups charged on revenue from purchases that franchisee is required to buy from an affiliate or us are fair and reasonable in compliance with RCW 19.100.180(2)(d).

Item 17 of the Disclosure Document is amended to add the following:

a. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, will prevail.

b. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor, including the areas of termination and renewal of your franchise. There may also be court decisions that may supersede the franchise agreement in your relationship with the franchisor, including the areas of termination and renewal of your franchise.

c. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

d. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act, such as a right to a jury trial, may not be enforceable.

e. Transfer fees are collectible to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

f. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.



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g. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

h. Item 5 is amended to provide that in Washington, we will defer collecting the IFF and any other fees that are described in this Article until we have provided you with all of our pre-opening services (Item 11) and you are open for business. At that time, all fees to us will be due.

i.



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**STATE OF WISCONSIN**

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes, supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.



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**EXHIBIT G**
**FINANCIAL STATEMENTS**



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**RINGSIDE DEVELOPMENT COMPANY dba BIO-ONE, INC.**

Financial Statements As Of December 31, 2021, 2020
And 2019

Together With Independent Auditors' Report

JDS professional group

certified public accountants, consultants and advisors



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JDS professional group
certified public accountants, consultants and advisors



## INDEPENDENT AUDITORS' REPORT

To Management and the Stockholder of
Ringside Development Company dba Bio-One, Inc:

We have audited the accompanying financial statements of Ringside Development Company dba Bio-One, Inc (the "Company"), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations, stockholder's equity and cash flows for the years then ended, and the related notes to the financial statements.

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

**Basis for Opinion**

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

**Prior Period Financial Statements**

The financial statements of Ringside Development Company dba Bio-One, Inc as of December 31, 2019, were audited by other auditors, whose report dated March 31, 2020, expressed an unmodified opinion on those statements.

**Responsibilities of Management for the Financial Statements**

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

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

*Members:*
*American Institute of Certified Public Accountants • Colorado Society of Certified Public Accountants*
10303 E. Dry Creek Road, Suite 400 • Englewood, CO 80112 • 303 771 0123 • 303 771 0078 fax
www.jdscpagroup.com



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Independent Auditors' Report (Continued)

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

*JDS Professional Group*

March 30, 2022



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**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE, INC.**

Balance Sheets
As Of December 31, 2021, 2020, and 2019



| | 2021 | 2020 | 2019 |
|---|---|---|---|
| **ASSETS** | | | |
| Current Assets: | | | |
| Cash | $ 895,137 | $ 2,206,312 | $ 501,414 |
| Restricted cash | 330,171 | 443,745 | 39,632 |
| Accounts receivable | 443,312 | 434,692 | 240,079 |
| Inventory | 3,750 | 7,670 | 1,705 |
| Prepaid commissions | | 18,667 | 48,500 |
| Other current assets | 18,576 | 15,208 | 17,924 |
| Total Current Assets | 1,690,946 | 3,126,294 | 849,254 |
| Non-current Assets: | | | |
| Deferred franchise costs, net of current portion | | | 875 |
| Deferred tax asset | 445,551 | | 105,998 |
| Prepaid commissions | 69,562 | | |
| Note receivable - related party | | 100,000 | |
| Other asset held for resale | | | 41,520 |
| Goodwill, net | 16,622,004 | | |
| Intangibles, net | 26,916,889 | | |
| Other non-current assets | | 526,474 | 357,103 |
| Total Non-Current Assets | 44,054,006 | 626,474 | 505,496 |
| **TOTAL ASSETS** | $45,744,952 | $ 3,752,768 | $ 1,354,750 |
| **LIABILITIES AND STOCKHOLDER'S EQUITY** | | | |
| Current Liabilities: | | | |
| Accrued liabilities | $ 7,291 | $ 108,289 | $ 146,269 |
| Income taxes payable | | 71,190 | |
| Deferred revenue | 81,590 | 194,040 | 313,570 |
| Total Current Liabilities | 88,881 | 373,519 | 459,839 |
| Non-current liabilities | | | |
| Deferred revenue, net of current portion | 139,125 | 121,875 | 121,875 |
| Total Liabilities | 228,006 | 495,394 | 581,714 |
| Stockholder's Equity: | | | |
| Common stock - no par value, 100,000 shares authorized; 2,500 shares issued and outstanding | 44,725,177 | 2,500 | 2,500 |
| Retained earnings | 791,769 | 3,254,874 | 770,536 |
| Total Stockholder's Equity | 45,516,946 | 3,257,374 | 773,036 |
| **TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY** | $45,744,952 | $ 3,752,768 | $ 1,354,750 |

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



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**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE, INC.**

Statements Of Operations
For the Years Ended December 31, 2021, 2020, and 2019



| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Revenue: | | | |
| Franchise fees | $ 373,375 | $ 815,000 | $ 765,000 |
| QSP fees | 590,500 | 745,220 | 691,635 |
| Franchise royalties | 2,837,075 | 2,704,446 | 1,263,876 |
| National branding fees | 965,066 | 941,677 | 395,282 |
| Franchise support fees | 1,315,391 | 1,298,269 | 716,089 |
| Licensing fees | 134,125 | 26,000 | 26,000 |
| Other | 225,345 | | |
| Total Revenue | 6,440,877 | 6,530,612 | 3,857,882 |
| Operating Expenses: | | | |
| Franchise support | 2,550,772 | 935,479 | 764,379 |
| General and administrative | 4,682,780 | 2,266,243 | 2,715,221 |
| Amortization | 1,186,284 | | |
| Marketing | 953,387 | 237,917 | 395,282 |
| Total Expenses | 9,373,223 | 3,439,639 | 3,874,882 |
| Operating Income (Loss) | (2,932,346) | 3,090,973 | (17,000) |
| Income tax (benefit) expense | (516,741) | 606,635 | 31,267 |
| **NET INCOME (LOSS)** | $ (2,415,605) | $ 2,484,338 | $ (48,267) |

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



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**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE, INC.**

Statements Of Stockholder's Equity
For The Years Ended December 31, 2021, 2020 and 2019



| | Capital | | Retained Earnings | Total Stockholder's Equity |
|---|---|---|---|---|
| | Units | Amounts | | |
| Balance - December 31, 2018 | 2,500 | $ 2,500 | $ 818,803 | $ 821,303 |
| Net (loss) | | | (48,267) | (48,267) |
| Balance - December 31, 2019 | 2,500 | 2,500 | 770,536 | 773,036 |
| Net income | | | 2,484,338 | 2,484,338 |
| Balance - December 31, 2020 | 2,500 | 2,500 | 3,254,874 | 3,257,374 |
| Net loss | | | (2,415,605) | (2,415,605) |
| Dividend to stockholder | | | (47,500) | (47,500) |
| Sale of common stock | (2,500) | (2,500) | | (5,000) |
| Purchase of common stock | 2,500 | 44,725,177 | | 44,727,677 |
| Balance - December 31, 2021 | 2,500 | $ 44,725,177 | $ 791,769 | $ 45,516,946 |

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



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**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE, INC.**

Statements Of Cash Flows
For The Years Ended December 31, 2021, 2020 and 2019



| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Cash flows from operating activities: | | | |
| Net income (loss) | $(2,415,605) | $ 2,484,338 | $ (48,267) |
| Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities: | | | |
| Deferred income taxes | (445,551) | 195,857 | (202,365) |
| Amortization | 1,186,284 | | |
| Loss on disposal | | 13,586 | |
| Changes in operating assets and liabilities: | | | |
| Accounts receivable | (8,620) | (194,613) | (87,454) |
| Inventory | 3,920 | (5,965) | 24,717 |
| Prepaid commissions | (50,895) | 29,833 | |
| Deferred franchise costs | | 875 | (27,250) |
| Other current assets | (3,368) | 2,716 | (5,441) |
| Other non-current assets | 526,474 | (169,371) | (140,325) |
| Accrued liabilities | (100,998) | (37,980) | 43,791 |
| Income taxes payable | (71,190) | (18,669) | 27,533 |
| Deferred revenue | (95,200) | (119,530) | 134,160 |
| Net cash provided by (used in) operating activities | (1,474,749) | 2,181,077 | (280,901) |
| Cash flows from investing activities: | | | |
| Proceeds from sale of asset held for resale | | 27,934 | |
| Purchase of asset held for resale | | | (41,520) |
| Payment of notes receivable - related party | 100,000 | (100,000) | |
| Net cash provided by (used in) investing activities | 100,000 | (72,066) | (41,520) |
| Cash flows from financing activities: | | | |
| Dividends paid | (47,500) | | |
| Sale of common stock | (2,500) | | |
| Net cash (used in) financing activities | (50,000) | | |
| **NET INCREASE (DECREASE) IN CASH** | (1,424,749) | 2,109,011 | (322,421) |
| Cash - Beginning of year | 2,650,057 | 541,046 | 863,467 |
| **CASH - END OF YEAR** | $ 1,225,308 | $ 2,650,057 | $ 541,046 |
| Balance Sheet Classification of Cash: | | | |
| Cash | $ 895,137 | $ 2,206,312 | $ 501,414 |
| Restricted Cash | 330,171 | 443,745 | 39,632 |
| Total Cash | $ 1,225,308 | $ 2,650,057 | $ 541,046 |

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



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## (1) Description Of The Business

Ringside Development Company dba Bio-One, Inc. (the "Company"), an Arizona corporation, was incorporated on May 27, 2010. On March 24, 2016, the Company registered as a foreign corporation in Colorado as Bio-One Colorado, Inc. The Company is engaged in the business of franchising Bio-One franchises across the United States. The Company enters into franchise agreements with unrelated third parties to build and operate crime scene clean-up companies using the Bio-One brand. The franchises are required to operate their companies in compliance with their franchise agreements, which includes adherence to operating and quality control procedures established by the Company.

The following table summarizes the franchise activity for the Company's overall system for the year ended December 31, as follows:

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Franchises at the beginning of the year | 105 | 90 | 74 |
| Franchises sold and operational, net | 14 | 15 | 16 |
| Franchises at the end of year | 119 | 105 | 90 |

## (2) Summary Of Significant Accounting Policies

### Basis of Presentation

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

### Use of Estimates

The preparation of financial statements in conformity with accounting principals generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Risks and Uncertainties

The global community has been under a significant threat from coronavirus ("COVID-19"). The extent to which the COVID-19 pandemic impacts the Company's business, results of operations and financial condition will depend on future developments, which are still uncertain and cannot be predicted. Even after the COVID-19 pandemic has subsided, the Company may continue to experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future. Therefore, the Company cannot reasonably estimate the impact at this time.



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Cash and Restricted Cash

The Company continually monitors its positions with, and the credit quality of, the financial institutions with which it invests. As of the balance sheet date, and periodically throughout the year, the Company has maintained balances in accounts with financial institutions in excess of federally insured limits. As of December 31, 2021, the Company held deposits of $1,149,163 that exceeded federally insured limits.

Restricted cash relates to cash franchisees contribute to the Company's national branding fund. Cash contributed by franchisees to the national branding fund is to be used in accordance with the Franchise Disclosure Document with a focus on marketing and advertising.

For purposes of the statement of cash flows, cash includes cash on hand and demand deposit accounts. The Company considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. The Company does not have any cash equivalents.

| | 2021 |
|---|---|
| Supplemental disclosure of cash flow information: | |
| Acquisition of goodwill and intangibles | $ 44,725,177 |

Accounts Receivable

Accounts receivable consist of amounts due from franchises for various fees including royalties, support fees, branding fees, insurance, training, and expendable equipment. Interest and late fees may also be charged on overdue accounts. Accounts receivable are stated at net invoice amounts. The Company has not experienced significant losses related to receivables from individual franchises and believes all accounts to be collectible. Therefore, the Company has not provided an allowance for doubtful accounts for the years ended December 31, 2021, 2020, and 2019.

Goodwill And Intangible Assets

Goodwill represents the excess of consideration paid over the fair value of identifiable net assets acquired in a business combination. The Company has adopted the accounting alternative for amortizing goodwill as well as goodwill impairment triggering event evaluation and performs goodwill impairment triggering event evaluation only as of the end of each reporting period in accordance with ASU 2021-03 *Intangibles - Goodwill and Other*. Goodwill is being amortized over its estimated life of 10 years.

Intangible assets that are subject to amortization are reviewed for potential impairment whenever events or circumstances indicate that carrying amounts may not be recoverable. Assets not subject to amortization are tested for impairment at least annually.



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Intangible assets arising from business combinations, such as trade name, non-compete agreements and franchise agreements, are initially recorded at estimated fair value and amortized over estimated lives as follows:

| | Useful Life - Years |
|---|---|
| Intangibles | |
| Trade name | 15 |
| Non-compete agreements | 5 |
| Franchise agreements | 15 |

Concentrations of Credit Risk

The Company grants credit in the normal course of business to franchises in the United States. The Company periodically performs credit analysis and monitors the financial conduction of its franchises to reduce credit risk. The Company performs ongoing credit evaluations of its franchises but generally does not require collateral to support accounts receivable.

The Company considers any franchise with a balance in excess of 10% of accounts receivable or revenue to be a concentration. There were no concentrations of accounts receivable or revenue for the years ended December 31, 2021, 2020, and 2019.

Advertising Expenses

The Company expenses advertising costs as incurred. Such advertising is used to recruit qualified potential franchise candidates. Advertising expense for the years ended December 31, 2021, 2020 and 2019 was $29,485, $20,510 and $21,787, respectively.

Revenue and Revenue Recognition

On January 1, 2019, the Company adopted Topic 606 and ASU 2014-09 *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, "ASC 606").

Franchise Fees QSP Fees and Related Franchise Costs

Franchise fees paid by franchises are recognized as revenue when all performance obligations are satisfied and material services and conditions required to be performed by the Company have been substantially completed. This is generally when the franchise opens and commences operations. QSP fees are recognized when the start-up equipment has been shipped which is the point in time that the performance obligation is satisfied. Franchise fees collected by the Company before all material services and conditions are substantially performed are recorded as deferred revenue. These franchise fees are non-refundable except in certain circumstances.



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Prepaid commissions and referral fees represent certain costs incurred to develop new franchises and are expensed when the related revenue is recognized, generally when the franchise commences operations.

Franchise Royalties

Pursuant to the current franchise agreements, franchises are required to pay royalty fees which are charged at the franchise level and determined based on a fixed 7% of monthly gross sales. If the minimum levels of revenues are not achieved, a fixed fee is charged. These fees are billed and recognized when earned on a monthly basis.

National Branding Fund

Under the terms of the franchise agreements, the Company may establish a National Branding Fund (the "Fund") and charge a fee of up to 2% of each franchises' gross receipts to pay for marketing costs that benefit multiple franchises. The Fund is used to promote the brand. Fund revenues and expenses are recognized in equal amounts as marketing expenses are incurred. Any amounts collected but unspent at the end of the year are recorded as deferred revenue on the balance sheet. Fees collected are deferred until a related expense has been incurred, at which time revenue is recognized.

Master Franchise Agreements/Area Director Marketing Agreements - License Fees

In the past, the Company offered area director marketing agreements that provided the area director a non-exclusive right to sell and open franchises in a defined geographic territory in the U.S. and required that the area director be responsible for advertising, soliciting, and screening prospective franchisees. The agreements stipulate a minimum number of new franchised locations to be opened each year. In addition, the area director was responsible for providing on-site opening assistance and providing quality assurance services to franchises in the defined area. The Company agreed to pay the area director a portion of the initial franchise fee as defined by the agreement for each new franchised location sold by the area director and 50% of the royalties received by the Company from each franchise within a defined area. The agreement was for a period of 10 years, with the option to extend for an additional 10 years after certain restrictive performance criteria are met. All franchised locations opened by the area director were required to pay the Quick Start Package ("QSP") fee, as defined in the agreement, to the Company. The license fee collected by the Company was recorded as deferred revenue and was recognized over the term of the area director marketing agreement, initially a period of 10 years. These agreements are no longer offered as of January 2018.

During the year ended December 31, 2021, the area director marketing agreement was terminated and the remaining license fee of $121,875 was fully recognized. As a condition of the termination and release agreement, a one time settlement payment of $175,000 was paid to the area director.



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Shipping and Handling

Costs associated with the shipping and handling of the Company's product are included in general and administrative expenses.

Subsequent Events

The Company has performed an evaluation of subsequent events through March 30, 2022, which is the date the financial statements were available to be issued, and has considered any relevant matters in the preparation of the financial statements and footnotes.

## (3) Income Taxes

The Company recognizes deferred tax liabilities and assets based on the differences between the tax basis of assets and liabilities and their reported amounts in the financial statements that will result in taxable or deductible amounts in future years.

The Company evaluates its tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions will more likely than not be sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not-threshold are not recorded as a tax benefit or expense in the current year. Interest and penalties, if applicable, are recorded in the period assessed as general and administrative expenses. However, no interest or penalties have been assessed for the years ended December 31, 2021, 2020, and 2019.

The Tax Cuts and Jobs Act ("Tax Act") was signed into law on December 22, 2017. The Tax Act includes significant changes to the U.S. corporate income tax system, including a federal corporate rate reduction from 35% to 21%; limitations in the deductibility of interest expense and executive compensation; eliminating the corporate alternative minimum tax("AMT") and changing how existing AMT credits can be realized; changing the rules related to uses and limitations of net operating loss carryforwards created in tax years beginning after December 31, 2017; and the transition of U.S. international taxation from a worldwide tax systems to a territorial tax system.

The Company's temporary differences are comprised mainly of deferred revenue and deferred franchise costs. The Company's effective tax rate differs from the U.S. federal statutory tax rate due to a graduated federal tax rate adjustment, state taxes, and permanent differences.



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Components of deferred tax assets and liabilities reflected on the balance sheets are as follows:

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Deferred tax asset - | | | |
| Deferred revenue | $ 54,284 | $ 6,508 | $ 202,365 |
| Net operating loss | 438,923 | | |
| Deferred tax liability - | | | |
| Prepaid commissions | (17,109) | (77,698) | (96,367) |
| Net deferred tax asset (liability) | $ 476,098 | $ (71,190) | $ 105,998 |

Components of income tax expense (benefit) reflected on the statements of operations are as follows:

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Current | | | |
| Federal | $ | $ 512,367 | $ 3,998 |
| State | | 116,357 | 908 |
| Deferred | | | |
| Federal | (408,225) | (17,450) | 20,825 |
| State | (108,516) | (4,639) | 5,536 |
| | $ (516,741) | $ 606,635 | $ 31,267 |

For the years ended December 31, 2021, 2020 and 2019 there were no significant differences in domestic federal statutory rates to federal taxable income.

The Company is no longer subject to U.S. federal tax audits on its Form 1120 by taxing authorities for years ending prior to December 31, 2018. The Company is no longer subject to state tax audits on its Arizona Form 120 and Colorado Form 112 state tax returns by taxing authorities for years ending prior to December 31, 2017. The years subsequent to this year contain matters that could be subject to differing interpretations of applicable tax laws and regulations. Although the outcome of tax audits is uncertain, the Company believes no issues would arise.



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(4) **Goodwill And Intangible Assets**

On September 3, 2021, all of the issued and outstanding common stock of the Company was acquired through a Securities Purchase Agreement for an aggregate purchase price of $45,000,000, adjusted accordingly by related closing costs, transaction expenses and the net working capital of the Company at the time of sale. The net purchase price was allocated between goodwill and intangible assets as follows:

| | 2021 |
|---|---|
| Goodwill - | $ 17,195,177 |
| Accumulated amortization | (573,173) |
| Goodwill, net | $ 16,622,004 |
| Intangibles - | |
| Trade name | 12,500,000 |
| Non-compete agreements | 30,000 |
| Franchise agreements | 15,000,000 |
| Accumulated amortization | (613,111) |
| Intangibles, net | $ 26,916,889 |

No impairment charge was recognized during the year ended December 31, 2021.

(5) **Deferred Revenue**

The following table provides information about significant changes in deferred revenue on franchise fees for the years ended December 31,:

| | 2021 | 2020 | 2019 |
|---|---|---|---|
| Deferred revenue, beginning of year | $ 315,915 | $ 435,445 | $ 323,785 |
| Revenue recognized that was included in deferred at the beginning of the year | (181,790) | (409,445) | (297,785) |
| Revenue recognized during the year | (1,043,235) | (1,586,220) | (1,506,135) |
| Increase in deferred revenue due to cash received during the year | 1,129,825 | 1,876,135 | 1,915,580 |
| | $ 220,715 | $ 315,915 | $ 435,445 |

During the years ended December 31, 2021, 2020 and 2019, the amount of services that were recognized over time amounted to $1,044,110, $1,586,220 and $1,506,135, respectively; and the amount of services recognized at a point in time amounted to $181,790, $409,445 and $297,785, respectively.



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(6) **Employee Benefit Plan**

Effective January 1, 2015, the Company adopted the Ringside Development Company Profit Sharing Plan (the "Plan") to provide retirement benefits for its employees. The Plan provides for employee elective deferrals and discretionary employer profit sharing contributions. In 2016, the Company amended the Plan to add a 3% employer safe-harbor contribution to be effective January 1, 2017. The total profit sharing contribution to the Plan for the years ended December 31, 2021, 2020 and 2019 was $0, $114,491, and $140,713, respectively, of which $0, $90,001, and $119,383, respectively, was contributed to the Plan, and $0, $24,490, and $21,330, respectively, was payable as of December 31, 2021, 2020 and 2019.

(7) **Commitments And Contingencies**

Operating Lease Commitments

The Company leased office space on a month-to-month basis through July 31, 2021. Rent expense under the lease was $19,342. On August 1, 2021, the Company signed a noncancellable lease for office space commencing August 1, 2021 through July 31, 2024. Rent expense under the operating lease was $20,000 for the year ended December 31, 2021.

Future minimum lease payments as of December 31, 2021, are as follows:

| | |
|---|---|
| 2022 | $ 50,000 |
| 2023 | 53,900 |
| 2024 | 32,340 |
| | $ 136,240 |

(8) **New Accounting Pronouncements**

In December of 2018, FASB issued ASU No. 2018-20, *Leases*. ASU 2018-20 requires the Company to recognize all leased assets as assets on the balance sheet with a corresponding liability resulting in a gross up of the balance sheet. Entities will also be required to present additional disclosure as to the nature and extent of leasing activities. The requirements of this statement are effective for the Company's fiscal year ending December 31, 2022. The Company has not evaluated the impact due to the timing of implementation of this standard.



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JDS professional group
certified public accountants, consultants and advisors

## CONSENT OF INDEPENDENT AUDITOR

JDS Professional Group, consents to the use in the Franchise Disclosure Document issued by Ringside Development Company dba Bio-One, Inc. (the "Franchisor") on April 29, 2022, as it may be amended, of our report dated March 30, 2022, relating to the financial statements of the Franchisor, as of and for the year ended December 31, 2021.

*JDS Professional Group*

March 30, 2022

*Members:*
*American Institute of Certified Public Accountants • Colorado Society of Certified Public Accountants*
10303 E. Dry Creek Road, Suite 400 • Englewood, CO 80112 • 303 771 0123 • 303 771 0078 fax
www.jdscpagroup.com



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**RINGSIDE DEVELOPMENT COMPANY dba BIO-ONE, INC.**

Financial Statements As Of December 31, 2020, 2019
And 2018

Together With Independent Auditors' Report

JDS professional group

certified public accountants, consultants and advisors



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# INDEPENDENT AUDITORS' REPORT

To Management and the Stockholder of
Ringside Development Company dba Bio-One, Inc:

We have audited the accompanying financial statements of Ringside Development Company dba Bio-One, Inc. (the "Company), which comprise the balance sheet as of December 31, 2020 and the related statements of operations, stockholder's equity and cash flows for the year then ended, and the related notes to the financial statements.

## Management's Responsibility for the Financial Statements

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

## Auditor's Responsibility

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

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

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

*Members:*
*American Institute of Certified Public Accountants • Colorado Society of Certified Public Accountants*
10303 E. Dry Creek Road, Suite 400 • Englewood, CO 80112 • 303 771 0123 • 303 771 0078 fax
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Independent Auditors' Report (Continued)

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ringside Development Company dba Bio-One, Inc. as of December 31, 2020 and the results of its operations and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Prior Year Financial Information**

The financial statements of Ringside Development Company dba Bio-One, Inc. as of December 31, 2019 and 2018, were audited by other auditors, whose reports dated March 31, 2020, and June 6, 2019, respectively, expressed unmodified opinions on those statements.

*JDS Professional Group*

March 24, 2021



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**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE, INC.**

Balance Sheets
As Of December 31, 2020, 2019, and 2018



| | 2020 | 2019 | 2018 |
|---|---|---|---|
| **ASSETS** | | | |
| Current Assets: | | | |
| Cash | $ 2,206,312 | $ 501,414 | $ 840,414 |
| Restricted cash | 443,745 | 39,632 | 23,053 |
| Accounts receivable | 434,692 | 240,079 | 152,625 |
| Inventory | 7,670 | 1,705 | 26,422 |
| Prepaid commissions | 18,667 | 48,500 | 38,500 |
| Other current assets | 15,208 | 17,924 | 12,483 |
| Total Current Assets | 3,126,294 | 849,254 | 1,093,497 |
| Non-current Assets: | | | |
| Deferred franchise costs, net of current portion | | 875 | 6,125 |
| Deferred tax asset | 6,508 | 202,365 | |
| Investments | 483,014 | 312,462 | 170,956 |
| Note receivable - related party | 100,000 | | |
| Other asset held for resale | | 41,520 | |
| Other non-current assets | 43,460 | 44,641 | 45,822 |
| Total Non-Current Assets | 632,982 | 601,863 | 222,903 |
| **TOTAL ASSETS** | $ 3,759,276 | $ 1,451,117 | $ 1,316,400 |
| **LIABILITIES AND STOCKHOLDER'S EQUITY** | | | |
| Current Liabilities: | | | |
| Accrued liabilities | $ 108,289 | $ 146,269 | $ 102,478 |
| Income taxes payable | 77,698 | 96,367 | 68,834 |
| Deferred revenue | 194,040 | 313,570 | 179,410 |
| Total Current Liabilities | 380,027 | 556,206 | 350,722 |
| Non-current liabilities | | | |
| Deferred revenue, net of current portion | 121,875 | 121,875 | 144,375 |
| Total Liabilities | 501,902 | 678,081 | 495,097 |
| Stockholder's Equity: | | | |
| Common stock - no par value, 100,000 shares authorized; 2,500 shares issued and outstanding | 2,500 | 2,500 | 2,500 |
| Retained earnings | 3,254,874 | 770,536 | 818,803 |
| Total Stockholder's Equity | 3,257,374 | 773,036 | 821,303 |
| **TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY** | $ 3,759,276 | $ 1,451,117 | $ 1,316,400 |

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



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**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE, INC.**

Statements Of Operations
For the Years Ended December 31, 2020, 2019, and 2018



| | 2020 | 2019 | 2018 |
|---|---|---|---|
| Revenue: | | | |
| Franchise fees | $ 815,000 | $ 765,000 | $ 880,000 |
| QSP fees | 745,220 | 691,635 | 738,024 |
| Franchise royalties | 2,704,446 | 1,263,876 | 807,127 |
| National branding fees | 941,677 | 395,282 | 287,457 |
| Franchise support fees | 1,298,269 | 716,089 | 438,538 |
| Licensing fees | 26,000 | 26,000 | 26,000 |
| Total Revenue | 6,530,612 | 3,857,882 | 3,177,146 |
| Operating Expenses: | | | |
| Franchise support expenses | 935,479 | 764,379 | 705,744 |
| General and administrative expenses | 2,266,243 | 2,715,221 | 1,419,593 |
| Marketing expenses | 237,917 | 395,282 | 287,457 |
| Total Expenses | 3,439,639 | 3,874,882 | 2,412,794 |
| Operating Income (Loss) | 3,090,973 | (17,000) | 764,352 |
| Income tax expense | 606,635 | 31,267 | 177,572 |
| **NET INCOME (LOSS)** | $2,484,338 | $ (48,267) | $ 586,780 |

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



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**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE, INC.**

Statements Of Stockholder's Equity
For The Years Ended December 31, 2020, 2019 and 2018



| | Capital | | Retained Earnings | Total Stockholder's Equity |
|---|---|---|---|---|
| | Units | Amounts | | |
| Balance - December 31, 2017 | 2,500 | $ 2,500 | $ 232,023 | $ 234,523 |
| Net income | | | 586,780 | 586,780 |
| Balance - December 31, 2018 | 2,500 | 2,500 | 818,803 | 821,303 |
| Net (loss) | | | (48,267) | (48,267) |
| Balance - December 31, 2019 | 2,500 | 2,500 | 770,536 | 773,036 |
| Net income | | | 2,484,338 | 2,484,338 |
| Balance - December 31, 2020 | 2,500 | $ 2,500 | $ 3,254,874 | $3,257,374 |

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



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**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE, INC.**

Statements Of Cash Flows
For The Years Ended December 31, 2020, 2019 and 2018



| | 2020 | 2019 | 2018 |
|---|---|---|---|
| Cash flows from operating activities: | | | |
| Net income (loss) | $ 2,484,338 | $ (48,267) | $ 586,780 |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | | |
| Deferred income taxes | 195,857 | (202,365) | 88,338 |
| Loss on disposal | 13,586 | | |
| Changes in operating assets and liabilities: | | | |
| Accounts receivable | (194,613) | (87,454) | (70,793) |
| Inventory | (5,965) | 24,717 | (19,747) |
| Deferred franchise costs | 30,708 | (27,250) | 11,750 |
| Other current assets | 2,716 | (5,441) | 2,098 |
| Other non-current assets | 1,181 | 1,181 | (34,482) |
| Accrued liabilities | (37,980) | 43,791 | (130,665) |
| Income taxes payable | (18,669) | 27,533 | (27,847) |
| Deferred revenue | (119,530) | 134,160 | (76,979) |
| Deferred revenue - marketing fees | | | (13,869) |
| Net cash provided by (used in) operating activities | 2,351,629 | (139,395) | 314,584 |
| Cash flows from investing activities: | | | |
| Purchases of investments | (170,552) | (141,506) | (80,053) |
| Proceeds from sale of asset held for resale | 27,934 | | |
| Purchase of asset held for resale | | (41,520) | |
| Issuance of notes receivable - related party | (100,000) | | |
| Net cash (used in) investing activities | (242,618) | (183,026) | (80,053) |
| **NET INCREASE IN CASH** | 2,109,011 | (322,421) | 234,531 |
| Cash - Beginning of year | 541,046 | 863,467 | 628,936 |
| **CASH - END OF YEAR** | $ 2,650,057 | $ 541,046 | $ 863,467 |
| Balance Sheet Classification of Cash: | | | |
| Cash | $2,206,312 | $ 501,414 | $ 840,414 |
| Restricted Cash | 443,745 | 39,632 | 23,053 |
| Total Cash | $2,650,057 | $ 541,046 | $ 863,467 |

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



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## (1) Description Of The Business

Ringside Development Company dba Bio-One, Inc. (the "Company"), an Arizona corporation, was incorporated on May 27, 2010. On March 24, 2016, the Company registered as a foreign corporation in Colorado as Bio-One Colorado, Inc. The Company is engaged in the business of franchising Bio-One franchises across the United States. The Company enters into franchise agreements with unrelated third parties to build and operate crime scene clean-up companies using the Bio-One brand. The franchises are required to operate their companies in compliance with their franchise agreements, which includes adherence to operating and quality control procedures established by the Company.

The following table summarizes the franchise activity for the Company's overall system for the year ended December 31, as follows:

| | 2020 | 2019 | 2018 |
|---|---|---|---|
| Franchises at the beginning of the year | 90 | 74 | 50 |
| Franchises sold and operational, net | 15 | 16 | 24 |
| Franchises at the end of year | 105 | 90 | 74 |

## (2) Summary Of Significant Accounting Policies

### Basis of Presentation

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

### Use of Estimates

The preparation of financial statements in conformity with accounting principals generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Risks and Uncertainties

The global community has been under a significant threat from coronavirus ("COVID-19"). The extent to which the COVID-19 pandemic impacts the Company's business, results of operations and financial condition will depend on future developments, which are still uncertain and cannot be predicted. Even after the COVID-19 pandemic has subsided, the Company may continue to experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future. Therefore, the Company cannot reasonably estimate the impact at this time.



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Cash and Restricted Cash

The Company continually monitors its positions with, and the credit quality of, the financial institutions with which it invests. As of the balance sheet date, and periodically throughout the year, the Company has maintained balances in accounts with financial institutions in excess of federally insured limits. As of December 31, 2020, the Company held deposits of $2,463,452 that exceeded federally insured limits.

Restricted cash relates to cash franchisees contribute to the Company's national branding fund. Cash contributed by franchisees to the national branding fund is to be used in accordance with the Franchise Disclosure Document with a focus on marketing and advertising.

For purposes of the statement of cash flows, cash includes cash on hand and demand deposit accounts. The Company considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. The Company does not have any cash equivalents.

Accounts Receivable

Accounts receivable consist of amounts due from franchises for various fees including royalties, support fees, branding fees, insurance, training, and expendable equipment. Interest and late fees may also be charged on overdue accounts. Accounts receivable are stated at net invoice amounts. The Company has not experienced significant losses related to receivables from individual franchises and believes all accounts to be collectible. Therefore, the Company has not provided an allowance for doubtful accounts for the years ended December 31, 2020, 2019, and 2018.

Concentrations of Credit Risk

The Company grants credit in the normal course of business to franchises in the United States. The Company periodically performs credit analysis and monitors the financial conduction of its franchises to reduce credit risk. The Company performs ongoing credit evaluations of its franchises but generally does not require collateral to support accounts receivable.

The Company considers any franchise with a balance in excess of 10% of accounts receivable or revenue to be a concentration. There were no concentrations of accounts receivable or revenue for the years ended December 31, 2020, 2019, and 2018.

Fair Value Measurements

The Company follows *Fair Value Measurements*, which among other things requires enhanced disclosures about investments that are measured and reported at fair value and establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest



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priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the standard are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

*Life insurance policy*: Valued at the cash surrender value as reported by the insurance company.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statement of financial position.

The carrying amount reported in the balance sheet for cash, accounts receivable, inventory, accrued liabilities and income taxes payable approximate fair value because of the immediate or short-term maturities of these financial instruments.



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Advertising Expenses

The Company expenses advertising costs as incurred. Such advertising is used to recruit qualified potential franchise candidates. Advertising expense for the years ended December 31, 2020, 2019 and 2018 was $20,510, $21,787 and $23,791, respectively.

Revenue and Revenue Recognition

On January 1, 2019, the Company adopted Topic 606 and ASU 2014-09 *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, "ASC 606").

Franchise Fees QSP Fees and Related Franchise Costs

Franchise fees paid by franchises are recognized as revenue when all performance obligations are satisfied and material services and conditions required to be performed by the Company have been substantially completed. This is generally when the franchise opens and commences operations. QSP fees are recognized when the start-up equipment has been shipped which is the point in time that the performance obligation is satisfied. Franchise fees collected by the Company before all material services and conditions are substantially performed are recorded as deferred revenue. These franchise fees are non-refundable except in certain circumstances.

Prepaid commissions and referral fees represent certain costs incurred to develop new franchises and are expensed when the related revenue is recognized, generally when the franchise commences operations.

Franchise Royalties

Pursuant to the current franchise agreements, franchises are required to pay royalty fees which are charged at the franchise level and determined based on a fixed 7% of monthly gross sales. If the minimum levels of revenues are not achieved, a fixed fee is charged. These fees are billed and recognized when earned on a monthly basis.

National Branding Fund

Under the terms of the franchise agreements, the Company may establish a National Branding Fund (the "Fund") and charge a fee of up to 2% of each franchises' gross receipts to pay for marketing costs that benefit multiple franchises. The Fund is used to promote the brand. Fund revenues and expenses are recognized in equal amounts as marketing expenses are incurred. Any amounts collected but unspent at the end of the year are recorded as deferred revenue on the balance sheet. Fees collected are deferred until a related expense has been incurred, at which time revenue is recognized.



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Master Franchise Agreements/Area Director Marketing Agreements - License Fees

In the past, the Company offered area director marketing agreements that provided the area director a non-exclusive right to sell and open franchises in a defined geographic territory in the U.S. and required that the area director be responsible for advertising, soliciting, and screening prospective franchisees. The agreements stipulate a minimum number of new franchised locations to be opened each year. In addition, the area director was responsible for providing on-site opening assistance and providing quality assurance services to franchises in the defined area. The Company agreed to pay the area director a portion of the initial franchise fee as defined by the agreement for each new franchised location sold by the area director and 50% of the royalties received by the Company from each franchise within a defined area. The agreement was for a period of 10 years, with the option to extend for an additional 10 years after certain restrictive performance criteria are met. All franchised locations opened by the area director were required to pay the Quick Start Package ("QSP") fee, as defined in the agreement, to the Company. The license fee collected by the Company was recorded as deferred revenue and is recognized over the term of the area director marketing agreement, initially a period of 10 years. These agreements are no longer offered as of January 2018.

Shipping and Handling

Costs associated with the shipping and handling of the Company's product are included in general and administrative expenses.

Subsequent Events

The Company has performed an evaluation of subsequent events through March 24, 2021, which is the date the financial statements were available to be issued, and has considered any relevant matters in the preparation of the financial statements and footnotes.

## (3) Income Taxes

The Company recognizes deferred tax liabilities and assets based on the differences between the tax basis of assets and liabilities and their reported amounts in the financial statements that will result in taxable or deductible amounts in future years.

The Company evaluates its tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions will more likely than not be sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not-threshold are not recorded as a tax benefit or expense in the current year. Interest and penalties, if applicable, are recorded in the period assessed as general and administrative expenses. However, no interest or penalties have been assessed for the years ended December 31, 2020, 2019, and 2018.

The Tax Cuts and Jobs Act ("Tax Act") was signed into law on December 22, 2017. The Tax Act includes significant changes to the U.S. corporate income tax system, including a federal corporate



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rate reduction from 35% to 21%; limitations in the deductibility of interest expense and executive compensation; eliminating the corporate alternative minimum tax("AMT") and changing how existing AMT credits can be realized; changing the rules related to uses and limitations of net operating loss carryforwards created in tax years beginning after December 31, 2017; and the transition of U.S. international taxation from a worldwide tax systems to a territorial tax system.

The Company's temporary differences are comprised mainly of deferred revenue and deferred franchise costs. The Company's effective tax rate differs from the U.S. federal statutory tax rate due to a graduated federal tax rate adjustment, state taxes, and permanent differences.

Components of income tax expense (benefit) reflected on the statements of operations are as follows:

| | 2020 | 2019 | 2018 |
|---|---|---|---|
| Current | $ 628,724 | $ 4,906 | $ 204,374 |
| Deferred | (22,089) | 26,361 | (26,802) |
| | $ 606,635 | $ 31,267 | $ 177,572 |

The Company is no longer subject to U.S. federal tax audits on its Form 1120 by taxing authorities for years ending prior to December 31, 2017. The Company is no longer subject to state tax audits on its Arizona Form 120 and Colorado Form 112 state tax returns by taxing authorities for years ending prior to December 31, 2016. The years subsequent to this year contain matters that could be subject to differing interpretations of applicable tax laws and regulations. Although the outcome of tax audits is uncertain, the Company believes no issues would arise.

## (4) Investments

The Company considers the life insurance policies of its owners and franchise owners to be a Level 3 investment measured at fair value on a recurring basis as of December 31, 2020.

Following is the reconciliation of its Level 3 investment as of December 31:

| | 2020 | 2019 | 2018 |
|---|---|---|---|
| Beginning balance | $ 312,462 | $ 170,956 | $ 90,903 |
| Purchase of investment | 125,214 | 98,948 | 75,343 |
| Increase in surrender value | 45,338 | 42,558 | 4,710 |
| Ending balance | $ 483,014 | $ 312,462 | $ 170,956 |

The fair value of the life insurance policies is based upon the cash surrender value, which is the cash amount that would be offered to the Company from the issuing life carrier upon cancellation of the contract. Management believes that the sensitivity in the fair value measurement of the life insurance is related to market fluctuations, as the investments held in the life insurance are primarily marketable securities.



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## (5) Deferred Revenue

Deferred revenue consisted of the following as of December 31, 2020, 2019 and 2018:

The following table provides information about significant changes in deferred revenue on franchise fees for the year ended December 31,:

| | 2020 | 2019 | 2018 |
|---|---|---|---|
| Deferred revenue, beginning of year | $ 435,445 | $ 323,785 | $ 400,764 |
| Revenue recognized that was included in deferred at the beginning of the year | (409,445) | (297,785) | (374,764) |
| Revenue recognized during the year | (1,586,220) | (1,506,135) | (1,666,524) |
| Increase in deferred revenue due to cash received during the year | 1,876,135 | 1,915,580 | 1,964,309 |
| | $ 315,915 | $ 435,445 | $ 323,785 |

During the years ended December 31, 2020, 2019 and 2018, the amount of services that were recognized over time amounted to $1,586,220, $1,506,135 and $1,666,524, respectively; and the amount of services recognized at a point in time amounted to $409,445, $297,785 and $374,764, respectively.

## (6) Employee Benefit Plan

Effective January 1, 2015, the Company adopted the Ringside Development Company Profit Sharing Plan (the "Plan") to provide retirement benefits for its employees. The Plan provides for employee elective deferrals and discretionary employer profit sharing contributions. In 2016, the Company amended the Plan to add a 3% employer safe-harbor contribution to be effective January 1, 2017. The total profit sharing contribution to the Plan for the years ended December 31, 2020, 2019 and 2018 was $114,491, $140,713, and $100,000, respectively, of which $90,001, $119,383, and $0, respectively, was contributed to the Plan, and $24,490, $21,330, and $0, respectively, was payable as of December 31, 2020, 2019 and 2018.

## (7) Litigation

The Company is currently involved in a single pending litigation, the outcome of which cannot be determined as of the date the financial statements have been issued. The Company maintains insurance to cover certain actions and management is vigorously defending.



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# RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.

## FINANCIAL STATEMENTS

## FOR THE YEARS ENDED

## DECEMBER 31, 2019 and 2018



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**RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.**

**AUDITED FINANCIAL STATEMENTS**

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March 31, 2020

**SUBJECT: AUTHORIZATION TO USE ACCOUNTANT'S AUDIT REPORT AND FINANCIAL STATEMENTS**

To whom it may concern:

By signature of this letter, I, Richard X. Robinett, C.P.A., hereby authorize Ringside Development Company DBA Bio-One Inc., to use the prepared audited financial statements as of December 31, 2019, the accompanying footnotes, and the Independent Auditor's Report as an exhibit within the required franchise disclosure document for Ringside Development Company DBA Bio-One Inc.

Richard X. Robinett, C.P.A., takes no responsibility for and will not express an opinion or any other form of assurance on any other information presented in the disclosure document.

Sincerely,

Richard Robinett

Richard X. Robinett, C.P.A. LLC



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## INDEPENDENT AUDITOR'S REPORT

To: The Board of Directors of
Ringside Development Company DBA Bio-One Inc.
Greenwood Village, CO

**Report on the Financial Statements**
We have audited the accompanying financial statements of Ringside Development Company DBA Bio-One Inc. which comprise the balance sheet as of December 31, 2019 and 2018, and the related statements of income, changes in owners' equity, and cash flows for the year then ended, and the related notes to the financial statements.

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

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

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

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

**Other Matters**
We did not audit the December 31, 2017 financial statements as they were audited by another auditor nor do we issue an opinion on those statements. They are presented for presentational purposes only.

**Opinion**
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ringside Development Company DBA Bio-One Inc. as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Richard Robinett*

Richard X. Robinett, C.P.A. LLC

March 31, 2020





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***RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.***
***Balance Sheets***
***As of December 31,***

**ASSETS**

| Current Assets | 2019 | 2018 | 2017 |
|---|---|---|---|
| Cash | $ 501,414 | $ 840,414 | $ 561,077 |
| Restricted cash | 39,632 | 23,053 | 67,859 |
| Accounts receivable | 240,079 | 152,625 | 81,832 |
| Inventory | 1,705 | 26,422 | 6,675 |
| Current portion of deferred franchise costs | 48,500 | 38,500 | 48,500 |
| Other current assets | 17,924 | 12,483 | 14,581 |
| Total Current Assets | 849,254 | 1,093,497 | 780,524 |
| | | | |
| Non-Current Assets | | | |
| Deferred franchise costs, net of current portion | 875 | 6,125 | 7,875 |
| Property and equipment, net | 44,641 | 45,822 | 11,340 |
| Deferred tax asset | 202,365 | - | 88,338 |
| Cash surrender value of life insurance | 312,462 | 170,956 | 90,903 |
| Other asset held for investment | 41,520 | - | - |
| Total Non-Current Assets | 601,863 | 222,903 | 198,456 |
| | | | |
| TOTAL ASSETS | $ 1,451,117 | $ 1,316,400 | $ 978,980 |

**LIABILITIES AND OWNERS' EQUITY**

| | | | |
|---|---|---|---|
| Current Liabilities | | | |
| Accrued liabilities | $ 146,269 | $ 102,478 | $ 233,143 |
| Income taxes payable | 96,367 | 68,834 | 96,681 |
| Current portion of deferred franchise revenues | 313,570 | 179,410 | 233,889 |
| Deferred revenue - marketing fees | - | - | 13,869 |
| Total Current Liabilities | 556,206 | 350,722 | 577,582 |
| | | | |
| Non-Current Liabilities | | | |
| Deferred franchise revenues, net of current portion | 121,875 | 144,375 | 166,875 |
| Total Liabilities | 678,081 | 495,097 | 744,457 |
| | | | |
| Shareholder's Equity | | | |
| Common stock, no par value; 100,000 shares authorized; 2,500 shares issued and outstanding | 2,500 | 2,500 | 2,500 |
| Retained earnings (deficit) | 770,536 | 818,803 | 232,023 |
| Total Shareholder's Equity (deficit) | 773,036 | 821,303 | 234,523 |
| | | | |
| Total Liabilities and Owners' Equity | $ 1,451,117 | $ 1,316,400 | $ 978,980 |

See accompanying notes to the financial statements and accountant's audit report





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***RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.***
***Statements of Operations***
***For the Years Ended December 31,***

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| **Net revenues** | | | |
| Franchise fees | $ 787,500 | 902,500 | 883,500 |
| QSP revenues | 691,635 | 738,024 | 776,986 |
| Franchise royalties | 1,263,876 | 807,127 | 462,040 |
| National branding fees | 395,282 | 287,457 | 201,020 |
| Franchise support revenues | 716,089 | 438,538 | 246,567 |
| Licensing fees | 3,500 | 3,500 | 8,500 |
| Recession fees | - | - | (156,541) |
| Total net revenues | 3,857,882 | 3,177,146 | 2,422,072 |
| **Operating expenses** | | | |
| Franchise support expenses | 764,379 | 705,744 | 197,436 |
| General and administrative expenses | 2,715,221 | 1,419,593 | 1,811,553 |
| Marketing expenses | 395,282 | 287,457 | 201,020 |
| Total operating expenses | 3,874,882 | 2,412,794 | 2,210,009 |
| Income (loss) from operations | (17,000) | 764,352 | 212,063 |
| Income tax expense (benefit) | 31,267 | 177,572 | 129,902 |
| **Net income (loss)** | **$ (48,267)** | **$ 586,780** | **$ 82,161** |

See accompanying notes to the financial statements and accountant's audit report





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***RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.***
***Statement of Changes in Shareholder's Equity***
***For the Years Ended December 31, 2019, 2018, and 2017***

| | Capital | | Retained | Total Shareholder's |
|---|---|---|---|---|
| | Units | Amount | Earnings | Equity |
| Balance - December 31, 2016 | 2,500 | 2,500 | 149,862 | 152,362 |
| Net income | - | - | 82,161 | 82,161 |
| Balance - December 31, 2017 | 2,500 | 2,500 | 232,023 | 234,523 |
| Net income | - | - | 586,780 | 586,780 |
| Balance - December 31, 2018 | 2,500 | 2,500 | 818,803 | 821,303 |
| Net income | - | - | (48,267) | (48,267) |
| Balance - December 31, 2019 | 2,500 | 2,500 | 770,536 | 773,036 |

See accompanying notes to the financial statements and accountant's audit report





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***RINGSIDE DEVELOPMENT COMPANY DBA BIO-ONE INC.***
***Statements of Cash Flows***
***For the Years Ended December 31,***

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| Cash flows from operating activities | | | |
| Net income (loss) | $ (48,267) | $ 586,780 | $ 82,161 |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities | | | |
| Bad debt expense | - | - | - |
| Deferred income taxes | (202,365) | 88,338 | 103,845 |
| Cash surrender value of life insurance | | | 8,455 |
| Changes in operating assets and liabilities | | | |
| Restricted cash | (16,579) | 44,806 | (3,609) |
| Accounts receivable | (87,454) | (70,793) | 53,600 |
| Inventory | 24,717 | (19,747) | 8,625 |
| Deferred franchise costs | (27,250) | 11,750 | (6,500) |
| Other current assets | (5,441) | 2,098 | (13,402) |
| Accrued liabilities | 43,791 | (130,665) | 202 |
| Income taxes payable | 27,533 | (27,847) | (12,443) |
| Deferred franchise revenues | 134,160 | (76,979) | 54,139 |
| Deferred revenue - marketing fees | - | (13,869) | (52,289) |
| Net cash provided by operating activities | (157,155) | 393,872 | 222,784 |
| Cash flows from investing activities | | | |
| Purchase of property and equipment | 1,181 | (34,482) | (11,340) |
| Premiums on life insurance policies | (141,506) | (80,053) | (99,358) |
| Asset held for investment | (41,520) | - | - |
| Net cash used in investing activities | (181,845) | (114,535) | (110,698) |
| Net increase in cash | (339,000) | 279,337 | 112,086 |
| Cash - beginning of year | 840,414 | 561,077 | 448,991 |
| Cash - end of year | $ 501,414 | $ 840,414 | $ 561,077 |

See accompanying notes to the financial statements and accountant's audit report





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## Note 1 - Description of Business and Summary of Significant Accounting Policies

Ringside Development Company dba Bio-One Inc. (the "Company"), an Arizona corporation, was incorporated on May 27, 2010. On March 24, 2016, the Company registered as a foreign corporation in Colorado as Bio-One Colorado, Inc. The Company is engaged in the business of franchising Bio-One franchises across the United States. Bio-One provides crime and trauma scene services.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of American requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Cash

The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. There were no cash equivalents as of December 31, 2019, 2018, and 2017. The Company continually monitors its positions with, and the credit quality of, the financial institutions with which it invests. As of the balance sheet date, and periodically throughout the year, the Company has maintained balances in various operating accounts in excess of federally insured limits of 250,000.

### Restricted Cash

The Company established and has collected contributions for a National Branding Fund pursuant to the Franchise Disclosure Document and individual franchise agreements, which are segregated in a separate bank account.

### Accounts Receivable

Accounts receivable primarily consist of amounts due from franchisees for royalties and National Branding Fund fees earned by the Company but not yet collected as well as unbilled miscellaneous billings for items such as insurance, training, and expendable equipment. Interest and late fees may also be charged on overdue accounts. An account is considered past due based on stated invoice terms. The Company has not experienced significant losses related to receivables from individual franchisees and believes all accounts to be collectible. Therefore, the Company has not provided an allowance for uncollectible accounts as of December 31, 2019, 2018, and 2017.

### Concentrations of Credit Risk

The Company grants credit in the normal course of business to franchisees in the United States. The Company periodically performs credit analysis and monitors the financial condition of its franchisees to reduce credit risk. The Company performs ongoing credit evaluations of its franchisees but generally does not require collateral to support accounts receivable.



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**Note 1 - Description of Business and Summary of Significant Accounting Policies (continued)**

Concentrations of Credit Risk (continued)

The Company considers any franchisee with a balance in excess of 10% of accounts receivable or revenue to be a concentration. There were no concentrations of accounts receivable or revenue as of and for the years ended December 31, 2019 and 2018.

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided utilizing the straight-line method over the estimated useful lives for owned assets and the shorter of the estimated economic life or related lease terms for leasehold improvements. Construction in progress is included in property and equipment. These assets begin depreciating when placed in service.

Life Insurance Policies

The Company has recorded the amount that would be realized upon discontinuance and surrender of various insurance contracts for franchise owners and employees as a non-current asset. Premiums paid and changes in the net cash surrender value are recorded in operating expenses. Variations between individual contracts are minimal.

Income Taxes

The Company recognizes deferred tax liabilities and assets based on the differences between the tax basis of assets and liabilities and their reported amounts in the financial statements that will result in taxable or deductible amounts in future years.

The Company evaluates its tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions will more likely than not be sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold are not recorded as a tax benefit or expense in the current year. Interest and penalties, if applicable, are recorded in the period assessed as general and administrative expenses. However, no interest or penalties have been assessed as of December 31, 2019, 2018, and 2017.

The Tax Cuts and Jobs Act ("Tax Act") was signed into law on December 22, 2017. The Tax Act includes significant changes to the U.S. corporate income tax system, including a federal corporate rate reduction from 35% to 21%; limitations on the deductibility of interest expense and executive compensation; eliminating the corporate alternative minimum tax ("AMT") and changing how existing AMT credits can be realized; changing the rules related to uses and limitations of net operating loss carryforwards created in tax years beginning after December 31, 2017; and the transition of U.S. international taxation from a worldwide tax system to a territorial tax system.



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**Note 1 - Description of Business and Summary of Significant Accounting Policies (continued)**

As a result of the reduction in the federal tax rate, the Company is required to revalue its ending deferred tax liabilities and assets as of December 31, 2017, as well as evaluate whether a valuation allowance is needed for deferred tax assets. The impact of the change in federal tax rate is included in income tax expense (benefit) on the statements of operations. During the year ended December 31, 2017, approximately $44,000 of the change in deferred tax asset on the balance sheets and the related income tax expense (benefit) on the statements of operations was due to the change in the federal statutory rate.

Shipping and Handling

Costs associated with the shipping and handling of the Company's product are included in general and administrative expenses.

Franchise Operations

The Company enters into franchise agreements with unrelated third parties to build and operate crime scene clean-up companies using the Bio-One brand. The franchisees are required to operate their companies in compliance with their franchise agreements, which includes adherence to operating and quality control procedures established by the Company.

As of January 1st of 2019, 2018, and 2017, the number of franchised locations was 74, 50, and 24, respectively. As of December 31st of 2019, 2018, and 2017, the number of franchised locations was 95, 74, and 50, respectively.

Initial Franchise Fees and Related Franchise Costs

Initial franchise fees paid by franchisees are recognized as revenue when all material services and conditions required to be performed by the Company have been substantially completed, which is generally when the franchise commences operations. Initial franchise fees collected by the Company before all material services and conditions are substantially performed are recorded as deferred franchise revenue. These franchise fees are non-refundable except in certain circumstances. In 2016, the Company determined that the Federal Trade Commission could potentially assert that the Company was out of compliance with certain Federal Trade Commission requirements for franchisors. No such assertion was ultimately made by the Federal Trade Commission. Regardless, the Company offered all current franchisees as of November 2016 the opportunity to rescind their franchise agreement in exchange for a refund of their initial franchise fee. During the year ended December 31, 2017, the Company paid $156,541 in rescissions fees, which are presented as a reduction of total revenues on the statements of operations. In conjunction with the recessions, for franchisees that chose not to rescind, the Company offered a one percentage point discount in royalty payments and a 20% discount on other purchased goods from the Company for the year ended December 31, 2017.

Deferred franchise costs represent certain costs incurred to develop new franchises and are expensed when the related revenue is recognized, generally when the franchise commences operations. Franchise costs will not be deferred in excess of the amount to be recognized.



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**Note 1 - Description of Business and Summary of Significant Accounting Policies (continued)**

License Fees

License fees provide third parties the right to use the Company's brand over an agreed-upon term. License fees collected by the Company are recorded as deferred franchise fee revenue and recognized ratably over the term. These license fees are non-refundable.

Area Director Marketing Agreements

In the past, the Company offered area director marketing agreements that provided the area director a non-exclusive right to sell and open franchises in a defined geographic territory in the U.S. and required that the area director be responsible for advertising, soliciting, and screening prospective franchisees. The agreements stipulate a minimum number of new franchised locations to be opened each year. In addition, the area director was responsible for providing on-site opening assistance and providing quality assurance services to franchises in the defined area. The Company agreed to pay the area director a portion of the initial franchise fee as defined by the agreement for each new franchised location sold by the area director and 50% of the royalties received by the Company from each franchise within the defined area. The agreement was for a period of 10 years, with the option to extend for an additional 10 years after certain restrictive performance criteria are met. All franchised locations opened by the area director were required to pay the Quick Start Package ("QSP") fee, as defined in the agreement, to the Company. The Company agreed that it would defer revenue associated with the area director marketing agreement, recognizing it ratably over the term of the agreements. These agreements are no longer offered as of January of 2018.

QSP Revenues

In some instances, franchisees are required by the Company to purchase from the Company an intimal package of equipment, tools, and supplies needed to open a franchised location. This package of equipment is described as a QSP. The revenue from the sale of a QSP is recognized by the Company when the QSP is shipped to franchisees.

Franchise Royalties

Pursuant to the various franchise agreements, U.S. franchisees are required to pay the Company royalties based on a percentage of sales of 7%, which are recognized when earned.

National Branding Fund

Under the terms of the standard franchise agreement, the Company may establish a National Branding Fund (the "Fund") and charge a fee of up to 2% of each franchisee's gross receipts to pay for marketing costs that benefit multiple franchisees. The Fund is used to promote the brand. Fund revenues and expenses are recognized in equal amounts as marketing expenses are incurred. Any amounts collected but unspent at the end of the year are recorded as deferred revenue - marketing fees on the accompanying balance sheets. The Company recognizes national branding fees collected as deferred revenue - marketing fees until a related expense has been incurred, at which time revenue is recognized. The Company records related advertising expenses as they are incurred.



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**Note 1 - Description of Business and Summary of Significant Accounting Policies (continued)**

Accounting Pronouncements issued but Not Yet Adopted or Currently in Effect Revenue from Contracts with Customers (Topic 606)

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FASB issued ASU 2015-14 that deferred the effective date for the Company until annual periods beginning after December 15, 2018 which is December 31, 2019. Earlier adoption is permitted subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. The Company has implemented the comprehensive new revenue standard.

In November 2015, the FASB issued ASU No. 2015-17, *Income Taxes (Topic 740), Balance Sheet Classification of Deferred Taxes*. The amendments under the new guidance require that deferred tax liabilities and assets be classified as non-current in a classified statement of financial position. The guidance is effective for financial statements issued for annual periods beginning after December 15, 2017, and interim period within those annual periods. The amendments in this ASU may be applied either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. The Company adopted this guidance effective December 31, 2017 on a retrospective basis.

Subsequent Events

The Company has evaluated all subsequent events through the auditors' report date, which is the date the financial statement were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

**Note 2: Income Taxes**

The Company's temporary differences are comprised mainly of deferred revenue and deferred franchise costs. The Company's effective tax rate differs from the U.S. federal statutory tax rate due to a graduated federal tax rate adjustment, state taxes, and permanent differences.

Components of income tax expense (benefit) reflected on the statements of operations are as follows:

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| Current | $ 4,906 | $ 204,374 | $ 26,057 |
| Deferred | 26,361 | (26,802) | 103,845 |
| | $ 31,267 | $ 177,572 | $ 129,902 |



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**Note 3: Commitments and Contingencies**

Litigation

In the normal course of business, the Company may be party to litigation. The Company has not been party to any litigation as of the auditors' report date, which is the date the financial statements were available to be issued. The Company maintains insurance to cover certain actions.

**Note 4: Employee Benefit Plan**

Effective January 1, 2015, the Company adopted the Ringside Development Company Profit Sharing Plan (the "Plan") to provide retirement benefits for its employees. The Plan provides for employee elective deferrals and discretionary employer profit sharing contributions. In 2016, the Company amended the Plan to add a 3% employer safe-harbor contribution to be effective January 1, 2017. The total profit sharing contribution to the Plan for the year ended December 31, 2019 was $140,713, of which $119,383 was contributed to the Plan, and $21,330 was payable as of December 31, 2019.



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**EXHIBIT H**
**APPLICATION**



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## APPLICATION FEE

We will review your application to determine whether we are a right fit for each other. If we approve your Application, which means that you are eligible for the award of a Bio-One franchise. In exchange for considering your application, you and we agree that any disagreement concerning this Application or your acceptance as a prospective franchisee will be subject to binding arbitration as more fully stated at the end of the Application.

### Background Check Disclosure

Ringside Development Company d/b/a Bio-One Colorado, Inc., (Bio-One) will procure a consumer report and/or investigative consumer report on you in connection with your application for franchise ownership.

TalentWise, a consumer-reporting agency, will obtain the report for Bio-One. Further information regarding TalentWise, including its privacy policy, may be found online at www.Talentwise.com. TalentWise is located at 19910 North Creek Parkway, Suite 200, Bothell, WA 98011, and can be reached at (866) 338-6739.

The report may contain information bearing on your character, general reputation, personal characteristics, mode of living and/or credit standing. The information that may be included in your report include: social security number trace, authorization to work checks, criminal records checks, civil record checks, financial information and credit checks (Experian U.S. Credit), federal record checks, public court records checks, driving records checks, drug tests, physical tests, educational records checks, employment history verification, references checks, sanction, licensing and certification checks. The information contained in the report will be obtained from private and/or public record sources, including sources identified by you in your job application or through interviews or correspondence with your past or present coworkers, neighbors, friends, associates, current or former employers, educational institutions or other acquaintances.

Provided to you with this authorization is a Summary of Your Rights Under the Fair Credit Reporting Act in a form prescribed by the Federal Trade Commission. Please do not sign this authorization until you have received this summary.

You have the right, upon written request made within a reasonable time after receipt of this notice, to request disclosure of the nature and scope of any investigative consumer report from Bio-One. Submit any such written requests to Sandi Ellis at our then-current headquarters that now is 5231 S. Quebec Street, Littleton, CO 80120.

Any controversy or claim arising out of or relating to this contract, or the breach thereof, shall be settled by arbitration administered by the American Arbitration Association in accordance with its Commercial or other Arbitration Rules, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The venue of such arbitration will be in the city and state in which our then-current headquarters is located (now Littleton, Colorado) without regard to *forum non conveniens* considerations, and Colorado law will be the choice of law used in arbitrating this matter, without regard to conflicts of laws considerations to the



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contrary. There will be one arbitrator, who will decide all matters relating to the controversy including whether or not arbitration is applicable. You and we agree to split the cost of the arbitrators, and each will bear that party's own costs. As part of the award, the arbitrator will determine which of the party's substantially prevailed in the controversy and will award that party its attorneys' fees, expert witness fees and costs associated with the arbitration.



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## *ADDITIONAL STATE LAW NOTICES*

If you are in California, Maine, New York, or Washington, please also note:

CALIFORNIA: Pursuant to section 1786.22 of the California Civil Code, you may contact TalentWise during normal business hours (9am to 5pm PST, Monday through Friday) to obtain and review all information in your file. You may obtain such information by appearing in person at TalentWise's offices, during normal business hours and upon reasonable notice, and upon submitting proper identification and paying the costs duplication services. You may be accompanied by one other person, provided that person furnishes proper identification. You may also obtain a copy of your file by certified mail, if you have previously provided identification in a written request that your file be sent to you or a third party identified by you. You may also obtain a summary of your file by telephone, upon providing proper identification. TalentWise has trained personnel available to explain your file to you, including any coded information.

CALIFORNIA (En Español): De acuerdo con el artículo 1786.22 del Código Civil, se puede llamar a TaletnWise por los horarios normales de trabajo (9 de la mañana a 5 de la tarde, tiempo del pacífico, lunes a viernes) para sacar y examinar su archivo privado en detalle. Para conseguir una copia de su archivo privado, se puede hacer una visita en persona a la oficina de TalentWise por los horarios normales de trabajo, al darnos aviso razonable, al presentarnos de identificación apropriada, y al pagarnos las cuestas de duplicación. Otra persona puede accompañarle con tal que también setraiga identificación apropriada. Se puede pedirnos que le mandamos por correo certificado una copia de su archivo privado con tal que hayamos recibido una solicitud escrita que se lo mandemos una copia de su archivo privado a Usted o tal tercer partido que esté identificado por Usted. También se puede pedir por teléfono un resumen de su archivo privado, al presentarnos identificación apropriada. Empleamos trajabadores cualificados, a quienes están disponibles para explicárselo el contenido de su archivo privado con más detalles, incluso algunos datos cifrados.

MAINE: You have the right, upon request, to be informed of whether an investigative consumer report was requested, and if one was requested, the name and address of the consumer-reporting agency furnishing the report. You may request and receive from Bio-One, within five business days of our receipt of your request, the name, address, and telephone number of the nearest unit designated to handle inquiries for the consumer reporting agency issuing an investigative consumer report concerning you. You also have the right, under Maine law, to request and promptly receive from all such agencies copies of any such reports.

NEW YORK: You have the right, upon request, to be informed of whether an investigative consumer report was requested, and if one was requested, the name and address of the consumer-reporting agency furnishing the report. At the time you consent to your employer obtaining a report you are entitled to receive a copy of Article 23-A of New York Correction Law. Do not sign your consent until you receive a copy of that law.

WASHINGTON: If Bio-One requests and investigative consumer report, you have the right, upon written request made within a reasonable period of time after your receipt of this disclosure, to receive from Bio-One a complete and accurate disclosure of the nature and scope of the investigation requested by Bio-One. You also have the right to request from the consumer-



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reporting agency a written summary of your rights and remedies under the Washington Fair Credit Reporting Act.

***Para informacion en espanol, visite www.ftc.gov/credit o escribe a la FTC Consumer Response Center, Room 130-A 600 Pennsylvania Ave. N.W., Washington, D.C. 20580.***

**SUMMARY OF YOUR RIGHTS**
**UNDER THE FAIR CREDIT REPORTING ACT**

The Federal Fair Credit Reporting Act (FCRA) promotes the accuracy, fairness, and privacy of information in the files of consumer reporting agencies. There are many types of consumer reporting agencies, including credit bureaus and specialty agencies (such as agencies that sell information about check writing histories, medical records, and rental history records). Here is a summary of your major rights under the FCRA. For more information, including information about additional rights, go to www.ftc.gov/credit or write to: Consumer Response Center, Room 130-A, Federal Trade Commission, 600 Pennsylvania Ave. N.W., Washington, D.C. 20580.

- **You must be told if information in your file has been used against you**. Anyone who uses a credit report or another type of consumer report to deny your application for credit, insurance, or employment – or to take another adverse action against you – must tell you, and must give you the name, address, and phone number of the agency that provided the information.

- **You have the right to know what is in your file.** You may request and obtain all the information about you in the files of a consumer-reporting agency (your "file disclosure"). You will be required to provide proper identification, which may include your Social Security number. In many cases, the disclosure will be free. You are entitled to a free file disclosure if:
-
    - a person has taken adverse action against you because of information in your credit report;
    - you are the victim of identity theft and place a fraud alert in your file;
    - your file contains inaccurate information as a result of fraud;
    - you are on public assistance;
    - you are unemployed but expect to apply for employment within 60 days.

    In addition, by September 2005 all consumers will be entitled to one free disclosure every 12 months upon request from each nationwide credit bureau and from nationwide specialty consumer reporting agencies. See www.ftc.gov/credit for additional information.

- **You have the right to ask for a credit score.** Credit scores are numerical summaries of your credit-worthiness based on information from credit bureaus. You may request a credit score from consumer reporting agencies that create scores or distribute scores used in residential real property loans, but you will have to pay for it. In some mortgage transactions, you will receive credit score information for free from the mortgage lender



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- **You have the right to dispute incomplete or inaccurate information**. If you identify information in your file that is incomplete or inaccurate, and report it to the consumer reporting agency, the agency must investigate unless your dispute is frivolous. See www.ftc.gov/credit for an explanation of dispute procedures.

- **Consumer reporting agencies must correct or delete inaccurate, incomplete, or unverifiable information.** Inaccurate, incomplete or unverifiable information must be removed or corrected, usually within 30 days. However, a consumer reporting agency may continue to report information it has verified as accurate.

- **Consumer reporting agencies may not report outdated negative information**. In most cases, a consumer-reporting agency may not report negative information that is more than seven years old, or bankruptcies that are more than 10 years old.

- **Access to your file is limited.** A consumer-reporting agency may provide information about you only to people with a valid need --usually to consider an application with a creditor, insurer, employer, landlord, or other business. The FCRA specifies those with a valid need for access.

- **You must give your consent for reports to be provided to employers.** A consumer reporting agency may not give out information about you to your employer, or a potential employer, without your written consent given to the employer. Written consent generally is not required in the trucking industry. For more information, go to www.ftc.gov/credit.

- **You may limit "prescreened" offers of credit and insurance you get based on information in your credit report.** Unsolicited "prescreened" offers for credit and insurance must include a toll-free phone number you can call if you choose to remove your name and address from the lists these offers are based on. You may opt-out with the nationwide credit bureaus at 1-888-5-OPTOUT (1-888-567-8688).

- **You may seek damages from violators.** If a consumer reporting agency, or, in some cases, a user of consumer reports or a furnisher of information to a consumer reporting agency violates the FCRA, you may be able to sue in state or federal court.

- **Identity theft victims and active duty military personnel have additional rights.** For more information, visit www.ftc.gov/credit.

**States may enforce the FCRA, and many states have their own consumer reporting laws. In some cases, you may have more rights under state law. For more information, contact your state or local consumer protection agency or your state Attorney General. Federal enforcers are:**



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## BACKGROUND CHECK AUTHORIZATION

I have carefully read and understand this disclosure and authorization form and I have received a copy of the "Summary of Your Rights under the Fair Credit Reporting Act" provided with this form. I have had the opportunity to review my rights. By my signature below, I consent to the preparation of background reports by TalentWise, and to the release of such reports to Bio-One and its designated representatives.

I understand that, to the extent allowed by law, information contained in my background check request form or otherwise disclosed to Bio-One by me may be utilized for the purpose of obtaining such consumer reports and/or investigative consumer reports about me.

I hereby authorize law enforcement agencies, learning institutions (including public and private schools and universities), information service bureaus, record/data repositories, courts (federal/state/local), my past or present employers, the military, and other individuals or sources to furnish any and all information on me that is requested by the consumer reporting agency.

By my signature (including electronic) below, I certify the information provided on and in connection with this form is true, accurate, and complete. I agree that this form in original, faxed, photocopied or electronic form will be valid for any background reports that may be requested by or on behalf of Bio-One.

First Name: _____ Middle Name: _____

Last Name: _____

Present Street Address: _____

City/State/Zip: _____

Social Security Number: _____

Driver's License Number: _____

Professional License Number (If Applicable):

State: _____ Type: _____ Number: _____

**FOR IDENTIFICATION PURPOSES ONLY:**

Date of Birth: _____

Signature: _____ Date: _____



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# APPLICATION

I submit the following information as my complete and true personal and financial information as of the date shown below. I expressly authorize any past or present employer, any law enforcement agency, federal, state, or local governmental agency, or any person who has personal knowledge of my character, work experience or criminal records to release this information to Ringside Development Company d/b/a Bio-One Colorado, Inc. I understand that the reporting agencies will make the results of the credit, criminal and other background checks available to Ringside Development Company d/b/a Bio-One Colorado, Inc, and that it may use those results in determining whether to grant me a franchise. I understand that Ringside Development Company d/b/a Bio-One Colorado, Inc is relying upon all the above information as a material factor in considering my application, and I therefore agree to promptly notify Ringside Development Company d/b/a Bio-One Colorado, Inc of any material change in any of the information provided.

Ringside Development Company d/b/a Bio-One Colorado, Inc., agrees not to use any confidential information obtained though this confidential questionnaire for any purpose except to evaluate and engage in discussions concerning a potential franchise relationship between applicant and Ringside Development Company d/b/a Bio-One Colorado, Inc.

Ringside Development Company d/b/a Bio-One Colorado, Inc agrees not to disclose any confidential information to any third parties except as may be required by the law or a court order.

Completing this confidential questionnaire does not obligate either party to proceed with any transaction, and each party reserves the right, in its sole discretion, to terminate all discussions concerning franchise opportunities.

**IN CONSIDERATION OF OUR REVIEW OF THE APPLICATION, YOU AND WE AGREE THAT DISPUTES CONCERNING THIS APPLICATION ARE SUBJECT TO ARBITRATION**

**Signature** _____
Print Name: _____
Date: _____



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Applicant's Name _____

Spouse/Partner Name: _____*

Address: _____
_____
_____
_____

Telephone Number: _____
Email Address: _____

Birthdate: _____

Your Education: _____
Are you a Veteran: ☐ Yes ☐ No

*** If you have a spouse, partner, civil partner, or family member that will participate in the business, that person must separately apply.**

1. Are you a United States citizen: ☐ Yes ☐ No

2 If you are not a citizen, do you have a permanent visa that allows you to remain indefinitely in the United States: ☐ Yes ☐ No

***<u>If you answer to numbers 1 and 2 are "no", then you will not be awarded a franchise</u>***

3. If you answer to number 2 is "yes" what type of visa do you have?

_____.

4. Do you have a driver's license? ☐ Yes ☐ No

5. If your answer to number 4 was "yes":

   a. What state issued the license: _____
   b. License number: _____

6. Have you been convicted of a felony ☐ Yes ☐ No

7. Have you been charged or are you now under indictment in any court for a crime for which you could be imprisoned for more than 1 year? ☐ Yes ☐ No

8. Are you subject to any court order that restrains you from harassing, stalking, or threatening another person: ☐ Yes ☐ No

9. Have you ever had a federal firearms license suspended or revoked? ☐ Yes ☐ No

10. Are you a fugitive from justice: ☐ Yes ☐ No



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***<u>If you answer to any of the questions 6 through 10 is "yes", then you will not be awarded a franchise</u>***

11. Where are you currently employed: _____

    a. How long have you been employed here: _____
    b. What is your current position: _____
    c. What is your current salary or wage: _____

12. What is your employment history for the past 5 years:

| **Company Name** | **Type of Business** | **Title** | **Date** |
|---|---|---|---|
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |

13. What do you like most about your current job:

_____

14. What do you like least about your current job:

_____

15. On the basis of your past experience, what do you believe your strengths are:

_____
_____
___

16. On the basis of your you past experience, what do you believe your weaknesses are:

_____
_____
_

17. Have you ever owned your own business? ☐ Yes ☐ No

18. If you answered "yes" to number 17, please tell us about the business:

    a. What type of business: _ _____
    b. Dates of operation: _____
    c. Why did you stop the business:

_____

    d. What did you like about the business:

_____

    e. What did you dislike about the business:

_____

19. Do you have business management experience: ☐ Yes ☐ No

    If "yes", please describe:



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_____
_____

If "no" who will personally manage the business? _____

20. If you are awarded a franchise, when will you be able to start?

_____

21. In what city and state do you wish to open the business: _____

22. Please include on a separate sheet any other information that you think may be relevant.

## PERSONAL FINANCIAL STATEMENT

23. Annual reported income to the IRS for the past 3 calendar years:

20__: _____
20__: _____
20__: _____

24. Please complete the below financial statement

| ASSETS | VALUE | LIABILITIES | WHEN DUE | MONTHLY PAYMENT |
|---|---|---|---|---|
| Cash on Hand | | Credit Card Balances | | |
| Savings | | Income Taxes Due for Current Year | | |
| Retirement Accounts | | Residence - 1st Mortgage | | |
| Marketable Securities | | Residence - 2d Mortgage | | |
| Money Due to You from Others | | Equity Loans | | |
| Residence | | Other Real Estate Loans | | |
| Real Estate Other | | | | |
| | | | | |
| | | | | |
| Household and Personal Goods | | Other Outstanding Loans | | |
| Ownership Interest in any Business | | Other Liabilities | | |
| Automobiles and other Motorized Vehicles (including Boats | | | | |
| Other Assets: | | | | |
| | | | | |
| | | | | |
| | | | **NET WORTH** | |



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| ASSETS | VALUE | LIABILITIES | WHEN DUE | MONTHLY PAYMENT |
|---|---|---|---|---|
| **TOTAL ASSETS** | | **TOTAL LIABILITIES** | | |

25. How much money do you have immediately available to invest in the business?

_____

26. What is the source of these immediately available funds?

_____

27. Have you filed for bankruptcy in the past 10 years? ☐ Yes ☐ No

28. If your answer to question 27 is "yes", please provide the following information

a. Date of filing: _____
b. Date of discharge: _____
c. Location of filing (state): _____
d. The filing/action number of the filing: _____
e. Parties to the filing: _____

29. Please provide on a separate sheet any other information you think may be relevant to your financial status.

## 30. DISPUTE RESOLUTION

Any controversy or claim arising out of or relating to this contract, or the breach thereof, shall be settled by arbitration administered by the American Arbitration Association in accordance with its Commercial or other Arbitration Rules, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The venue of such arbitration will be in the city and state in which our then-current headquarters is located (now Littleton, Colorado) without regard to *forum non conveniens* considerations, and Colorado law will be the choice of law used in arbitrating this matter, without regard to conflicts of laws considerations to the contrary. There will be one arbitrator, who will decide all matters relating to the controversy including whether or not arbitration is applicable. You and we agree to split the cost of the arbitrators, and each will bear that party's own costs. As part of the award, the arbitrator will determine which of the party's substantially prevailed in the controversy and will award that party its attorneys' fees, expert witness fees and costs associated with the arbitration.

**I CERTIFY THAT THE INFORMATION PROVIDED IN THIS CONFIDENTIAL QUESTIONNAIRE IS TRUE AND ACCURATE TO THE BEST OF MY KNOWLEDGE.**

**I FURTHER AGREE THAT BY SIGNING BELOW, I AGREE THAT SHOULD THE ANSWER TO ANY QUESTION CHANGE, OR SHOULD MY FINANCIAL CONDITION CHANGE IN ANY MATERIAL WAY THAT I WILL NOTIFY RINGSIDE DEVELOPMENT COMPANY D/B/A BIO-ONE COLORADO, INC WITH A WRITTEN UPDATE.**



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**Signature** _____
Print Name: _____
Date: _____



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## CREDIT AND CRIMINAL BACKGROUND CHECK RELEASE FORM

I understand that an initial and ongoing credit and criminal background check is a condition of being considered if I am to purchase a franchise from Ringside Development Company d/b/a Bio-One Colorado, Inc Group, LLC. (Ringside Development Company d/b/a Bio-One Colorado, Inc)

I consent to Ringside Development Company d/b/a Bio-One Colorado, Inc obtaining my criminal conviction history from any law enforcement agency, criminal background service provider, municipality, state, and/or the FBI. I understand that Ringside Development Company d/b/a Bio-One Colorado, Inc will obtain this information at the time I apply to become a franchisee and during the term of my franchise agreement. The criminal history record, as received from the reporting entity may include arrest and conviction data, plea bargains, deferred adjudication, as well as social security verification. It may also include information regarding driving history. I understand that I will have a limited opportunity to review the criminal history and a process is available for clarification if I dispute the record as received.

I further consent to Ringside Development Company d/b/a Bio-One Colorado, Inc obtaining my credit history from all three credit reporting agencies. I understand that Ringside Development Company d/b/a Bio-One Colorado, Inc will obtain this information at the time I apply to become a franchisee and during the term of my franchise agreement.

I hereby release and agree to indemnify Ringside Development Company d/b/a Bio-One Colorado, Inc and its officers, directors, employees and agents harmless from and against any and all liability, expense (including court cost and attorneys' fees) and claims for damage of any nature whatsoever resulting from the investigation of my background in connection with my application to, and ongoing performance as a franchisee.

I certify that the information provided in this form is true and complete. I understand that false or misleading information given in my application to purchase a franchise, any interview(s), any other documents given to Ringside Development Company d/b/a Bio-One Colorado, Inc, or on this form will render my application void, and will result in my not being able to purchase a franchise. I authorize you to make a criminal background investigation and other such investigations as are necessary in arriving at the decision to permit me to purchase a franchise.

I further understand and agree that should any criminal or credit background checks done during the term of the franchise agreement disclose any material change in my status, the same may result in the termination of my franchise.

_____
initials

Ringside Development Company d/b/a Bio-One Colorado, Inc will keep this form on file for the term of my franchise agreement and for a period of two (2) years following its termination for any reason.

**Signature:** _____



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**Print Name:** _____ _____ _____
**First** **Middle** **Last**

**Today's Date:** _____

**Date of Birth:** _____

**Social Security No.:** _____

**Address:** _____
_____

**Driver's License No.:** _____
**State of Issuance:** _____



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| TYPE OF BUSINESS: | CONTACT: |
|---|---|
| Consumer reporting agencies, creditors and others not listed below | Federal Trade Commission: Consumer Response Center – FCRA<br>Washington, DC 20580<br>1-877-382-4357 |
| National banks, federal branches/agencies of foreign banks (word "National" or initials "N.A." appear in or after bank's name) | Federal Trade Commission: Consumer Response Center - FCRA<br>Washington, DC 20580<br>1-877-382-4357 |
| Federal Reserve System member banks (except national banks, and federal branches/agencies of foreign banks) | Federal Trade Commission: Consumer Response Center - FCRA<br>Washington, DC 20580<br>1-877-382-4357 |
| Savings associations and federally chartered savings banks (word "Federal" or initials "F.S.B." appear in federal institution's name) | Office of Thrift Supervision<br>Consumer Complaints<br>Washington, DC 20552<br>800-842-6929 |
| Federal credit unions (words "Federal Credit Union" appear in institution's name) | National Credit Union Administration<br>1775 Duke Street<br>Alexandria, VA 22314<br>703-519-4600 |
| State-chartered banks that are not members of the Federal Reserve System | Federal Deposit Insurance Corporation Consumer Response Center,<br>2345 Grand Avenue, Suite 100<br>Kansas City, Missouri 64108-2638<br>1-877-275-3342 |
| Air, surface, or rail common carriers regulated by former Civil Aeronautics Board or Interstate Commerce Commission | Department of Transportation , Office of Financial Management<br>Washington, DC 20590<br>202-366-1306 |
| Activities subject to the Packers and Stockyards Act, 1921 | Department of Agriculture<br>Office of Deputy Administrator - GIPSA<br>Washington, DC 20250<br>202-720-7051 |



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## State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the 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 |
|---|---|
| California | pending |
| Illinois | pending |
| Indiana | pending |
| Maryland | pending |
| Michigan | pending |
| Minnesota | pending |
| Rhode Island | pending |
| South Dakota | pending |
| Virginia | pending |
| Washington | pending |
| Wisconsin | 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.



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**EXHIBIT I**
**RECEIPTS**



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**RECEIPT**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain English. Read this disclosure document and all agreements carefully.

If Ringside Development Company d/b/a Bio-One Colorado, Inc, offers you a franchise, we must provide this disclosure document to you 14 days before you sign a binding agreement or make a payment to us or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island law requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan and Oregon require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Ringside Development Company d/b/a Bio-One Colorado, Inc, does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the New York State Department of Law, 120 Broadway, 23rd floor, New York, N.Y. 10271, and the appropriate state agency identified on Exhibit A.

Date of Issuance: April 29, 2022.

The Franchisor is Ringside Development Company d/b/a Bio-One Colorado, Inc, 8200 SouthPark Circle #300, Littleton, Colorado 80120.

The franchise seller for this offering is Sandi Ellis, President, 8200 SouthPark Circle #300, Littleton, CO 80120.

Ringside Development Company d/b/a Bio-One Colorado, Inc authorizes the respective state agencies identified in Exhibit A to receive service of process for it in the particular state.

I have received these disclosure documents dated April 29, 2022, that included the following Exhibits:

| | |
|---|---|
| Exhibit A. | List of State Agencies/Agents for Service of Process |
| Exhibit B. | Franchise Agreement |
| Exhibit C. | Table of Contents |
| Exhibit D. | Current Franchisees and Franchisees that Have Left the System |
| Exhibit E. | Trademark Specific Franchisee Associations and Independent Franchisee Associations |
| Exhibit F. | State Specific Addenda |
| Exhibit G. | Financial Statements |
| Exhibit H | Application |
| Exhibit I. | Receipts |

_____ _____

Prospective Franchisee Date Signed

You should return one copy of this signed and dated receipt by mailing it to Ringside Development Company d/b/a Bio-One Colorado, Inc, 8200 SouthPark Circle #300, Littleton, Colorado 80120. Keep a copy for your records.



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**RECEIPT**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain English. Read this disclosure document and all agreements carefully.

If Ringside Development Company d/b/a Bio-One Colorado, Inc, offers you a franchise, we must provide this disclosure document to you 14 days before you sign a binding agreement or make a payment to us or an affiliate in connection with the proposed franchise sale.

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