FRANCHISE DISCLOSURE DOCUMENT

btone FITNESS®

BTONE FITNESS DEVELOPMENT, LLC
(A Massachusetts limited liability company)
30 Newbury Street, 4th Floor
Boston, Massachusetts 02116
(617) 699-9496
Email: franchise@btonefitness.com
www.btonefitness.com

As a **btone FITNESS** franchisee you will operate a boutique fitness studio offering resistance training ("Franchised Business"). The total investment necessary to begin the operation of a **btone FITNESS** Franchised Business is $221,429 to $485,449, which includes $52,100 to $52,575 to be paid to the franchisor.

We may also offer to certain qualified people the right to develop multiple **btone FITNESS** Franchised Businesses under a Multiple Unit Development Agreement. The total investment necessary to begin operation as a Multiple Unit Developer is $10,000 which must be paid to us for each **btone FITNESS** Franchised Businesses that you agree to develop at the time you sign the Multiple Unit Development Agreement. You are required to open a minimum of two **btone FITNESS** Franchised Businesses under a development agreement and generally we grant the right to open up to three Franchised Businesses. This includes $60,000 to $70,000 that must be paid to the franchisor and its affiliate.

This disclosure document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in the 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 Jody Merrill, Btone Fitness Development, LLC, 30 Newbury Street, 4th Floor, Boston, Massachusetts 02116, (617) 699-9496, franchise@btonefitness.com

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

Issuance date of this Franchise Disclosure Document: April 15, 2024

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
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 K.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit B 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 btone FITNESS 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 btone FITNESS franchisee?	Item 20 or Exhibit K 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 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Massachusetts. 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 Massachusetts than in your own state.

2. **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.

FRANCHISE DISCLOSURE DOCUMENT
TABLE OF CONTENTS

ITEMS **PAGE**

Item 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES..... 8

Item 2
BUSINESS EXPERIENCE..... 11

Item 3
LITIATION..... 12

Item 4
BANKRUPTCY..... 12

Item 5
INITIAL FEES..... 12

Item 6
OTHER FEES..... 13

Item 7
ESTIMATED INITIAL INVESTMENT..... 20

Item 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES..... 25

Item 9
FRANCHISEE'S OBLIGATIONS..... 30

Item 10
FINANCING..... 32

Item 11
FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING..... 32

Item 12
TERRITORY..... 43

Item 13
TRADEMARKS..... 46

Item 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION 48

Item 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS..... 49

Item 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL 50

Item 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION 51

Item 18
PUBLIC FIGURES..... 58

Item 19
FINANCIAL PERFORMANCE REPRESENTATIONS 58

Item 20
OUTLETS AND FRANCHISEE INFORMATION 61

Item 21
FINANCIAL STATEMENTS..... 64

Item 22
CONTRACTS 64

Item 23
RECEIPTS..... 64

EXHIBITS:

A. Agent for Service of Process	I. Spousal Non-Disclosure and Non-Competition Agreement
B. Financial Statements	J. State Specific Amendments & Riders to the Franchise Agreement
C. State Specific Addenda	K. List of Current & Former Franchisees
D. Reservation Agreement	L. Confidential Operations Manual Table of Contents
E. Franchise Agreement	M. Franchise Compliance Questionnaire
F. Multiple Unit Development Agreement	N. General Release
G. Non-Disclosure, Non-Solicitation and Non-Competition Agreement	O. Receipts
H. Employee Confidentiality Agreement	

BTONE FITNESS DEVELOPMENT, LLC
FRANCHISE DISCLOSURE DOCUMENT

Item 1
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor

The Franchisor is Btone Fitness Development, LLC, a limited liability company organized under the laws of the Commonwealth of Massachusetts on August 29, 2017 with a principal business address located at 30 Newbury Street, 4th Floor, Boston, Massachusetts 02116. Our telephone number is (617) 699-9496. We are owned by our members. We conduct business under our corporate name, under the trade name and service mark "**btone FITNESS**". We have never operated a business similar to the Franchised Business. We have offered franchises for **btone FITNESS** businesses since January 31, 2018. We have never offered franchises in any other line of business.

To simplify the language in this Disclosure Document, "we," "us," "our" or "Btone Fitness Development, LLC" means the franchisor, Btone Fitness Development, LLC. Similarly, "you" or "your" means the person or entity that purchases the right to operate a **btone FITNESS** Business as a franchisee. If you are a corporation, a limited liability company, or a partnership, each of your owners must sign a personal guaranty agreeing to comply with all provisions of the Franchise Agreement.

Agents for Service of Process

Our agent for service is disclosed in Exhibit A.

Parent

We do not have a parent.

Predecessor

We do not have a predecessor.

Affiliates

Affiliates operate **btone FITNESS** studios similar to the franchise offered under this Disclosure Document in five Massachusetts locations in Boston (3), Wellesley and Harwich.

Except as disclosed above none of our affiliates provide products or services directly to franchisees. None of our affiliates have offered franchises or licenses of the type being offered in this Disclosure Document or in any other line of business.

Except as provided above, we have no parent, predecessor or affiliates required to be disclosed in this Item 1.

The Franchised Business Offered

We are offering, under the terms of this Disclosure Document, the opportunity to become a franchisee to develop and operate a **btone FITNESS** boutique fitness studio offering resistance training with slow, controlled movements.

The Franchised Business operates under the trade name and service mark "**btone FITNESS**", uniform resource locators (URLs), domain names, website addresses, email addresses, digital cellular addresses, wireless web addresses and the like and associated logos, designs, symbols and trade dress (collectively, the "Marks"). We may designate other trade names, trademarks and service marks as Marks.

In order to become a **btone FITNESS** franchisee, you must sign a reservation agreement ("Reservation Agreement"), a franchise agreement ("Franchise Agreement") and operate your business in accordance with our system standards and specifications ("System Standards").

We began offering Multiple Unit Development Agreements as of the date of this Disclosure Document. We may also offer to certain qualified people the right to develop multiple **btone FITNESS** franchised Studios under a Multiple Unit Development Agreement, referred to throughout this document as "Multiple Unit Development Agreement", "Development Agreement", or "MUDA" the form of which is attached as Exhibit F to this Disclosure Document. If you and the area in which you are interested, meet certain qualifications, you can be licensed and be obligated to the rights to develop multiple **btone FITNESS** Studios under a Multiple Unit Development Agreement in accordance with an agreed-upon Development Schedule. You are required to open a minimum of two **btone FITNESS** Studios under a Development Agreement and we generally grant the right to open up to three Franchised Studios.

The Franchise Agreement for the first franchise developed under the Development Agreement will be in the form attached as Exhibit E to this Disclosure Document and must be signed at the same time you sign the Development Agreement. For each additional franchise developed under the Development Agreement, you must sign the then-current form of franchise agreement that we are offering to new franchisees which may be different from the form of franchise agreement in this offering, but the franchise fee and royalty will be as stated in this Disclosure Document.

The btone FITNESS System

A **btone FITNESS** franchised business operates in accordance with a prescribed system of specifications and operating procedures that we have developed and will continue to develop ("System"). The distinguishing characteristics of the System include specifications for equipment, furnishing, inventory; design, layout and identification schemes of the facility; software; our website; the Marks; uniform operating methods, procedures and techniques; vendor relationships; methods and techniques for record keeping and reporting; procedures and techniques for marketing, sales promotion and advertising; customer service standards and methods; and the mandatory and suggested policies, procedures, standards, specifications, rules, and requirements ("System Standards") set out in our confidential operations manuals ("Operations Manuals"). We may change, improve, add to, and further develop the elements of

the System from time to time.

Market and Competition
We consider the market for **btone FITNESS** to be established and growing. You will offer your services to the general public, although we target adults age 18 and older. You will compete for members directly with local and national franchises and other businesses that offer exercise services including fitness studios, especially those offering resistance training, Pilates-style workouts, gyms, yoga studios, personal trainers, barre-based studios and health clubs. **btone FITNESS** is a year round business.

Regulations
You must comply with all local, state and federal laws and regulations that apply to all businesses in general such as workers' compensation, equal protection and workplace safety laws and regulations, including Title VII and the Americans with Disabilities Act requirements. There are laws detailing how to classify workers, for example, whether as independent contractors or employees, or as exempt or non-exempt, for different purposes, such as tax, wage and hour laws, unemployment compensation and workers' compensation.

Because you will accept credit cards, you will also have to comply with any general laws and regulations relating to the acceptance of credit cards, including the Payment Card Industry ("PCI") Data Security Standard ("DSS"). Compliance with the PCI DSS is your responsibility. You must also comply with data privacy laws that affect the safekeeping of member information, and regulations that apply to electronic marketing, like emails, text messaging and telemarketing.

You must investigate building codes, environmental laws, the zoning laws for your prospective premises, since they may include zoning restrictions or special requirements. We recommend you inquire with your attorney about these laws and regulations.

In addition, you will have to comply with laws applicable to fitness facilities and health clubs, including laws requiring postings concerning steroids and other drug use, requiring registration of the facility, limiting the supplements that facilities can sell, requiring bonds if a facility sells memberships valid for more than a specified time period, requiring facility owners to deposit into escrow certain amounts collected from members before the facility opens (so-called "presale" memberships), and imposing other restrictions on memberships that facilities sell. Some states require training to use and maintain safety equipment such as automated external defibrillators (AED) in addition to training and certification in cardio pulmonary resuscitation (CPR). The laws vary from jurisdiction to jurisdiction. Federal, state and local governmental laws, ordinances and regulations periodically change. It will be your responsibility to ascertain and comply with all federal, state and local governmental requirements. We do not assume any responsibility for advising you on these regulatory matters. You should consult with your attorney about laws and regulations that may affect your Franchised Business.

Item 2
BUSINESS EXPERIENCE

Managing Member – Jody Merrill

Ms. Merrill has been our Managing Member since our formation on August 29, 2017. Since 2022, Ms. Merrill has been Managing Member of Btone Fitness Chatham, LLC located in Harwich, Massachusetts. Since April 2015, Ms. Merrill has been Managing Member of Btone Fitness Wellesley, LLC located in Wellesley, Massachusetts. Since December 2015, Ms. Merrill has been Managing Member of Btone Fitness, LLC located in Boston, Massachusetts. Since December 2010, Ms. Merrill has been Managing Member of Boston Pilates Plus, LLC, located in Lexington, Massachusetts.

Director of Marketing – Margaret Jackson

Ms. Jackson has been our Director of Marketing since June 2022. From September 2019 to June 2022 Ms. Jackson was Marketing Manager for btone Fitness Boston. Prior Ms. Jackson was self-employed as a marketing manager and social media consultant for fitness studios from November 2016 to June 2022.

Social Media Manager - Demi Foley

Ms. Foley has been our Social Media Manager since August 2022. Ms. Foley joined our teacher training team in 2023. Prior Ms. Foley has been an instructor at btone Fitness affiliate location throughout Massachusetts since 2016.

Director of Operations – Melanie Marcou

Ms. Marcou has been our Director of Operations since May 2023. From September 2021 to May 2023 Ms. Marcou was responsible for our affiliates' Customer Service. From November 2009 to May 2023 Ms. Marcou was employed as an Office Manager/Accountant with Veterans Transport located in Waltham, Massachusetts.

Director of Training and Teacher Development – Rachel Testa

Ms. Testa has been our Director of Training and Teacher Development since February 2024. From February 2014 to February 2024 Ms. Testa was a Studio teacher at our affiliate locations. From 2012 to present Ms. Testa is employed as a Bartender at The Raven's Nest in Walpole, Massachusetts.

Director of Client Experience and Franchise Development - Lisa Cole

Ms. Cole has been our Director of Client Experience and Franchise Development since March 2024. From January 2012 to March 2024 Ms. Cole was an Instructor at our Boston location. Since January 2021, Ms. Cole has been Owner/Designer of One Door Home LLC, located in Boston, Massachusetts.

Item 3
LITIGATION

No litigation is required to be disclosed in this Item.

Item 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

Item 5
INITIAL FEES

Franchise Fee
The Franchise Fee is $50,000. A first payment of $5,000 ("Reservation Fee") is due upon signing our Reservation Agreement, attached as Exhibit D. The balance is due upon signing the Franchise Agreement. In consideration of the Reservation Fee, you will be provided a non-exclusive search area for the site for your Studio and we will provide you with 20 hours of consultation to assist you with site selection and lease negotiations. The Reservation Fee is not refundable if you cannot locate a suitable site for your studio within 180 days. When you sign your lease, you must also sign the Franchise Agreement and pay the balance of the Franchise Fee in a lump sum.

In consideration for the Franchise Fee, we grant you a franchise to operate a **btone FITNESS** Studio ("Studio") and provide you and certain of your personnel with initial training, the set-up of your location page on our website, 20 hours of consultation and a Grand Opening Public Relations campaign. The Franchise Fee is fully earned and non-refundable when paid.

We offer discount for qualified franchisees who purchase more than one Studio, provided that the franchisee(s) is the original owner(s) of the first franchise and will be the same owner(s) of subsequent Studios purchased: Franchisees whose studios were opened prior to 2020, the Franchise Fee for each additional Franchised Location is $15,000.

Multiple Unit Development Fee
You are required to open a minimum of two **btone FITNESS** Studios under a Development Agreement and we generally grant the right to open up to three **btone FITNESS** Studios.

Under a Multiple Unit Development Agreement, the Franchise Fee is $50,000 for the first **btone FITNESS** Studio; $25,000 for the second Studio; and $15,000 for the third and each subsequent Studios. Unless you currently own and operate a **btone FITNESS** Studio, the Franchise Agreement for the first Studio developed under the Development Agreement must be signed and the Franchise Fee paid in full at the same time you sign the Development Agreement. For the second and each additional franchise developed under the Development Agreement, you must pay us a Development Fee equal to $10,000 at the time you sign the Development Agreement

which will be a non-refundable deposit for each franchise. We will credit each development fee against the franchise fees for each subsequent franchise (not to exceed a credit of $10,000 for any single franchise). The Development Fee is not refundable.

We also offer a 25% discount off of the Franchise Fee to qualified current employees of any **btone FITNESS** affiliate-owned studio. Qualified employees must have a minimum of two years teaching experience, teaching a minimum of four classes a week at an affiliate-owned **btone FITNESS** Studio.

Pre-Opening Marketing Program
After signing the Franchise Agreement, you will also pay us during your pre-opening period an estimated fee of $2,100 to $2,575 over 3 to 6 months prior to opening (depending on your opening schedule) for an intensive Pre-Opening Marketing Program for marketing and business strategy support.

Except as disclosed above, we uniformly impose the Franchise Fee on all parties that are purchasing a Franchised Business.

Referral Fees
We pay a referral fee to any current franchisee for each candidate referred to us who meets our qualifications and signs a franchise agreement. Currently the fee is $1,500. We reserve the right to change, modify or discontinue this program at any time.

You pay us or our affiliates no other fees or payments for services or goods before your Franchised Business opens.

Item 6
OTHER FEES

TYPE OF FEE[1]	AMOUNT	DUE DATE	REMARKS
Royalty Fee[3]	6% of Gross Sales[2]	First Thursday of each month by automatic debit/Electronic Funds Transfer (EFT)	You must pay a monthly royalty fee to us in an amount equal to 6% of your Gross Sales for the preceding month. Interest is charged on late payments.
Marketing Fund Fee	$250 per month	Same as Royalty payment.	Once you begin operating your Studio, you must pay the Marketing Fund Fee each month during the term of the Franchise Agreement.
Initial Training, if on-site at your Studio	Travel and living expenses for our	As incurred	Initial training consists of 12-20 hours of

TYPE OF FEE[1]	AMOUNT	DUE DATE	REMARKS
	trainer to travel to your location during in-person training		virtual self-paced training, practice time and mock classes, and 20 hours of in-person training. There is no charge for up to 10 people attending the same in-person initial training session. You are responsible for any travel and living expenses related to initial training (costs to travel to our affiliate or the cost for our trainer to travel to your location (subject to availability).
Additional Instructor Training	$500 per person flat rate for in-person training if held at a **btone FITNESS** affiliate studio; $2,500 flat rate for in-person group training if held at your Studio, plus travel and living expenses incurred by your attendees or our trainer	As incurred	All new instructors must attend Instructor Training. Instructor training consists of 12 to 20 hours of virtual self-paced training, practice time and mock classes, and 20 hours of in-person training. These flat rate fees cover any additional (more than the 10 attendees included in the in-person Initial Training) instructors trained by us after you open your studio. Group sessions are limited to 10 attendees. You are responsible for all travel and living expenses related to Instructor Training. We reserve the right to adjust this fee after the first 12 months based on a change in circumstance.
Refresher/Remedial Training	$100 per hour plus travel and living	As incurred	We periodically may require you (or your

TYPE OF FEE[1]	AMOUNT	DUE DATE	REMARKS
	expenses incurred by your attendees or our trainer.		managing owner) and/or, at our option, the studio manager to attend and complete to our satisfaction any supplemental or refresher training. You may also request supplemental training. You are responsible for all travel and living expenses related to this training. We reserve the right to adjust this fee after the first 12 months based on a change in circumstance.
Consultation Fee	$200/hour	As incurred	You will receive 40 hours of consultation from one of our representatives, plus a one hour phone consultation each month during your first year provided at no charge; this fee is for additional hours of consultation requested by you. We reserve the right to adjust this fee after the first 12 months based on a change in circumstance.
Additional Marketing Support Services Fee	$75 per hour	As incurred	If you request support, or we require it, you must pay this hourly rate. We reserve the right to adjust this fee after the first 12 months based on a change in circumstance.
Site Review/Acceptance and Assistance with	No charge unless your location is more than	As incurred	We will review your site as part of the 20

TYPE OF FEE[1]	AMOUNT	DUE DATE	REMARKS
Lease Negotiations	1.5 hours' drive time from **btone FITNESS** headquarters		hours of consultation included in the Reservation Fee; you will only be charged for travel time if your site is 1.5 hours' drive time from Boston. Travel time will be billed at our then-current travel rate, which is currently $100 per hour, plus expenses. We reserve the right to adjust this fee after the first 12 months based on a change in circumstance.
Opening Assistance	$2,500 plus our travel and living expenses	As incurred	If requested by you, we will send a representative to your location to assist you for 3 days when you open your Studio. We reserve the right to adjust this fee after the first 12 months based on a change in circumstance.
Product/Supplier Approval Costs	Reasonable cost of inspection or testing plus actual cost of laboratory fees, professional fees and travel and living expenses of our personnel.	When billed	We may require you to pay us or an independent laboratory for the cost of inspection or testing if you desire to purchase or lease items to be used in the Franchised Business from sources we have not previously approved.
Failure to Maintain Insurance	Cost of insurance and, if not obtained by you, our procurement expense	As required and as incurred	Payable upon your failure to comply with the Franchise Agreement.
Replacement Manual Fee	$250 for Training Manual; $500 for Operations Manual	As incurred	You will be loaned one copy of each of our Manuals; if you require a replacement copy,

TYPE OF FEE[1]	AMOUNT	DUE DATE	REMARKS
			this fee will be due when requested.
Annual Conference Registration Fee	Up to $1,000 per person	On demand	You must pay us a registration fee, which we expect will not be more than $1,000 per person, for attending our annual conference. We may require you (or your managing owner), and/or your studio manager to attend each conference. You will be responsible for all travel and living expenses incurred by you and your personnel for attendance at the annual conference. We reserve the right to adjust this fee after the first 12 months based on a change in circumstance.
Customer Complaints	Actual cost to satisfy your customers	As incurred	If we step in to resolve a complaint from one of your clients, you must pay us for our time and any compensation (i.e., free class) given to client.
Audits	Cost of audit plus interest on underpayment	As incurred	Payable only if audit shows understatement is willful or if 5% or more of gross sales for any month.
Interest	Interest on overdue payment	As incurred	Interest rate will be 1.5% per month or if the maximum interest rate permitted by state law is less, then interest will be charged at the lesser allowed rate. Interest begins from the date payment was due.

TYPE OF FEE[1]	AMOUNT	DUE DATE	REMARKS
Late Fee	$100	On demand	Only if you are delinquent in your payments to us or otherwise violate an obligation under the Franchise Agreement. Payable the day after payment or other event (Ex: a required report) is due, in addition to the interest.
Transfer, Assignment	20% of the then-current initial franchise fee	Time of transfer	Payable if you sell your franchise. No fee charged if you transfer franchise to a corporation or other entity you control.
Transfer Fee – Multiple Unit Development Agreement	$5,000 for each unopened and each operating franchised studio.	Before we approve transfer.	You will not be required to pay a transfer fee if you transfer to a business entity that you form for convenience of ownership, but you will need to comply with certain conditions. This fee also applies to transfers of partial ownership interests and transfers upon death or permanent incapacity. You must reimburse us all costs and expenses that we incur for any uncompleted transfer.
Renewal	10% of the then-current initial franchise fee	Time of renewal	New franchise agreement, which may have different terms or conditions, must be signed by you and us.
Relocation Fee	$5,000	By date of relocation	New franchise agreement, which may have different terms or conditions, must be signed by you and us.
Costs & Attorneys' Fees	Cost of collection and	As incurred	Payable upon your

TYPE OF FEE[1]	AMOUNT	DUE DATE	REMARKS
	attorneys' fees		failure to comply with the Franchise Agreement.
Indemnification	Cost of liability	As incurred	You must indemnify and hold us harmless against any claims, losses, costs, expenses, liabilities and damages, including costs and attorneys' fees arising from the operation of your Franchised Business.
Liquidated Damages	Calculated based on the Franchised Business' average monthly Gross Sales for the 12 months preceding the termination date.	If Franchise Agreement is terminated as a result of your default	A lump sum amount equal to the value of the Royalty Fees that you would have paid for the remainder of the Franchise Agreement.[4]
Maintenance/Remodeling	Not to exceed $50,000	As incurred	At any time after 5 years from the date you open the Franchised Business, we may require you to remodel the Franchised Business to bring it up to current standards.

NOTES:

(1) All fees are uniformly imposed by and payable only to us and are payable through Electronic Funds Transfer. Maximum interest permitted in California is 10% annually. You must authorize your bank to accept automatic withdrawals for all fees to us through EFT of the stated amount from your bank into our bank account when due. You must provide us with all documents necessary to direct your bank to honor these pre-authorized bank debits. (See Franchise Agreement, EFT Authorization). All fees are non-refundable.

(2) The term "Gross Sales" will mean and include the total of all revenue and income from the sale of services and products to customers of the Franchised Business or any other source, whether or not sold or performed at or from the Franchised Business and whether received in cash, in services in kind, from barter and/or exchange, on credit (whether or not payment is received), or otherwise. You will deduct from your Gross Sales (but only if they have been included) the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to customers, if the taxes are separately stated when the customer is charged and if the taxes are paid to the appropriate taxing authority. You will also deduct from your Gross Sales the amount

of any documented refunds, charge backs, credits and allowances approved by us which you give in good faith to customers. All barter and/or exchange transactions to which Franchised Business furnishes services and/or products in exchange for goods or services to be provided to Franchised Business by a vendor, supplier or customer will, for the purpose of determining Gross Sales, be valued at the full value of the goods and/or services so provided to Franchised Business.

(3) Royalty Fees will begin from the date the Franchised Business is opened and continue through the term of the Franchise Agreement. The Franchised Business is deemed opened upon its receipt of revenue which includes advance sales prior to conducting classes at the Studio.

(4) Royalty Fees will be calculated based on the Franchised Business' average monthly Gross Sales for the 12 months preceding the termination date. If you have not operated your Franchised Business for at least 12 months preceding the termination date, Royalty Fees will be calculated based on the average monthly Gross Sales of franchised businesses operating under the same trademark during our last fiscal year.

Except as provided above, there are no provisions for any of these fees to increase during the term of your Franchise Agreement.

Item 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE[1]	LOW ESTIMATED AMOUNT	HIGH ESTIMATED AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee	$50,000	$50,000	$5,000 Reservation Fee, $45,000 Balance	$5,000 Fee due at signing of Reservation Agreement, balance due at signing Franchise Agreement, which occurs simultaneously with the signing of your Lease Agreement	Us
Travel & Living Expenses related to Training[2]	$1,500	$4,000	As incurred	During training	Airlines, hotels, restaurants and car rental for you and your

TYPE OF EXPENDITURE[1]	LOW ESTIMATED AMOUNT	HIGH ESTIMATED AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
					personnel if training at a **btone FITNESS** affiliate or for **btone FITNESS** trainer to come to your location for 4 days
Rent[3]	$3,000	$10,000	Monthly	Before opening	Landlord
Security Deposits for Lease and/or Utilities[4]	$3,300	$10,400	As incurred	As incurred	Landlord, utility companies
Plans, Development & Leasehold Improvements, Construction and Equipment, Fixtures, Signage & Technology[5]	$75,000	$250,000	As incurred	Before opening	City and state licensing authority, contractor
X-former Machines[6]	$39,500	$89,500	As arranged	Before opening	Approved vendor
X-former Machines Shipping & Set-Up at Studio	$7,000	$7,000	As incurred	Before opening	Approved vendor
Pre-Opening Marketing Program	$2,850	$4,250	Monthly	Before and after opening	Franchisor and Approved vendor
Mariana Tek Software Program (3 months)[7]	$2,623	$2,623	As arranged	Before and after opening	Approved vendor
Optional Furnishings/Equipment[8]	$0	$1,850	As arranged	Before or after opening	Various vendors
Business Class Internet Set Up and Service[9]	$150	$350	As arranged	Before and after opening	Internet Service Provider
QuickBooks Pro[10]	$999	$999	As incurred	Before opening	QuickBooks Vendor
Business Licenses & Permits[11]	$500	$1,000	As incurred	As incurred	Government agencies
Supplies & Misc. Expense[12]	$2,257	$2,477	As incurred	As incurred	Various vendors
Insurance[13] (3 months)	$750	$1,000	As arranged	Before opening	Insurance agent or carrier

TYPE OF EXPENDITURE[1]	LOW ESTIMATED AMOUNT	HIGH ESTIMATED AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Professional Fees[14]	$2,000	$5,000	As arranged	Before opening	Professional advisors
Additional Funds for 3 months[15]	$30,000	$45,000	As incurred	Before and after opening	Employees, Utilities, suppliers and other third parties, etc.
TOTAL:	$221,429	$485,449			

Multiple Unit Development Agreement

TYPE OF EXPENDITURE[1]	LOW ESTIMATED AMOUNT	HIGH ESTIMATED AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Development Fee for each Franchised Studio to be opened under the MUDA[1]	$60,000	$70,000	Lump sum	At signing of Multiple Unit Development Agreement	Us
TOTAL:	$60,000 to $70,000				

Notes:

(1) You must pay a $10,000 non-refundable down-payment for each for each **btone FITNESS** Studio to be opened under the MUDA. Unless you currently own and operate a **btone FITNESS** Studio within the Territory, the Franchise Agreement for the first **btone FITNESS** Studio developed under the Development Agreement must be signed and the Franchise Fee paid in full at the same time you sign the Development Agreement. You must pay the Franchise Fee for your first **btone FITNESS** Studio in full as disclosed in the first table in this Item. The Development Fee is to be paid for your second and each additional Franchised Studio at the time the MUDA is executed. The Development Fee will be credited against the Franchise Fee as described in Item 5. All payments to us are non-refundable. Any refund of payments made to various vendors will depend on the terms you arrange with those vendors. We do not finance any fee.

(2) This estimate is for travel related costs during Initial Training. If you and your team travel to a **btone FITNESS** affiliate studio in the Boston area for training, you will be responsible for the travel and living expenses, wages, and other expenses incurred by your trainees during Initial Training. The actual cost will depend on your point of origin, method of

travel, class of accommodations, and dining choices. If you request that we conduct training at your location, you will be responsible for the travel and living expenses for our representative(s).

(3) You must lease or otherwise provide a suitable site that has been accepted by us. Typically, a **btone FITNESS** Studio will range in size from 1,000 to 2,400 square feet. It is difficult to estimate lease acquisition costs because of the wide variation in these costs between various locations, square footage, cost per square foot and required maintenance fees. Drive-by visibility is not a factor since **btone FITNESS** services are not typically sold on a walk-in basis. The estimated range of costs provided in this category only includes your first month lease costs which could range from $3,000 to $10,000 per month. You may be successful in negotiating little to no rent for the first three months of your lease with your landlord. We do not estimate the costs associated with the acquisition of real estate if you decide to purchase property.

(4) The estimate is based on an assumption that you will have to pay a security deposit equal to one month's rent to the landlord and any deposits on utilities (gas, oil, water, electric) required to open your Studio. You may also need to provide a larger security deposit equal to another month's rent and a personal guaranty of the lease. These amounts will vary based on your location, the terms of your lease and the requirements of your utility companies.

(5) Renovation costs of building space includes flooring, lighting, mirrors, plumbing and electrical. Landlords will sometimes pay initial leasehold improvement costs and spread that cost back to you over the life of the lease. In addition, you must purchase the mirrors, sound systems, furniture, décor, signage and technology all in accordance with the specifications in the Operations Manual.

(6) Each machine is currently $8,950. The range reflects $3,950 per machine down payment or outright purchase of 10 machines. Based on your credit worthiness, you may be able to pay a $3,950 deposit for each X-former machine, financing the remaining balance with the manufacturer. This estimate does not include finance charges.

(7) The monthly cost of the Mariana Tek Software Program, which is your Studio Management Software System, is $541 plus an initial set up fee of $1,000. Fees begin when you initiate sales activity.

(8) Depending on your Studio set up, you may want to add optional self-locking metal or plastic lockers or open storage shelving for your clients' use; this option is only for Studios that have a separate room for this purpose, away from the workout area. You may also wish to purchase a back office computer/printer/iPad. Other optional exercise-related items include: hand weight sets, resistance band sets and kettle bells.

(9) You are required to subscribe to high speed Business Class Internet Service.

(10) You are required to purchase and use QuickBooks Pro for all of your **btone FITNESS** Studio accounting and reports.

(11) This estimate includes the cost of acquiring business licenses and permits. Your costs will vary depending upon your Studio's location.

(12) This estimate includes the cost of studio supplies and other miscellaneous items needed to set up your Studio, including wipes, soap, paper goods, etc., plus a vacuum cleaner, defibrillator, landline telephone, business cards and postcards. You must purchase these according to our specifications in the Operations Manual.

(13) Estimated cost of down payment required to activate policy coverage plus 2 months of payments. See Item 8 for detailed information. The actual cost may be more than shown here. You will need to check with your insurance carrier for actual premium quotes and costs, and for the actual amount of deposit. Insurance costs can vary widely, based on the area in which your business is located, your experience with the insurance carrier, the loss experience of the carrier, the amount of deductibles and of coverage, and other factors beyond our control. You should obtain appropriate advice from your own insurance professional before signing any binding documents or making any investments or other commitments, whether to us or anyone else. This estimate does not include the annual cost of securing a Surety Bond, if that is a requirement in the state where your Studio is located.

(14) The estimate is for legal, accounting, and miscellaneous other professional fees that you may incur before you open for business, including (among other things) the cost to assist you in reviewing the Franchise Agreement. Your actual costs may vary, for example, depending on the degree to which you rely upon your advisors, type of financing, if any, lease negotiations, and the permitting process in your city. The hourly rate for advisors, accountants, and legal professionals will also vary.

(15) This is an estimate of the amount of opening cash and other miscellaneous expenses over and above those included in the table in this Item that may be incurred during the first 3 months of the Franchised Business' operations. These expenses include normal operating costs such as labor, utilities or other expenses. This estimate for Additional Funds does not include your salary, draw, or your personal expenses. As with any new business (whether franchised or not), initial expenses are usually much greater than revenues. Substantial additional capital may be required, especially if initial sales are low, and operating costs are high.

Except as otherwise described in the notes above, this table provides an estimate of your initial investment for a new single **btone FITNESS** Studio and the costs necessary to begin operation of your Franchised Business. We relied on our management's 13 years of fitness training experience and that of our affiliates to compile these estimates.

All payments to us are non-refundable. Any refund of payments made to various vendors will depend on the terms you arrange with those vendors. We do not offer direct or indirect financing to franchisees for any item.

Item 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To insure that the highest degree of quality and service is maintained, you must operate the Franchised Business in strict conformity with the methods, standards and specifications as we may periodically prescribe in the Operations Manual or otherwise in writing; and you must refrain from deviating from these methods, standards and specifications without our prior written consent. We may revise the contents of the Operations Manual, and you must comply with each new or changed standard and specification. You must at all times ensure that your copies of the Operations Manual are kept current and up to date.

The Franchise Agreement restricts the sources of products and services you utilize in establishing and operating a **btone FITNESS** Franchised Business in three ways. Some items can be purchased only from us or our affiliates, some only from suppliers we have approved, and others only in accordance with our specifications and standards.

Purchases from Us or Our Affiliate
Currently you are required to pay us for the required Pre-Opening Marketing Program described in Items 5 and 11. We reserve the right to designate ourselves and/or any of our affiliates as an approved supplier, and we may also designate ourselves or an affiliate as the sole supplier of one or more items, in which case you would have to buy those items from us or our affiliate at our or their then-current price.

Purchases According to Our Standards and Specifications
You must operate the Franchised Business according to our mandatory specifications, standards, operating procedures, and rules that we periodically prescribe for the development and operation of the **btone FITNESS** Franchised Business ("**System Standards**"). System Standards may regulate, among other things, the types, models and brands of required fixtures, furnishings, equipment, signs, hardware, software, materials, inventory and supplies to be used in operating the Franchised Business, required or authorized products and product categories and designated or approved suppliers of such items (which may be limited to or include us or our affiliates). We do not make any express or implied warranties with respect to any products or goods we recommend for your use. Our standards and specifications may impose minimum requirements for quality, cost, delivery, performance, design and appearance, delivery capabilities, financing terms, and ability to service our Franchise System as a whole. We will notify you in our Operations Manual or other communications of standards and specifications and/or names of approved suppliers.

You must purchase and install, at your expense, all fixtures, furnishings, equipment (including X-formers, telephone(s), computer, printer), décor, and signs as we may reasonably direct periodically; and refrain from installing or permitting to be installed on or about the premises of your Franchised Business, without our prior written consent, any fixtures, furnishings, equipment, décor, signs or other items not previously approved as meeting our standards and specifications.

We will inspect your Franchised Business as often as we deem necessary to ensure that our standards and specifications are maintained. If we find anything that does not meet our standards, you will be required to correct them within a reasonable period of time not to exceed 120 days. If you fail to take corrective action, we may close the Franchised Business until the corrective action is taken or otherwise terminate your Franchise Agreement. At any time after 5 years from the date you open the Franchised Business, we may require you to remodel your Franchised Business at your expense to bring it up to current standards.

Purchases from Approved Suppliers

In addition to the above, we may require that you, at your expense, enter into agreements with suppliers approved by us. Currently, you are required to purchase certain construction materials for build-out such as lighting, flooring, fixtures, and interior and exterior signage, plus certain equipment, studio management software, furniture, sound system, business cards, postcards and branded retail merchandise, only from suppliers designated as required, recommended or approved by us. We may change approved and required suppliers from time to time. Except for us and our affiliates disclosed in the Disclosure Document, none of our officers own an interest in any of our approved suppliers. We and our affiliate do receive payments or other benefits like rebates, discounts, and allowances from your purchases and from authorized suppliers based upon their dealings with you and other franchisees. We may use the monies we receive without restriction for any purpose we deem appropriate or necessary. Rebate, discount or allowance programs vary depending on the supplier and the nature of the product or service. Suppliers may pay us based upon the quantities of products our franchisees purchase from them. We may receive fees from a supplier as a condition of our approval of that supplier. Not every supplier pays rebates to us. We may negotiate supply arrangements with suppliers for the benefit of franchisees.

We will provide you with a current list of approved suppliers (including required and recommended suppliers) through updates to the Operations Manual or other forms of communication.

Proportion of Purchases Subject to Specifications

We estimate that the cost to purchase and lease all equipment, inventory and other items and services that we require you to obtain from us or our affiliates, from designated suppliers, or in accordance with our specifications ranges from 75% to 85% of the total cost to purchase and lease equipment, inventory, and other items necessary to establish a **btone FITNESS** Franchised Business and 75% to 85% of the total cost to purchase and lease equipment, inventory, and other items to operate a **btone FITNESS** Franchised Business.

Approval of Alternate Suppliers

If you desire to purchase, lease or use any products, services or other items from a supplier we have not pre-approved, you must submit to us sufficient written information about the proposed new supplier to enable us to approve or reject either the supplier or the particular item(s). At our request, you must submit to us samples of the proposed product(s) for our examination so that we can determine whether they meet our quality standards. We also have the right to require that our representatives be permitted to inspect the proposed supplier's facilities, or to conduct

appropriate testing of the proposed new service, at your expense. You must reimburse us for evaluating alternative suppliers, services and products, including the actual cost of laboratory fees, professional fees and travel and living expenses as well as any other fees we pay to third parties in furtherance of the evaluation. If we have not responded in writing within 30 days of our written receipt of such information or product samples from you, then the request will be deemed rejected by us. In providing such approval we may consider not just the quality standards of the products or services, but the delivery capabilities, financing terms and ability of the supplier to service our Franchise System as a whole.

We formulate and modify specifications and standards imposed upon franchisees by evaluating the market acceptance of products and the financial stability of suppliers. We do not have to issue our specifications and standards to franchisees and/or approved suppliers, nor are criteria for supplier approval made available to franchisees.

We may terminate the use of any products or services, or any supplier of such items or services, that does not meet our then-current standards by giving you written notice. If we do so, you must immediately stop purchasing from such supplier or using such products or services in your Franchised Business unless we notify you that such supplier or such products or services meet our quality standards. If we revoke an approved supplier, we will provide notice to that supplier and notify you in our Operations Manual or other forms of communication.

We may limit the number of approved suppliers with whom you may deal, designate sources that you must use and/or refuse any request for alternative suppliers for any reason, including that we have already designated an exclusive source (which may be us or our affiliates) for any particular item or service if we believe doing so is in the best interest of our Franchise System.

Site Selection and Development of the Franchised Business

Either we or our designee will assist you in finding a site for your Studio. While we need to accept your chosen location, you are solely responsible for the selection of your site. We must accept the site for your Franchised Business and the site must meet our then-current site criteria (the "Accepted Site"). If you lease the Accepted Site for your Franchised Business, we must review and accept it prior to you signing it. You are also required to have the landlord sign the Lease Addendum attached as Addendum F to the Franchise Agreement. Under the Lease Addendum, we will be granted the right, but not the obligation, to take possession of your Franchised Business premises if your Franchise Agreement is terminated or you do not renew.

As part of the site review process prior to signing your Franchise Agreement, you must send us a Site Selection Consent form attached as Addendum A to the Reservation Agreement, with site specifications and other information we request. Once a site has been selected, you must send us initial space plans and other materials we may request for our acceptance prior to and during your lease negotiations. Once we accept the initial space plans in writing (which includes acceptance via e-mail), you must provide us with a copy of the proposed lease/sublease for review before you sign it. Our review will be limited to ensuring that the terms of the lease/sublease are consistent with our rights under the terms of your Franchise Agreement. You must receive a signed Site Selection Consent form from us before executing your lease/sublease

for the Franchised Business and before you apply for any permits. You may not begin construction of your Franchised Business without a signed Franchise Agreement and written authorization from us that the final plans and specifications have been accepted. You must also send us all revised or "as built" plans and specifications during construction and once construction is complete, for our written acceptance.

It is your responsibility, at your expense, to prepare all required construction plans and specifications to suit the premises for the Franchised Business in accordance with our approved plans and specifications, and to make sure that these plans and specifications comply with applicable ordinances, building codes, permit requirements, and lease requirements and restrictions. It is your responsibility to be aware of and use our most current specifications, which may change from time to time, to suit the shape and dimensions of the site for your Franchised Business. You must, at your expense, use construction contractors for the buildout to the premises.

Because our review is limited to ensuring your compliance with our design requirements and specifications we will not assess compliance with federal, state or local laws and regulations, or state and local environmental requirements and building codes. Compliance with those laws is your responsibility. We may inspect the Site while you are developing your Franchised Business.

You must adhere to our System Standards for the construction and design of the Franchised Business, which will include requirements for the interior and exterior layout, signage, equipment, fixtures and trade dress, including our signature color scheme. If we have designated an approved or required supplier (which may be us or our affiliate), you must obtain the items from such supplier. If we have not designated an approved/required supplier for certain items, then you may purchase them from any supplier that meets our standards and specifications, including our preferred suppliers. We may, at any time, change, delete, add to or modify any of our standards and specifications. These changes, deletions, additions or modifications, which will be uniform for all franchisees, may require additional expenditures by you.

Technology (Point of Sale (POS) System, Computer Hardware and Software)
We require you to purchase and use Mariana Tek Software (MTXplor), which includes BrandBot, Mariana Tek and the iOS and Android apps. This Studio management software system is fully integrated with our website and manages class scheduling and payments, loyalty program, employee hours, and all point of sale transactions. You must also purchase a computer, as further detailed in Items 7 and 11, for business management. Neither we nor our affiliate derive revenue from your purchase of the POS or computer; however, we are permitted to and may do so in the future. We may require you to maintain service support contracts and/or maintenance service contracts and implement and periodically make upgrades and changes to the POS, computer hardware and software, and credit card, debit card, loyalty and gift card programs and other non-cash payment systems. We may designate the vendor(s) for these support service contracts and maintenance service contracts.

You must use the computer software and hardware components and accessories ("**Computer System**") that we require. We have the right to designate a single supplier for the Computer

System. We have the right to appoint additional suppliers or different suppliers for the Computer System. Neither we nor our affiliates currently derive revenue from your purchase of the Computer System; however, we are permitted and may do so from time to time. We may require you to maintain service support contracts and/or maintenance service contracts and implement and periodically make upgrades and changes to the computer hardware and software, and credit card, debit card and other non-cash payment systems. We may designate the vendor(s) for these support service contracts and maintenance service contracts.

Insurance

You must obtain and maintain insurance, at your expense, as we require, in addition to any other insurance required by law or otherwise. Currently, required coverages include, without limitation, casualty, liability, and workers' compensation.

You must purchase workers' compensation in the minimum amount required by state law without exclusion of principals; general liability insurance, including broad form contractual liability, products and content and equipment coverage at replacement costs in the aggregate amount of $3,000,000; $1,000,000 per occurrence; personal & advertising liability; excess insurance of $1,000,000 per occurrence; business automobile liability insurance, hired and non-owned coverage of $1,000,000 combined single limit per occurrence; and professional liability fitness club insurance in the aggregate amount of $3,000,000; $1,000,000 per occurrence. Some states may require a deposit for workers' compensation insurance.

The policies must be written by an insurance company reasonably satisfactory to us with a Best rating of "A-" or better and include the types, risks, amount of coverage and deductibles as stated in our Operations Manual. We may periodically change the types and amounts of coverage required under the insurance policies, based on changes in circumstances, if the changes apply to all **btone FITNESS** Franchised Businesses. If you fail to purchase the mandatory insurance, we may obtain insurance for you, and you must reimburse us for its cost, which might be higher than the cost of insurance you could obtain for yourself. All insurance policies must name us and any affiliates that we designate as additional insureds and give us at least 30 days' prior written notice of termination, amendment, or cancellation. You must provide us with certificates of insurance evidencing your insurance coverage no later than 10 days before your Franchised Business opens and annually as prescribed in our Operations Manual.

Revenue from Franchisee Purchases

For the period ending December 31, 2023, neither we nor our affiliates collected revenue from selling products or services to our franchisees. We realized $33,932 in revenue from franchisees' required purchases from approved or designated suppliers which accounted for 11.5 % of our total revenue of $391,416.

Cooperatives and Purchase Arrangements

We are not involved in any purchasing or distribution cooperatives. We may, but are not obligated to, negotiate purchase arrangements with suppliers for the benefit of franchisees. As of the issuance date of this Disclosure Document, we have not negotiated any such arrangements.

Material Benefits
We do not provide any material benefits to franchisees (for example, renewal or granting additional franchises) based upon their purchase of particular products or services or use of particular suppliers.

Item 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement and Multiple Unit Development Agreement (MUDA	Disclosure document item
a. Site selection and acquisition/lease	FA: Section 4	Items 5, 6, 7 and 11
b. Pre-opening purchases/ leases	FA: Sections 7, 9, 14,15 and 17	Items 7 and 8
c. Site development and other pre-opening requirements	FA: Sections 4, 9 and 14	Items 5, 6, 7 and 11
d. Initial and ongoing training	FA: Sections 9 and 13 MUDA: Section 5	Items 6, 7 and 11
e. Opening	FA: Sections 9 and 14 MUDA: Sections 2, 4, 5, 6, 7 and 8	Item 11
f. Fees	FA: Sections 7, 9, 13, 16 and 21 MUDA: Sections 4, 5, 8 and 21	Items 5, 6 and 7
g. Compliance with standards and policies/ operating manual	FA: Sections 11 and 17 MUDA: Sections 4, 10 and 22	Item 11
h. Trademarks and proprietary information	FA: Sections 3, 10, 18, 19, 25, 26 and 27	Items 13 and 14

Obligation	Section in Franchise Agreement and Multiple Unit Development Agreement (MUDA	Disclosure document item
	MUDA: Sections 2, 10 and 22	
i. Restrictions on products/ services offered	FA: Section 10	Items 8 and 16
j. Warranty and customer service requirements	FA: Section 17	Items 6 and 15
k. Territorial development and sales quotas	FA: Section 4 MUDA: Sections 2, 5, 7, 8, 11, 12 and 16	Item 12
l. Ongoing product/service purchases	FA: Sections 9 and 15	Items 8 and 16
m. Maintenance, appearance and remodeling requirements	FA: Sections 14 and 15	Item 11
n. Insurance	FA: Section 23	Items 6 and 7
o. Advertising	FA: Section 21	Items 6, 7, 11 and 12
p. Indemnification	FA: Section 23 MUDA: Sections 8 and 14	Item 13
q. Owner's participation/ management/staffing	FA: Sections 17 and 24 MUDA: Section 2	Item 15
r. Records and reports	FA: Sections 7 and 22 MUDA: Section 13	Item 6
s. Inspections and audits	FA: Sections 14 and 22	Items 6 and 11
t. Transfer	FA: Sections 28 and 29 MUDA: Section 8	Items 6 and 17
u. Renewal	FA: Section 6	Items 6 and 17
v. Post-termination obligations	FA: Section 35	Item 17

Obligation	Section in Franchise Agreement and Multiple Unit Development Agreement (MUDA	Disclosure document item
w. Non-competition covenants	FA: Sections 25 and 27 MUDA: Section 11	Item 17
x. Dispute resolution	FA: Sections 34 and 37 MUDA: Section 21	Item 17
y. Other: Guaranty of franchisee obligations	FA: Section 24 and Addendum C MUDA: Section 8 and Addendum C	Item 15
z. Other: Spousal Non-Compete	Not Applicable	Item 15 and Exhibit I

Item 10
FINANCING

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

Item 11
FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

Pre-Opening Assistance.

Before you open your business, we will:

(a) License to you the non-exclusive right to use the Marks and **btone FITNESS** System necessary to operate your **btone FITNESS** Franchised Business. (Franchise Agreement – Sections 2 and 3)

(b) Give you general guidelines for selecting a business site. We do not own, sell, or lease business locations for our franchisees or assist in leasehold negotiations. It will be your responsibility to select and lease or purchase a site from third parties once accepted by us.

(c) Assign to you a non-exclusive defined geographic search area within which you may seek and identify potential sites for the Franchised Business (the "Search Area"), as described on

Addendum A to the Reservation Agreement. You will thereafter use reasonable and diligent efforts to identify a proposed site within the Search Area for the Franchised Business and submit it to us for acceptance. The Search Area will have no exclusivity and we reserve the right to sell franchises to others who seek to operate a franchised business in and around the Search Area. If we accept another franchisee's franchised business site and grant that franchisee a designated territory that overlaps with the Search Area, you will be required to identify a proposed site for the Franchised Business in the Search Area that is outside the designated territory granted to the other franchisee. A written request for a change of the Search Area may be submitted to Us, and will be consented to if mutually-agreeable sites are not available in the original Search Area. We will designate any new Search Area. (Reservation Agreement; Development Agreement- Section 1).

(d) Designate your Territory, as further described in Item 12. (Franchise Agreement- Section 4 and Addendum A).

(e) Review and accept your lease for the Accepted Site, including if applicable, assistance with lease negotiations and assistance in obtaining the required Addendum to Lease Agreement for your location. We will not provide you with any legal advice with respect to your lease. Your lease must be reviewed by an attorney of your choosing prior to execution. (Reservation Agreement, Franchise Agreement- Section 9)

(f) We will make available to you at no charge a set of prototype plans and specifications (not for construction) for the Studio and for the exterior and interior design and layout. We will review your final plans, which we must approve prior to permitting and construction. We will help you develop general plans for the equipment, furnishings, decor, and signs needed to open your Studio and furnish you with names of approved suppliers/vendors. We do not provide delivery or installation of equipment, furnishings, operating supplies or inventory/merchandise. You must pay for construction or remodeling. You must make sure that your plans are in compliance with local building codes and regulations. You must also pay for permits and fees charged by architects or engineers. You are responsible for all aspects of construction of your **btone FITNESS** Franchised Business, including permits, construction, and installation of fixtures, equipment, signs and all other improvements, although we are available to consult with you and your contractors during the entire process. (Franchise Agreement – Section 9)

(g) Provide to you up to 20 hours of consultation by personal visit, telephone, or electronic communication, as we deem appropriate, to assist you in setting up your Studio or other assistance you may reasonably request at no additional charge. Additional consultation with be charged at our then current standard rate. (Franchise Agreement – Section 9)

(h) Provide you with 3 to 6 months of pre-opening marketing support at your cost. (Franchise Agreement – Section 9)

(i) Create a custom location page for your Studio on our website and coordinate a grand opening Public Relations campaign for the local press. (Franchise Agreement – Section 9)

(j) Loan you a copy of our Operations Manual, which may include a series of manuals, that contains mandatory and suggested operating standards, specifications, methods, reporting and procedures, and instructor training programs and methods. The Operations Manual will be in paper or any other medium capable of conveying the Operations Manual's contents. The Operations Manual is confidential and remains our property. We may amend, modify, or supplement the Operations Manuals at any time, so long as such amendments, modifications, or supplements will, in our good faith opinion, benefit us and our existing and future franchisees or will otherwise improve the System. You must comply with revised standards and procedures within 30 days after we transmit the updates. You must ensure that the Operations Manual is kept current at all times. In the event of any disputes as to the contents of the Operations Manual, the terms of the master copy maintained by us at our home office will be controlling. (Franchise Agreement – Section 9).

The Operations Manual was most recently updated in March, 2023. The Table of Contents of the Operations Manual appears as Exhibit L to this Disclosure Document. The total number of pages in our Operations Manual is 133 pages.

(k) Train you and your instructors in our system. See Training below in this Item. (Franchise Agreement - Section 13)

(l) Provide you, at no cost, with the Welcome Packet from our approved vendor, which includes your initial inventory of branded merchandise which currently consists of tank tops, sweatshirts and toe sox. (Franchise Agreement – Section 9)

Post-Opening Assistance.

During the operation of your business, we will:

(a) Continue to loan you the Operations Manual, and furnish you with any and all updates and other Manuals and training aids that are developed in the future. Any training media we make will be made available to you at our cost. (Franchise Agreement - Section 9)

(b) If requested by you, we will make our personnel available for 3 days of on-site support when you open for business at a cost of $2,500 plus the cost of their travel and living expenses. You will need to give us at least 90 days' notice of the planned opening date of your business if you wish us to provide you with opening assistance. (Franchise Agreement - Section 9)

(c) Continue to provide up to 20 hours of consultation at no additional charge to offer individual guidance and assistance, by personal visit, telephone, or electronic communication, as we deem appropriate. Additional consultation will be charged at our then-current standard consultancy rate. (Franchise Agreement - Section 9)

(d) We will schedule and offer to provide you with a monthly, one-hour phone support session during your first year of operation, at no charge. This support may be offered individually or in group sessions and will be scheduled at our discretion. (Franchise Agreement -

Section 9)

(e) If we deem it necessary or advisable, provide additional guidance and assistance by personal visit or telephone, or by newsletters, brochures, reports or bulletins or electronically. This help may include advice on maximizing sales and profits, marketing, employee training, customer service, vendor relations, equipment and facility maintenance, or any operating problems you may be experiencing. (Franchise Agreement - Section 9)

(f) Provide additional marketing support services at our then-current hourly rate. (Franchise Agreement - Section 9)

(g) Allow you to participate in programs that may be developed and offered by us on a system-wide basis to our franchisees. (Franchise Agreement - Section 9)

(h) Provide you with specimen copies of our available advertising and marketing materials which you may purchase through our approved vendor. You may also develop and use your own advertising material, but samples of all advertising, promotional and marketing materials or plans that we have not prepared or previously approved must be submitted for our approval before you use them. Any plans or materials submitted by you to us that have not been approved or disapproved, in writing, within 14 days of receipt by us, will be deemed disapproved. You may not use any advertising or promotional materials that we have disapproved. (Franchise Agreement - Section 21)

(i) Provide mandatory Instructor Training for additional instructors that you hire after completing the Initial Training program. We will charge you $500 per person for in-person training that is performed at a **btone FITNESS** affiliate studio or $2,500 per group for in-person training that is performed at your Studio. Group sessions are limited to 10 people. You are responsible for all travel and living costs associated with this training (yours or ours, depending on your location selection). (Franchise Agreement - Section 13)

(j) Provide you with additional training programs, webinars and videos that we may develop in the future. There is no charge for programs you must attend, but you must pay the costs and expenses of yourself and anyone attending with you. We may charge for optional training programs. (Franchise Agreement - Section 9)

(k) If we deem it necessary or advisable, provide you with refresher training. We will charge you $100 per hour for this training. You are responsible for all travel and living costs associated with this training (yours or ours depending on your location selection). (Franchise Agreement - Section13)

(l) As we deem appropriate, test new products, services, equipment or technologies, and if they meet our standards and specifications, we will make them available to you. (Franchise Agreement - Section 9)

(m) We will continue to host a minimum of one page on the **btone FITNESS** Internet

website with contact and other information, including class schedules specific to your Franchised Business, and provide you with no less than one e-mail address, which you must use as the Franchised Business' e-mail address. (Franchise Agreement - Section 9)

Selection of the Location of Your Studio
Either we or our designee will assist you in finding a site for your Studio. While we need to accept your chosen location, you are solely responsible for the selection of your site. Among the many factors which we or our designee will consider are: general location and immediate surroundings, market demographic characteristics, size, layout, rental and lease terms, competition and growth trends in the area. Our acceptance of a specific location does not warrant the suitability of the site or the likelihood of success of your Studio. We or our designee will notify you within 14 days if we accept your site. If you do not secure an Accepted Site for your Studio within 180 days from the date of the Reservation Agreement, we will retain your Reservation Fee in full and your right to sign a Franchise Agreement will be withdrawn. If we accept a site that you submit, a lease for that site must be signed within 60 days of our acceptance of the site or your Site Selection Consent Form expires.

While it is difficult to estimate the typical length of time between the signing of the Franchise Agreement and the opening of your Studio for business, we anticipate that the period will run approximately 90 to 180 days. Among the factors affecting the time period will be: the availability of an appropriate site; financing arrangements; meeting the requirements of local and state ordinances; and the delivery and installation of equipment, inventory, signage, and fixtures.

Marketing Fund
We provide a national or regional advertising program. We charge you $250 per month to fund it. This Fee begins when your Studio opens. The Marketing Fund is administered by our members.

We and our designees will have the sole authority to direct all advertising, marketing, and promotional programs of the Marketing Fund and will have sole discretion over all aspects of those programs, including the concepts, materials, and media used and the placement and allocation of them.

The Marketing Fund will be used, in our discretion, to pay for developing and conducting activities that we believe will enhance the goodwill associated with the Marks and the image of the **btone FITNESS** System and to pay for the administration of the Marketing Fund and its programs. The purpose of the Marketing Fund is to pool advertising money from franchised businesses and **btone FITNESS** affiliates so as to achieve greater benefits for all in promoting the trade name and Marks.

For this reason, the Marketing Fund is not obligated to make expenditures for you or any other franchisee which are equivalent or proportionate to your or another franchisee's contribution, or to ensure that any particular franchisee benefits directly or *pro rata* from the marketing or promotion conducted by the Marketing Fund.

No portion of the marketing funds collected will be used principally to sell franchises. However, a brief statement about availability of information regarding the purchase of **btone FITNESS** franchises may be included on our website and in advertising and other items produced and/or distributed using the Marketing Fund which we do not considered to constitute direct franchise marketing efforts.

The Marketing Fund may elect to assist in the marketing of franchises in otherwise weak markets, and to assist franchises that are slow to ramp up by providing additional marketing dollars.

The Marketing Fund may be used to pay for market research, media space, branding, public relations, sponsorships, partnerships, and other activities designed to promote the organization, the trade name and the Marks, as well as to pay for administrative time and expenses; travel and related miscellaneous expenses; print, radio, television, direct mail, or local in-studio promotions; conducting Internet-based advertising campaigns; utilizing social and business networking media sites and other emerging media or promotional tactics; developing, maintaining, and updating our Website on the Internet; preparing, producing and placing video, audio and written materials, electronic media and Social Media hiring public relations agencies; providing promotional and other marketing materials and services to the businesses operating under the **btone FITNESS** System, or any combination of these. We will direct all programs financed by the Marketing Fund, with sole discretion over the creative concepts and materials.

We will not use any contributions to the Marketing Fund to defray our general operating expenses, except for reasonable administrative costs and overhead we incur in activities reasonably related to the administration of the Marketing Fund or the management of Marketing Fund-supported programs (including the pro-rata amount of salaries of our personnel who devote time to Marketing Fund activities and retainers and fees for outside agencies).

All franchisees and **btone FITNESS** affiliates will contribute to the Marketing Fund on the same basis, and the expenditure of funds will be limited to advertising, promoting and marketing the goods and services offered by our System. If you are not yet contributing to the Marketing Fund you may be excluded from receiving benefits from the activities of the Marketing Fund.

In our most recent fiscal year, ending December 31, 2023, the Marketing Fund collected $27,000 and expended $121,419 as follows: 18.14% Patient Moon, training portal and website hosting, and 81.86% Online Marketing & Social Media Administration.

We will maintain separate bookkeeping accounts for the Marketing Fund and may, but will not be required to cause Marketing Fund contributions to be deposited into one or more separate bank accounts. The Marketing Fund will not be audited, however the Marketing Fund will prepare income and expense statements annually. Income and expense statements will be available to you upon written request. The Marketing Fund may spend in any fiscal year more or less than the total Marketing Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. Excess funds not spent in any given fiscal year will be carried forward to the next fiscal year. Although once established

the Marketing Fund is intended to remain in existence, we reserve the right to terminate the Marketing Fund only after all monies have been spent for advertising and promotion.

The Marketing Fund is not a trust, and we are not a fiduciary or trustee of the Marketing Fund or the monies in the Marketing Fund. However, we may, in our discretion, separately incorporate the Marketing Fund or create a Marketing Fund trust, over which we may be the trustee, into which Marketing Fund contributions may be deposited. We may place additional advertising at our own expense, but we are not obligated to do so. (Franchise Agreement - Section 21)

You may develop your own marketing and promotional materials and programs provided they are submitted to us in advance for review and approval. You must obtain our prior written approval of all advertising and promotional plans and materials that you desire to use at least 30 days before the implementation of such plans, unless such plans and materials have been previously approved by us. You may not use such plans or materials until they have been approved by us in writing and will promptly discontinue use of any advertising or promotional plans and materials upon our request. Any plans or materials submitted by you to us that have not been approved or disapproved, in writing, within 14 days of receipt by us, will be deemed disapproved.

Pre-Opening and Ongoing Marketing Programs

We will create a location page for your Studio on our website that includes the MTXplor integrated software for you to customize with your schedule, pricing and staffing information. We will also design and implement a custom marketing and ad campaign that will begin 3-6 months prior to opening (depending on your opening schedule). We will also coordinate a grand opening Public Relations campaign to coincide with your Studio opening date. Additional marketing support from our in-house marketing team will also be available at our current hourly rate.

You will not be required to spend a specified portion of your revenues on local advertising, unless the Gross Sales of your Studio does not meet minimum sales performance levels disclosed in Item 12. (Franchise Agreement - Section 7) However, we recommend that you spend at least $1,000 per month on Social Media advertising.

You agree that upon termination, transfer, or expiration of this Agreement, you will immediately remove all advertising that you control and notify all advertising sources that your advertising must be removed and/or canceled immediately. For advertising that cannot be immediately canceled, you are responsible for any and all costs related to such advertising until such time as it can be canceled or it expires. (Franchise Agreement – Section 35)

We currently do not have an advertising council composed of franchisees to advise us on our advertising policies. We may decide to implement an advertising council in the future.

We currently do not have any advertising cooperatives and have no plans to form such cooperatives in the immediate future. However, you must join and actively participate in any organizations or associations of franchisees or advertising cooperatives that we establish or that are established at our direction for the purpose of promoting, coordinating, and purchasing

advertising in local, regional, or national areas where there are multiple **btone FITNESS** Businesses. (Franchise Agreement - Section 21)

You may have as many telephone numbers and telephone directory listings for your **btone FITNESS** business as you choose. However, we will own all rights to the telephone listings, and you must transfer them to us on the expiration, termination, repurchase or transfer of your franchise, at your expense. You must sign an authorization that grants us the right to change, transfer or terminate your telephone listings, your email addresses, domain names and comparable electronic identities, on your behalf upon expiration, termination, repurchase or transfer of your franchise. (See Franchise Agreement, Transfer of Service Agreement)

Point of Sale System/Computer System
We require you to purchase Mariana Tek software (MTXplor) and use it as your Studio's management software system. The system manages class scheduling and payments, loyalty program, employee hours, and all point of sale transactions.

To run your business, you will need a Mac Desktop and Multi-function Printer (Printer/Scanner/Copier). You must also purchase end-user licenses for QuickBooks Pro on-line accounting software; current cost is estimated at $999. You may purchase the hardware and software from any source. The computer is not proprietary and does not require a maintenance, support or service contracts. The cost of a computer system varies widely but we estimate you may purchase a computer system for between $1,000 and $1,400, which includes the printer. You are responsible for purchasing and arranging delivery of this equipment with the vendor. The computer system manages your sales activities and general business operations.

You must maintain your computer system and keep it in good repair. There is no limit on our ability to require you to upgrade the system, add components and software to the system and replace components and software of the system. We cannot estimate the costs of maintaining, updating or upgrading your computer system or its components because it will depend on your repair history, local costs of computer maintenance services in your area and technological advances which we cannot predict at this time.

You must subscribe to high-speed business class Internet access through cable or DSL that we designate in our Operations Manual. The cost varies geographically from $100 to $200 to set-up and $50 to $150 per month. Your subscription to the on-line computer network will permit you to connect with our corporate office to share information, exchange ideas and transfer data. We have administrator privileges, at all times, to all your software, electronic mail, social media, marketing platforms, digital marketing and all e-commerce activities. We have the right to remotely access your computer and your Mariana Tek account to monitor your productivity and we have no limitations on our ability to do so. (Franchise Agreement- Section 10)

Internet/e-commerce
We restrict, designate, and have the right to approve, or control all of your electronic media, including Internet activities, and e-mail marketing correspondence, digital content, and electronic communications if any. This includes any websites and all Social Networking and Marketing

activities, including Twitter, Facebook, Foursquare, LinkedIn or any social media outlets. This also includes any group or social buying platforms, promotions or campaigns. You must follow the most recent rules and regulations published in our Operations Manuals or other manuals we have created regarding the upkeep and communications sent out via these channels.

You are not permitted to establish a website on the Internet using any domain name containing the words btonefitness.com, .net, .biz, .org or any other top level domain or variation thereof. We maintain the btonefitness.com Internet website (**btone FITNESS** Internet Website") and provide you with access to the Website and a page contained within **btone FITNESS** Internet Website for your Franchise. We may require that you utilize e-commerce products or services designated by us. We have the final decision concerning all information and functionality that appears on the **btone FITNESS** Internet Website and will update or modify the **btone FITNESS** Internet Website according to a schedule that we determine. By posting or submitting to us information or materials for the **btone FITNESS** Internet Website, you are representing to us that the information and materials are accurate and not misleading and do not infringe any third party's rights. You must notify us whenever any information about you or the Franchise Business on the **btone FITNESS** Internet Website changes or is not accurate.

You are required to utilize e-commerce products or services designated by us. Any digital or electronic content published must be within brand communication standards and is subject to our approval. All digital imagery bearing our Marks are subject to our approval.

Due to the speed of electronic communication, all instructions by us which are deemed to restrict, designate or control e-commerce activities must be responded to within 24 hours.

We also reserve the right to restrict, designate and have the right to approve or control any existing or future (not yet developed) Fan Page or other advertising or social networking services of the Franchised Business, including the sending of bulk e-mail, other than in accordance with the guidelines in the Operations Manual or otherwise as we specify in writing.

Franchise Agreement

The length of time between the signing your Franchise Agreement and actually opening for business should be approximately 90 to 180 days. The factors that affect this timetable are your ability to obtain financing and building permits, dealing with any applicable local zoning issues or ordinances, the speed of the contractor in performing renovations to a leased site, and unforeseeable delays in the delivery or installation of signs or equipment. Your Studio must be open and in operation within 12 months of signing the Franchise Agreement, or we have the right to terminate the Franchise Agreement.

Training

Initial Training (also referred to as "Instructor Training") is required for you and your instructors. Anyone who is required to attend the training program must complete the program to our satisfaction. We may extend the training program for anyone who fails to successfully complete it. It is recommended that anyone acting as studio manager complete training but it is not required. There is no charge for Initial Training of up to ten people in our in-person session,

as long as all trainees attend the same initial training session, but you must pay the travel and living expenses for you and your people during the training program if you elect to come to one of our affiliate locations for Initial Training. If you choose to have us come to your location, you will be responsible for the travel and living expenses of our trainer(s). Prior to opening your Studio, you and at least 2 instructors must attend and complete Initial Training. Initial Training for the remaining instructors may be scheduled over a period of time at our then-current rates (see Item 6).

Our initial training program consists of both virtual/online training and in-person training, which can be done at one of our affiliate studios in Boston, Massachusetts or at your location, once your equipment has been delivered and set up. The virtual component of the program will last for approximately 12-20 hours, including mock classes at your Studio, and the in-person component is approximately 20 hours and includes mock classes as well. Training programs are scheduled and run as needed. Your training will be scheduled so that you complete it two to six weeks before opening your business.

An outline of the initial training program is as follows:

btone FITNESS Initial Training Program

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
History of **btone FITNESS**	--	1	**btone FITNESS** affiliate studio or Franchisee's location
The Method	--	10	**btone FITNESS** affiliate studio or Franchisee's location
Exercises	8-12	--	Virtual
Group Mock Classes	--	8	**btone FITNESS** affiliate studio or Franchisee's location
Your Own Mock Classes at Your Studio	3-7	--	Virtual
Routine Building	--	1	**btone FITNESS** affiliate studio or Franchisee's location
Your Own Routine Building at Your Studio	1	--	Virtual

Total hours	12-20	20 hours	

NOTES:

(1) It is the nature of the Business that all aspects of training are integrated, that is, there are no definitive starting and stopping times.

(2) The training program is supervised by Jody Merrill and operated by trainers who are approved by the **btone FITNESS** operations team. Ms. Merrill's background information is provided in Item 2. Ms. Merrill has 13 years of experience as a fitness instructor and 13 years of experience in business management. The training program includes training by a variety of personnel including affiliate trainer Rachel Brevich Testa. Ms. Testa has 10 years of experience as a **btone Fitness** instructor and has been facilitating training for 5 years.

(3) We reserve the right to modify the length, location, and timing of Initial Training. We may waive a portion of Initial Training or alter the training schedule if we determine that your attendees have sufficient prior experience or training.

Employment Policies

Any materials, guidance or assistance that we provide concerning the terms and conditions of employment for your employees, employee hiring, firing and discipline, and similar employment-related policies or procedures, whether in the Operations Manual or otherwise, are solely for your optional consideration and use. Those materials, guidance and assistance do not form part of the mandatory System Standards. You will determine to what extent, if any, these materials, guidance or assistance should apply to your employees.

You will have sole responsibility for your employees and all acts of your employees, and all employment-related decisions including, but not limited to wages, benefits, hours of work, scheduling, hiring, firing, discipline, supervision, record keeping, taxes and withholdings, social security contributions, Medicare contributions, unemployment fund contributions and all other terms and conditions of employment. (Franchise Agreement – Section 8)

We do not exercise control and do not have the authority to control any of the essential terms and conditions of your employees' employment with you listed below:
(1) Wages, benefits, and other compensation; (2) Hours of work and scheduling; (3) The assignment of duties to be performed; (4) The supervision of the performance of duties; (5) Work rules and directions governing the manner, means, and methods of the performance of duties and the grounds for discipline; (6) The tenure of employment, including hiring and discharge; and (7) Working conditions related to the safety and health of your employees.

You must disclose to each of your employees in writing, in a form approved by us in advance, that you are the sole employer with total control over the terms and conditions of your employee's employment and that we are not a "joint employer" for the reasons cited above.

Annual Conference
We may periodically but not more than once every year conduct an Annual Conference. You are required to attend the Annual Conference, and to pay all expenses incurred in connection with attending the event including transportation cost, meals, lodging and living expenses. The duration, curriculum and location of the Annual Conference will be determined by us. Because the planning and funding of the Annual Conference must be done well in advance and requires a substantial financial commitment, we have the right to charge you up to a $1,000 Annual Conference Registration Fee for you to attend this event. We may charge this registration fee up to one year in advance invoiced and paid via EFT as part of your standard monthly billing. This fee is not refundable and will be collected even if you do not attend the Conference. If you do not attend the Annual Conference, we will do our best to make available to you through our Intranet all of the substantive training materials that were presented at the Conference.

Item 12
TERRITORY

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

Under the Development Agreement, you will receive a Development Territory, which will be mutually agreed upon by you and us. A description of the Development Territory will be attached as Addendum A to the Multiple Unit Development Agreement.

As long as you are in compliance with the Development Agreement, we will not franchise or license others, nor will we directly or indirectly develop, own, lease or operate any **btone FITNESS** Studio in the Development Area during the search period until such time as a site has been accepted as the Accepted Site pursuant to the individual Franchise Agreement.

We reserve the right to sell products and services under the Marks or any other marks, through any other channels of distribution, including the Internet. We also reserve the right to (a) establish, operate or license to any other person or entity the right to establish or operate a **btone FITNESS** Franchised Business at any location outside the Development Area; (b) develop, lease and license the use of, at any location inside or outside of the Development Area, trademarks other than the Marks, in connection with the operation of a system which offers products or services which are similar to or different from those offered under the System, on any terms or conditions which We deem advisable; (c) sell or offer, or license others to sell or offer, any products, services, or classes using the Marks or other marks through any alternative distribution channels, including, without limitation, through e-commerce, in retail businesses, via recorded media, via online videos, or via broadcast media, anywhere, including inside and outside of the Territory (d) merge with, acquire or be acquired by any other business, including a business that competes with the **btone FITNESS** Franchised Businesses operated by you, whether located inside or outside of the Development Area; (e) acquire any operating a fitness business operated

by competitors, or operated independently as part of, or in association with, any other system or chain, whether franchised or corporately owned, and convert it to the **btone FITNESS** System inside or outside of the Development Area; and (f) implement multi-area marketing programs which may allow Us, Our affiliates or other **btone FITNESS** franchisees to solicit or sell to clients anywhere, and to issue mandatory policies to coordinate these multi-area marketing programs. Upon the expiration or termination of this Agreement, You will no longer have a designated Development Area and each **btone FITNESS** Franchised Business that You opened will be limited to operating solely within the Franchisee's Designated Territory described in the individual Franchise Agreement. We will not compensate you for any of our activities, including soliciting or accepting orders in your Territory, even if they have an impact on your Business.

Continuation of your territorial rights does not depend on your achieving a certain sales volume, market penetration or other contingency. However, if you are in default of the Development Agreement (which may include, but is not limited to, a default for failing to comply with the Development Schedule) or any Franchise Agreement and fail to cure the default within the applicable cure period (if any), we may terminate the Development Agreement and your territorial rights in the Development Territory, or other remedy as provided in the Development Agreement. You will be entitled to open a Franchised Business for which a Franchise Agreement has been executed by you. Termination or expiration of the Development Agreement will not affect your right to continue to operate **btone FITNESS** Franchised Businesses that were open and operating as of the date the Development Agreement terminated or expired. There are no other circumstances in which we can unilaterally modify your territorial rights in the Development Territory. You do not receive the right of first refusal or similar rights to acquire additional franchises within your Development Agreement.

Franchise Agreement

You will be granted a designated territory which will be defined in the Franchise Agreement (the "Territory"). The Territory will be determined by locating your Franchised Business on a map, and drawing a circle around it with a defined radius. The radius of your Territory could vary depending on the demographic information/population density of the area surrounding the Accepted Site. For example, a territory could vary in size from .75 mile radius from your Accepted Site in an urban location, to a two mile radius from your Accepted Site in a suburban area, or a five mile radius from your Accepted Site in a rural area. We do not guarantee a minimum size for your Territory.

Your franchised Studio will be for the specific location in the center of the circle, and you will not be able to relocate later without our approval. If you wish to relocate you will have to meet our then-current site selection criteria, find a site that is centrally located within your new Designated Territory that does not infringe on the Territory of any other **btone FITNESS** Business, pay the Relocation Fee and sign a new Franchise Agreement.

The Territory is an exclusive territory. This means that during the term of the Franchise Agreement, provided you are not in default under the Franchise Agreement, we will not operate, or license others to operate, a Studio using the System and the Marks at any location within your Territory. The territory of another **btone FITNESS** franchisee may overlap with your Territory,

but such franchisee's Studio will not be located inside your Territory. As long as you are in compliance with the Franchise Agreement, your exclusive rights in the Territory will not be modified for any reason, except by mutual written agreement signed by both parties, and will not be dependent on achieving a certain sales volume, market penetration, or other contingency.

Reserved Rights
Among other things, we and our affiliates have the right to (a) establish or license franchises and/or company-owned studios or other facilities or businesses offering similar or identical products, services, and classes and using the System or elements of the System (i) under the Marks anywhere outside of the Territory or (ii) under names, symbols, or marks other than the Marks anywhere, including inside and outside of the Territory; (b) sell or offer, or license others to sell or offer, any products, services, or classes using the Marks or other marks through any alternative distribution channels, including, without limitation, through e-commerce, in retail businesses, via recorded media, via online videos, or via broadcast media, anywhere, including inside and outside of the Territory; (c) advertise, or authorize others to advertise, using the Marks anywhere, including inside and outside of the Territory; and (d) acquire, be acquired by, or merge with other companies with existing fitness facilities, fitness businesses, and/or Studios anywhere (including inside or outside of the Territory) and, even if such businesses are located in the Territory, (i) convert the other businesses to the **btone FITNESS** name, (ii) permit the other businesses to continue to operate under another name, and/or (iii) permit the businesses to operate under another name and convert existing Studios to such other name.

We will not compensate you for any of our activities in your Territory, even if they have an impact on your Studio.

As of the date of this Disclosure Document, we have not established other franchises or company-owned outlets or another distribution channel offering or selling similar products or services under a different trademark. Neither we nor our affiliates have established, or presently intend to establish, other franchised or company-owned businesses that offer resistance training or similar products or services under a different trade name or trademark, but we reserve the right to do so in the future without your consent.

Restriction on Rights
You do not have the right to open additional studios nor do you have any rights of first refusal on any other location. You do not receive the right to acquire additional franchises within your territory. However, you may purchase additional franchises, if available and you are in compliance with the terms of your current franchise agreements.

You do not have the right to use the Marks or the System at any location other than the Accepted Site or in any wholesale, e-commerce, or other channel of distribution besides the retail operation of the Studio at the Accepted Site. Any media advertising or direct mail marketing that you conduct must be predominantly focused within your Territory, unless we agree otherwise. There are no territorial restrictions from accepting business from customers that reside or work or are otherwise based outside of your Territory if these customers contact you, but we reserve the right to implement additional rules and restrictions regarding soliciting such customers in the future in our Operations Manual.

We reserve the right to establish guidelines concerning the acceptance and reimbursement of gift certificates, gift cards, coupons, corporate discounts, and other promotional programs as we set forth from time to time in the Manuals or otherwise in writing, including policies related to the allocation of monies when a gift certificate is purchased at one studio and redeemed at another studio. We do not have these policies or procedures in place, however, as of the date of this Disclosure Document.

We reserve the right to establish guidelines concerning the registration, acceptance and reimbursement of clients who purchase a package of classes from a studio ("Home Studio") and elect to attend a class at a studio other than their Home Studio, as set forth from time to time in the Operations Manual or otherwise in writing, including policies related to the allocation of monies when a class is purchased at the Home Studio and redeemed at another studio ("Visited Studio"). The current policy is that clients will be able to use two of their purchased classes a year at a Visited Studio. The Home Studio will arrange for class registration at the Visited Studio and the Visited studio will be compensated proportionately according to a formula detailed in the Manual.

Item 13
TRADEMARKS

You will be granted the non-exclusive right, and undertake the obligation, under the terms of the Franchise Agreement, to establish and operate a **btone FITNESS** Franchised Business under the Proprietary Marks and System. You may also use other current or future Marks that we may designate to identify the goods and services associated with the **btone FITNESS** System.

We will license to you the following trademarks that have been registered with the United States Patent and Trademark Office (the **"USPTO**") as indicated:

Mark	Registration No.	Registration Date	Principal or Supplemental Register
Btone Fitness (Word)	4,826,075	10/6/15	Principal
Slow movements. Fast results. (Word)	4,844,467	11/3/15	Principal

Our affiliate, Btone Fitness LLC ("Licensor") owns the Proprietary Marks, including the marks listed in the table above, and has granted to us license to use the Marks, and to sublicense them for the purpose of operating and franchising businesses, under a license agreement between Btone Fitness LLC and us, dated January 24, 2018. The term of the license agreement is indefinite but either we or the affiliate may terminate the license agreement with or without cause on 30 days written notice. In the event of termination, the Licensor will assume all of our rights and obligations regarding the Marks under any franchise agreements then in effect.

Our affiliate plans to file all required affidavits and renewals with the USPTO.

There are presently no effective material determinations by the USPTO, Trademark Trial and Appeal Board, or any state trademark administrator or court; and any pending infringement, opposition, or cancellation proceedings; or any pending material litigation involving our Marks.

Except for the license from Btone Fitness LLC, there are no agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to the franchise, nor are there any superior rights or infringing uses actually known to us which would materially affect your use of the Marks.

We will take all steps that we deem reasonably appropriate to preserve and protect the ownership and validity of the Marks. Any decision to protect your right to use these Marks or to protect you against claims of infringement will be made by us. Should we elect to protect the Marks or protect you against claims of infringement, we will have the right to control any administrative proceeding or litigation. If litigation involving the Marks is filed or threatened against you, or you become aware of any infringement by a third party, you must tell us promptly and cooperate with us fully in pursuing, defending or settling the litigation.

You must sign all documents requested by the Licensor, us or our counsel that are necessary to protect the Marks or to maintain their validity and enforceability. We may substitute different Marks to identify the business conducted under the **btone FITNESS** System if we can no longer use or license the Marks, or if we decide that substitution of different Marks is beneficial for the System.

If that happens, you will be responsible for your tangible costs of complying (for example, changing signs or advertising materials). You must not directly or indirectly contest our right to our Marks, trade secrets or business techniques that are part of our business.

Your Franchise Agreement provides that any use of the Marks that is not authorized is an infringement. You may not use the Marks as part of your corporate or other legal name, website address, e-mail address, domain name or other identification in any print, electronic or other medium, or with any prefix, suffix or other modifying word, term, symbol or design without our consent. All rights in, and goodwill from, the use of the Marks accrue solely to the Licensor.

You must display in a conspicuous location in or upon the Franchised Business or in a manner that we specify a sign containing the following notice or an alternative notice that we specify: "This business is owned and operated independently by [name of franchisee] who is an authorized licensed user of the trademark. **btone FITNESS** is a registered trademark owned by Btone Fitness LLC." You must include this notice or other similar language that we specify on all forms, advertising, promotional materials, business cards, receipts, letterhead, contracts, stationery, and other written materials we designate.

We are not aware of any prior superior rights or infringing uses that would materially affect your use of the Marks. We cannot prevent anyone who began using the name "**btone FITNESS**" before our use of it from continuing their use of that name in the area of prior use. The name "**btone FITNESS**" may be in use by other businesses in the United States who are not our

franchisees or in any way affiliated with us. You are responsible for finding out whether the name "**btone FITNESS**" is already being used in the Territory.

Because your telephone listings will be associated with the Marks, we will own all rights to the telephone listings, and all goodwill generated from the use of the telephone listing will inure to our benefit. See Items 9 and 11.

Item 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patent Rights
We own no rights in, or licenses to any patents or patent applications.

Copyrights
We do not own any rights in, or to, any registered copyrights that are material to the franchise.

Proprietary Information
In order to protect our reputation and goodwill and to maintain high standards of operation under the System, you must operate the Franchised Business in accordance with the standards, methods, policies, and procedures in our confidential Operations Manual or otherwise in writing. Prior to your initial training program, we will loan you one copy of the Operations Manual, or make it available to you through a password protected website, for the term of your Franchise Agreement.

You must treat the Operations Manual, and any other manuals created for or approved for use in the operation of the Franchised Business, and the information contained in the Operations Manual, as confidential, and you must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record, or otherwise reproduce these materials, in whole or in part, or otherwise make them available to any unauthorized person. The Operations Manual is and will remain our sole property and must be kept secure at all times.

You must not, during or after the term of the Franchise Agreement or Development Agreement , communicate, divulge, or use for the benefit of any other person, partnership, association, or business entity any confidential information, knowledge, or know how concerning the methods of operation of the business franchised under the Franchise Agreement Development Agreement, including the Operations Manual, and other proprietary information which may be communicated to you or of which you may be apprised by virtue of your operation under the terms of the Franchise Agreement.

Except to the extent prohibited by the laws of the state where the Franchised Business is located or where the employee lives or works, we require your General Manager to sign our then-current form of Non-Disclosure, Non-Solicitation and Non-Competition Agreement, attached as Exhibit G to this Disclosure Document. We require your employees to sign our then-current form of Confidentiality Agreement, attached as Exhibit H to this Disclosure Document.

You may compile and maintain customer lists for your Franchised Business, however, all customer lists are our proprietary information and may only be used for the normal conduct of the Franchised Business during the term of the Franchise Agreement.

Item 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

If you, as an individual, are the franchisee, you must directly supervise your **btone FITNESS** Franchised Business at all times during the first year of operation of the Studio. You must successfully complete our training program (described in Item 11) and, after completion of the training, must devote full time, energy and best efforts to the operation of the Franchised Business.

If you as the franchisee are a corporation, limited liability company, or other business entity instead of an individual, you must appoint an individual owner as your operating principal who must have authority over all business decisions related to your Franchised Business and must have the power to bind you in all dealings with us. Your operating principal must have at least a ten percent ownership interest in your business entity. You must provide us with written notice of your operating principal at least thirty days prior to opening and may not change your operating principal without our prior written approval.

If you are a business entity franchisee, you or one of your owners who have successfully completed training must directly supervise your **btone FITNESS** Franchised Business at all times during the first year of operation of the Studio. You must wait one year after beginning operation of the Studio to hire a studio manager. We have the right to approve your studio manager (if not an owner) based on our review of their relevant experience and qualifications. Anyone who owns more than 20% of the business, must attend our training program (described in Item 11), unless we provide a written waiver of that requirement. You must train every studio manager you hire according to our current requirements and standards. The studio manager is not required to have an equity interest in the franchise. You must inform us of any changes in the management or operation of your franchise.

If you purchase the Franchised Business as an individual, the Franchise Agreement may be assigned to a business entity that only operates the **btone FITNESS** Franchised Business and only if the business entity is newly organized by you and you own all of the equity and control the voting power of the stock of the corporation or business entity. An assignment is made by executing an assignment agreement in a form approved by us in which you, individually, and the business entity must be bound jointly and severally by all the provisions of the Franchise Agreement and must provide information and documentation concerning the formation of the business entity, its articles, bylaws, resolutions, stockholders, members, directors and officers to us. Further, all issued and outstanding share certificates of this corporation must bear a legend stating that the shares are bound by the terms of the Franchise Agreement. Even if the franchise is assigned to a business entity, you must continue to participate in the day-to-day operation of the Franchise. All owners of the Franchisee must personally guaranty the Franchisee's

obligations to us by signing the Guaranty, attached as Addendum C to the Franchise Agreement. All MUDA owners must personally guaranty the Developer's obligations to us by signing the Guaranty, attached as Addendum C to the Development Agreement.

If you are owned by a trust, or if your owners are owned by one or more trusts, the trusts and the beneficiaries of the trusts must sign the Guaranty. We do not require your spouse or domestic partner to sign the Franchise Agreement or Personal Guaranty but we do require that your spouse or domestic partner sign a Spousal Non-Disclosure and Non-Competition Agreement.

We require you to complete a Principal Owners' Statement, attached as Addendum D to the Franchise Agreement. The Principal Owners' Statement describes all of your owners and their interests in you. Under the Owners' Statement, we require you to identify one owner/person who has full authority to enter into agreements with us on your behalf and with whom we may direct our efforts to communicate.

People who must attend training will be identified in the Notice of Key Employees, attached as Addendum B to the Franchise Agreement. General Managers required to attend training cannot have an interest in or business relationship with any business competitive with the **btone FITNESS** concept while employed and agree to comply with the confidentiality restrictions in the Franchise Agreement.

You must maintain business times and hours as we may specify in the Operations Manual. You must maintain a competent, conscientious, and trained staff. You must take those steps as are necessary to ensure that your employees preserve good client relations; render competent, prompt, courteous and knowledgeable service; and meet our minimum standards, including attire as we reasonably require; as we may establish periodically in the Manual. You and your employees must handle all client complaints, refunds and other adjustments in a manner that will not detract from our name and goodwill.

Item 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must (1) sell or offer for sale only those products, merchandise and services as we have expressly approved for sale in writing; (2) sell or offer for sale all types of products, merchandise, and services we specify; (3) refrain from any deviation from our standards and specifications without our prior written consent; and (4) discontinue selling and offering for sale any products, merchandise, and services which we may, in our discretion, disapprove in writing at any time. You must sell all products and merchandise at retail and not sell these products and merchandise at wholesale or for re-sale. All products and merchandise sold or offered for sale at the Franchised Business must meet our then-current standards and specification, as established in the Operations Manual or otherwise in writing.

You must obtain permission from us to offer any goods and services that we have not approved. You may not engage in any business activities that compete with the services offered by us.

We have the right to establish minimum and maximum prices for the products, merchandise, and services you offer and sell. You must strictly adhere to the pricing policies we establish. We retain the right to modify the prices from time-to-time in our reasonable discretion.

We have the right to add products, services and merchandise, or to delete existing ones. There are no limits on our right to do so except that we cannot make any changes that will unreasonably increase your obligations, or place an excessive economic burden on your operation. You will be notified of changes in approved products, merchandise and services through our Operations Manual or otherwise in writing.

You must comply with all of our policies regarding advertising and promotion, including the use and acceptance of coupons, gift cards and loyalty cards. You must comply with all of our policies regarding acceptance of credit and debit cards. Except for the limitations on advertising outside of your designated territory (see Item 12), you have no restrictions on who your clients are or where they come from. However, we do have the right to impose minimum age restrictions and other requirements we deem appropriate, either for safety reasons, or to preserve the goodwill of our Marks for the benefit of all franchisees.

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 or other agreement	Summary
a. Length of the franchise term	Section 5	Term is 5 years.
b. Renewal or extension of the term	Section 6	If you are in good standing, you can renew for 3 additional 5 year terms.
c. Requirements for franchisee to renew or extend	Section 6	Give timely notice, not in default, has not received 3 or more default notices in prior term, you may be asked to sign new agreement which may have materially different terms and conditions than your original agreement, including territory and royalty, sign release,

Provision	Section in franchise or other agreement	Summary
		refresher training if required by us, renewal fee equal to 10% of the then-current franchise fee.
d. Termination by franchisee	Section 32	We haven't cured breach within 30 days after notice (subject to local state law)
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	Section 32	Failure to cure material breach within 15 days (subject to local state law).
g. "Cause" defined-curable defaults	Section 32	Having interest in a competitor, failure to make payments, failure to maintain Franchised Business according to standards, failure to submit reports, failure to follow Operations Manual, loss of leased site, failure to get permission when needed, default in other terms and covenants not separately identified.
h. "Cause" defined-non-curable defaults	Section 32	Cessation of business for 3 consecutive business days, misuse of trademark or licensed rights, repeated defaults even if cured, abandonment, deliberate understating of sales, bankruptcy, creditors attach or foreclose business property, conviction or "no contest" plea to a felony, false statements on franchise application, unauthorized transfer, failure to maintain independent contractor status with us.
i. Franchisee's obligations	Section 35	Payment of all amounts due,

Provision	Section in franchise or other agreement	Summary
on termination/non-renewal		complete de-identification, cease using Marks and proprietary information, return of Operations Manual, assignment of telephone numbers, e-mail address, etc. to us (See also Item "r" below).
j. Assignment of contract by franchisor	Section 28	We may assign to anyone we believe is able to carry out terms of contract and change our ownership or form without restriction.
k. "Transfer" by franchisee - defined	Section 28	Includes transfer of contract or assets or ownership change.
l. Franchisor approval of transfer by franchisee	Section 28	We must approve all transfers, but will not unreasonably withhold approval.
m. Conditions for franchisor approval of transfer	Section 28	You must not be in default at time of transfer, you must sign a release, the proposed transferee must meet new franchisee qualifications, sign the then-current franchise agreement and complete training, transfer fee paid.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 31	We have 60 days to match bona fide offers for your business.
o. Franchisor's option to purchase franchisee's business	Section 35	If your Franchise Agreement is terminated, we may, but are not obligated to, assume your lease and buy your inventory, supplies and equipment at fair market value.
p. Death or disability of franchisee	Section 29	May transfer franchise to spouse, heirs or relatives if they are qualified. Otherwise, your estate has 6 months to transfer

Provision	Section in franchise or other agreement	Summary
		to a qualified buyer.
q. Non-competition covenants during the term of the franchise	Section 27	No involvement with competing business is allowed anywhere in the United States (subject to state law).
r. Non-competition covenants after the franchise is terminated or expires	Sections 27 and 35	For two years after the expiration or termination of your Franchise Agreement, you and your Owners may not be involved in any Competitive Business that is (or is intended to be) located within a 10-mile radius of your former Studio or any other Studio that is operating or under development at that time (subject to state law).
s. Modification of the Agreement	Section 49	No modification generally unless agreed to in writing by both parties, but we may modify the System.
t. Integration/merger clause	Section 49	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). No other representations or promises will be binding. Nothing in the Franchise Agreement or in any other related written agreement is intended to disclaim representations made in the Franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation	Section 37	The parties must first submit the dispute to non-binding mediation (except for injunctive relief). Except for certain disputes and claims related to

Provision	Section in franchise or other agreement	Summary
		the Franchise Agreement will be settled by arbitration under the rules of the American Arbitration Association (subject to state law).
v. Choice of forum	Section 37	Arbitration must be in the county nearest our home office at the time (subject to state law).
w. Choice of law	Sections 37 and 48	Federal Arbitration Act and Massachusetts law applies (subject to state law).

MULTIPLE UNIT DEVELOPMENT AGREEMENT

Provision	Section In Development Agreement	Summary
a. Length of the franchise term	None	Not Applicable
b. Renewal or extension of the term	None	Not Applicable
c. Requirements for you to renew or extend	None	Not Applicable
d. Termination by you	None	Not Applicable
e. Termination by us without cause	None	Not Applicable
f. Termination by us with cause	Section 6	We have discretionary right to terminate the Multiple Unit Development Agreement for cause (subject to local state law). You will be entitled to open a Franchised Business for which a Franchise Agreement has been executed by you. Termination or expiration of the Development Agreement will not affect your right to continue to operate Franchised Businesses that were open and operating as of the date

Provision	Section In Development Agreement	Summary
		the Development Agreement terminated or expired.
g. "Cause" defined - curable defaults	None	Not Applicable
h. "Cause" defined – non-curable defaults	Sections 1, 4, 6, 7 and 10	Non-curable defaults include: failure to comply with the Development Schedule (including failure to meet Opening Dates); failure to perform any of your obligations under this Agreement or any individual Franchise Agreement.
i. Your obligations on termination/non-renewal	None	Termination of the Multiple Unit Development Agreement does not affect any of the Franchise Agreements that you have signed before termination.
j. Assignment of contract by us	Section 7	We may assign to anyone we believe is able to carry out terms of contract and change our ownership or form without restriction.
k. "Transfer" by you-defined	Section 7	Includes transfer of contract or assets or ownership change
l. Our approval of transfer by you	Section 7	We must approve all transfers, but will not unreasonably withhold approval
m. Conditions for our approval of transfer	Section 7	You must not be in default at time of transfer, you must sign a release, transfer fee paid.
n. Our right of first refusal to acquire your business	Section 7	We have 60 days to match bona fide offer for your business
o. Our option to purchase your business	None	Not Applicable
p. Your death or disability	None	Not Applicable

Provision	Section In Development Agreement	Summary
q. Non-competition covenants during the development term	Section 10	No involvement with competing business is allowed anywhere in the United States (subject to state law).
r. Non-competition covenants after the franchise is terminated or expires	Section 10	Two year restriction on competing business (subject to state law).
s. Modification of the agreement	Section 21	No modification generally without signed agreement, but we may modify the System.
t. Integration/merger clause	Section 22	Only the terms of the Development Agreement and the documents referred to are binding (subject to applicable state law). Any representation or promise made outside the Disclosure Document, Franchise Agreement and Development Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 20	The parties must first submit the dispute to non-binding mediation (except for injunctive relief). Most disputes and claims related to the Multiple Unit Development Agreement or our relationship will be settled by arbitration at the location of the American Arbitration Association office nearest to of our then-current principal place of business (currently New Jersey) (subject to state law).
v. Choice of forum	Section 20	The place where our principal place of business is located (currently Massachusetts) (subject to state law).
w. Choice of law	Sections 17 and 20	Federal Arbitration Act and Massachusetts law applies (subject to state law).

Item 18
PUBLIC FIGURES

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

Item 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information and 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 that 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.

Except for the information provided below, we make no actual or projected claims of potential sales, costs, income, profits or earnings of our Franchised Businesses. We do not furnish or authorize our salespersons, officers, directors or employees to furnish any oral or written information concerning any financial performance representation other than as expressly stated in this Item 19.

Background

This financial representation includes certain historical sales information for **btone FITNESS** affiliate owned Studios and franchised Studios operating under the mark "**btone FITNESS**". The **btone FITNESS** affiliate owned Studios and the franchised Studios are all substantially similar to the single unit franchise offered. As of December 31, 2023 our affiliates operate five **btone FITNESS** Studios in Massachusetts and we are reporting on four Studios, all of which have been open for a year or more. As of December 31, 2023, of the eleven franchised **btone FITNESS** Studios open, we are reporting on eight of them, that have been open for a year or more. The figures below have not been audited.

Reporting on Locations Open January 1, 2023 through December 31, 2023

Affiliate Locations:

Affiliate Location	Total Annual Gross Sales:	Gross Sales: Less Royalties and Ad Fund Fees	Gross Sales: Average Monthly	Began Operations	Average # clients a month/ week	# of TONEymachines
Wellesley MA	$488,970	$456,631	$38,052	April, 2014	1850/462	12 (Plus Rowing)
Back Bay Boston	$612,002	$572,281	$47,940	Oct 2011	2444/611	11
North End Boston	$745,809	$698,060	$58,171	Dec, 2015	2948/737	12
South Boston	$835,745	$782,600	$65,216	Sept 2017	3340/835	12

Franchised Locations:

Franchised Location	Total Annual Gross Sales:	Gross Sales: Less Royalties No Ad Fund Fees collected)	Gross Sales: Average Monthly	Began Operations	Average # clients a month/ Week*	# of TONEymachines
Waltham, MA	$398,355	$341,453	$31,204	December 2018	1692/423	11
Middleton MA	$406,102	$378,735	$31,561	April 2019	1899/474	12
Hanover, MA	$613,368	$573,565	$47,797	Sep 2019	2668/667	12
Andover, MA	$346,362	$322,580	$26,881	Aug 2019	1524/381	11
Wayland, MA	$476,300	$444,722	$37,061	Jan 2022	1960/490	11
Kingston, MA	$302,118	$280,990	$23,415	July 2022	1200/300	12

Hartford, CT	$159,732	$147,148	$12,262	May 2022	893/223	10
Hamilton, MA	$147,625	$135,767	$11,313	June 2022	632/158	8

Notes:
* Averages calculated using the period of July through December 2023.

We define the term "Gross Sales" above as the total of all revenue and income from the sale of services and products to customers of the Franchised Business less sales tax, the amount of any documented refunds, charge backs, credits and allowances approved by us give in good faith to customers.

The financial performance representation figures do not reflect the costs of sales, operating expenses or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your **btone FITNESS** Franchised Business. Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information.

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

Written substantiation of the data used in preparing the financial representation will be made available to you upon reasonable request.

Other than the financial performance representation in this Item 19, Btone Fitness Development, LLC does not make any financial performance representation. We also do not authorize our employees or representatives to make any representations either orally or in writing. If you are purchasing an existing franchise, however, we may provide you with the actual records of that business. 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 our Managing Member, Jody Merrill, Btone Fitness Development, LLC, 30 Newbury Street, 4th Floor, Boston, Massachusetts 02116, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
SYSTEMWIDE OUTLET SUMMARY FOR YEARS 2021 TO 2023

Column 1 **Outlet Type**	Column 2 **Year**	Column 3 **Outlets at the Start of the Year**	Column 4 **Outlets at the End of the Year**	Column 5 **Net Change**
Franchised	2021	5	5	0
	2022	5	8	+3
	2023	8	11	+3
Company-Owned*	2021	5	5	0
	2022	5	5	0
	2023	5	5	0
Total Outlets	2021	10	10	0
	2022	10	13	+3
	2023	13	16	+3

* We do not operate any Company-Owned outlets. The Company-owned Outlets reflected in the above chart are owned and operated in various locations in Massachusetts by our affiliates, as described in Item 1.

Table No. 2

TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2021 to 2023

Column 1 **State**	Column 2 **Year**	Column 3 **Number of Transfers**
MA	2021	0
	2022	0
	2023	1
Totals	2021	0
	2022	0
	2023	1

Table No. 3

STATUS OF FRANCHISE OUTLETS
FOR YEARS 2021 TO 2023

Col. 1 **State**	Col. 2 **Year**	Col. 3 **Outlets at Start of Year**	Col. 4 **Outlets Opened**	Col. 5 **Terminations**	Col. 6 **Non-Renewals**	Col. 7 **Reacquired By Franchisor**	Col. 8 **Ceased Operations – Other Reasons**	Col. 9 **Outlets at the End of the Year**
CA	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	1	0
	2023	0	0	0	0	0	0	0
CT	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
MA	2021	4	0	0	0	0	0	4
	2022	4	3	0	0	0	0	7
	2023	7	2	0	0	0	0	9
RI	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Totals	2021	5	0	0	0	0	0	5
	2022	5	4	0	0	0	1	8
	2023	8	3	0	0	0	0	11

Table No. 4

STATUS OF COMPANY-OWNED OUTLETS*
FOR YEARS 2021 TO 2023

Col. 1 **State**	Col. 2 **Year**	Col. 3 **Outlets at Start of the Year**	Col. 4 **Outlets Opened**	Col. 5 **Outlets Reacquired From Franchisees**	Col. 6 **Outlets Closed**	Col. 7 **Outlets Sold to Franchisees**	Col. 8 **Outlets at End of the Year**
MA	2021	5	0	0	0	0	5
	2022	5	0	0	0	0	5

	2023	5	1	0	0	1	5
Totals	2021	5	0	0	0	0	5
	2022	5	0	0	0	0	5
	2023	5	1	0	0	1	5

* We do not operate any Company-Owned outlets. The Company-owned Outlets reflected in the above chart are owned and operated in various locations in Massachusetts by our affiliates, as described in Item 1.

Table No. 5

PROJECTED OPENINGS
AS OF DECEMBER 31, 2023

Col. 1 **STATE**	Col. 2 **FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPEN**	Col. 3 **PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR**	Col. 4 **PROJECTED NEW COMPANY-OWNED OUTLETS IN THE NEXT FISCAL YEAR**
IL	1	0	0
MA	1	2	0
RI	0	0	0
SC	0	1	0
UT	1	0	0
TOTALS	3	3	0

All numbers are as of our fiscal year end.

The name, addresses and telephone numbers of our current franchisees, as of December 31, 2023 are listed in Exhibit K to this Disclosure Document. This list includes any franchisees who signed a franchise agreement prior to our last fiscal year end but had not opened their **btone FITNESS** franchise as of that date.

Also listed in Exhibit K is the name, city and state, and current business telephone number, or if unknown the last known home telephone number, of the franchises that were transferred, terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business with us during the most recently completed fiscal year or have not communicated with us within 10 weeks preceding the date of this disclosure document. If you buy this franchise,

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

In some instances, current and former franchisees sign 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 not all franchisees will be able to communicate with you.

During the last three fiscal years, no current or former franchisees have signed a confidentiality clause that restrict them from discussing with you their experience as a franchisee in our franchise system.

We have not created, sponsored or endorsed any trademark-specific franchisee organization nor have any independent franchisee organizations asked to be included in this disclosure document.

Item 21
FINANCIAL STATEMENTS

Our audited financial statement for the period ending December 31, 2023, December 31, 2022, and December 31, 2021 are attached as Exhibit B. Our fiscal year ends December 31st. We were formed on August 29, 2017.

Item 22
CONTRACTS

The following agreements are attached as exhibits to this Disclosure Document:

btone FITNESS Reservation Agreement with addendum is attached as Exhibit D.
btone FITNESS Franchise Agreement with addenda is attached as Exhibit E.
btone FITNESS Multiple Unit Development Agreement is attached as Exhibit F.
Form of Non-Disclosure, Non-Solicitation and Non-Competition Agreement is attached as Exhibit G.
Form of Confidentiality Agreement is attached as Exhibit H.
Form of Spousal Non-Disclosure and Non-Competition Agreement is attached as Exhibit I.
Form of Franchise Compliance Questionnaire is attached as Exhibit M.
Form of General Release is attached as Exhibit N.

Item 23
RECEIPTS

The last two pages of this Disclosure Document, attached as Exhibit O, are detachable documents acknowledging receipt of this Disclosure Document. Please sign and date both receipts and return one to us.

EXHIBIT A TO THE DISCLOSURE DOCUMENT

AGENT FOR SERVICE OF PROCESS AND STATE FRANCHISE ADMINISTRATORS

Our registered agent in the Commonwealth of Massachusetts:
Jody Merrill
Btone Fitness Development, LLC
30 Newbury Street, 4th Floor, Boston, Massachusetts 02116

STATE	AGENCY	PROCESS, IF DIFFERENT
California Toll-free (866) 275-2677 Email: Ask.DFPI@dfpi.ca.gov www.dfpi.ca.gov	Department of Financial Protection and Innovation Los Angeles 320 West 4th Street, Suite 750 Los Angeles, CA 90013 Sacramento 2101 Arena Blvd. Sacramento, CA 95834 San Diego 1455 Frazee Road, Suite 315 San Diego, CA 92108 San Francisco 1 Sansome Street, Suite 600 San Francisco, CA 94104	Commissioner of Financial Protection and Innovation Los Angeles 320 West 4th Street, Suite 750 Los Angeles, CA 90013 Sacramento 2101 Arena Blvd. Sacramento, CA 95834 San Diego 1455 Frazee Road, Suite 315 San Diego, CA 92108 San Francisco 1 Sansome Street, Suite 600 San Francisco, CA 94104
Hawaii	Securities Examiner 335 Merchant Street, Room 203 Honolulu, HI 96813	Commissioner of Securities 335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Franchise Division Office of Attorney General 500 South Second Street Springfield, IL 62706	
Indiana	Franchise Section Indiana Securities Division Secretary of State, Room E-111 302 W. Washington Street Indianapolis, IN 46204	Administrative Office of the Secretary of State 201 State House Indianapolis, IN 46204

STATE	AGENCY	PROCESS, IF DIFFERENT
Maryland	Office of Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2021	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2021
Michigan	Consumer Protection Division Antitrust and Franchise Franchised Business Michigan Dept of Attorney General 670 G. Mennen Williams Building 525 West Ottawa Lansing, MI 48933	
Minnesota	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198	Commissioner of Commerce Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198
New York	New York State Dept of Law Bureau of Investor Protection and Securities 28 Liberty St., 21st Floor New York, NY 10005 (212) 416-8222	Secretary of State State of New York One Commerce Plaza 99 Washington Avenue Albany, NY 12231-0001
North Dakota	Office of Securities Commissioner Fourteenth Floor 600 East Boulevard Bismarck, ND 58505	
Oregon	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 97310	
Rhode Island	Division of Securities Department of Business Regulations Bldg. 69, 1st Floor John O. Pastore Center 1511 Pontiac Avenue	

STATE	AGENCY	PROCESS, IF DIFFERENT
	Cranston, RI 02920	
South Dakota	Department of Labor and Regulation Division of Securities 124 S Euclid, Suite 104 Pierre, SD 57501	
Virginia	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Washington State Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760
Wisconsin	Securities and Franchise Registration Division of Securities 4th Floor 345 W. Washington Ave Madison, WI 53703	

EXHIBIT B TO THE DISCLOSURE DOCUMENT

BTONE FITNESS DEVELOPMENT, LLC
FINANCIAL STATEMENTS

Btone Fitness Development, LLC
Financial Statements
December 31, 2023
(Tax Basis)

Btone Fitness Development, LLC
Financial Statements
December 31, 2023

Contents

Independent Auditor's Report	1
Financial Statements	
Statement of Assets, Liabilities and Members' Equity-Tax Basis	2
Statement of Revenue and Expenses-Tax Basis	3
Statement of Cash Flows-Tax Basis	4
Footnotes to the Financial Statements	5-6

Britt & Company CPA LLC

Employee Benefit Plan Audit Quality Center
AICPA

980 Washington St., Suite 123
Dedham, MA 02026
781.320.1900
tbritt@brittcpa.com

Independent Auditor's Report

To the Owner/Directors
Btone Fitness Development, LLC

Opinion

We have audited the accompanying financial statements of Btone Fitness Development, LLC (an S corporation), which comprise the statement of assets, liabilities, and members' equity—tax basis, as of December 31, 2023, and the related statement of revenues and expenses —tax basis and statement of cash flows-tax basis, for the year 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 assets, liabilities, and members' equity of Btone Fitness Development, LLC as of December 31, 2023, and its revenues, expenses, and other changes in members' equity for the year then ended in accordance with the basis of accounting Btone Fitness Development, LLC uses for income tax purposes described in Note 2.

Basis for Opinion

We conducted our audit 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 Btone Fitness Development, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of accounting Btone Fitness Development, LLC uses for income tax purposes, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the income tax basis of accounting described in Note 2; this includes determining that the income tax basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

Member American Institute of Certified Public Accountants, Massachusetts Society of Certified Public Accountants

- 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 ABC Organization'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 Btone Fitness Development, LLC's ability to continue as a going concern for a reasonable period of time.

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

Britt & Company CPA LLC
February 27,2024
Dedham, MA

Btone Fitness Development, LLC
Statement of Assets, Liabilities and Members' Equity-Tax Basis
For the Year Ended December 31, 2023

Assets:	
Current Assets:	
Cash	$ 27,764
Total Current Assets	27,764
Other Assets:	
Intangible Assets: Goodwill	36,915
Less Accumulated Amortization	(14,766)
Total Other Assets	22,149
Total Assets	49,913
Members' Equity:	
Members' Equity	674,356
Members' Draw	(624,443)
Total Members' Equity	49,913

See accompanying notes and independent accountant's audit report

Btone Fitness Development, LLC
Statement of Revenue and Expenses-Tax Basis
For the Year ended December 31, 2023

Sales	$ 391,416
General & Administrative expenses	98,283
Net Income before Depreciation, amortization, Interest & taxes	293,133
Depreciation & Amortization	2,461
Taxes	13,675
Subtotal	16,136
Net income	276,997
Members' Equity-Beginning	397,359
Members' Equity-ending	$ 674,356

See accompanying notes and independent accountant's audit report

Btone Fitness Development, LLC
Statement of Cash Flows-Tax Basis
For the Year Ended December 31, 2023

Cash Flows from Operating Activities:	
Net Income	$ 276,997
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation & Amortization	2,462
Net Cash Provided by Operating Activities:	279,459
Cash Flows from Other Activities:	
(Increase) in Members' Draw	(265,000)
Net Increase in Cash	14,459
Cash at Beginning Year	13,305
Cash at End of Year	$ 27,764
Supplemental Disclosures	
Interest Paid (Net of Amount Capitalized)	$ -
Income Taxes Paid	$ 13,675

See accompanying notes and independent accountant's audit report

Notes to Financial Statements

Btone Fitness Development, LLC
December 31, 2023
Notes to the Financial Statements

Note 1 – Organization and Purpose

Btone Fitness Development, LLC (the "Company") was organized on August 29, 2017, under the laws of the Commonwealth of Massachusetts. The Company was formed to engage in the business of developing, marketing and selling franchises.

Note 2 – Summary of Significant Accounting Policies

The summary of significant accounting policies followed by the Company is presented to assist the reader in interpreting the financial statements and other data in this report. The financial statements and notes are representations of the Company's management who are responsible for the integrity and objectivity of the financial statements. These accounting policies conform to the income tax basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP)

Basis of Accounting
The accompanying financial statements have been prepared on the method of accounting that the Company uses for filing its federal income tax return, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). This cash basis method of accounting differs from GAAP primarily because the Company recognizes revenue when cash is received and expenses when cash is paid. GAAP requires that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services and expenses at the same time, as matching revenue. Consequently, certain revenue and expenses could be recognized in the determination of income in different reporting periods than they would be if the financial statements were prepared in conformity with GAAP.

Cash
The Company holds cash in a bank depository account. The Company considers all highly liquid debt instruments purchased with maturity of three months or less at time of purchase to be cash equivalents. For the years presented, cash consisted of balances maintained in a checking account.

Intangible Assets
Legal fees associated with startup costs for LLC along with website development costs have been capitalized. Intangible assets are subject to amortization and are being amortized on a straight line basis over five years. .

Income Taxes
The Company elects to be treated as a S corporation for Federal and State income tax reporting purposes, whereby its income or loss is passed through to its members and reportable on their respective individual tax returns. Therefore, these financial statements do not reflect a provision for corporate income tax expense or deferred tax assets and liabilities as a result of current operations. The Company's income tax filings are subject to audit by various taxing authorities. The Company's open audit periods are 2021 to 2023. The Company evaluates all significant tax positions as required by generally accepted accounting principles in the United States of America. As of December 31, 2023, the Company does not believe that have taken any tax positions that would require the recording of any additional tax liability, nor do they believe that there are any unrealized tax benefits that would increase or decrease within the next twelve months.

Use of Estimates
The preparation of financial statements in conformity with the income tax basis of accounting, which is a comprehensive basis of accounting other than accounting principles 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 disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. Accordingly, actual results could differ from those estimates.

Note 2 – Summary of Significant Accounting Policies (continued)

Impairment of Long Lived Assets
The Company reviews its long-lived assets, including intangible assets, for impairment and determines whether an event or change in facts and circumstances indicates that the carrying amount may not be recoverable. Management believes that there has been no material impairment of existing long-lived assets and accordingly, no loss has been recognized at December 31, 2023.

Revenue Recognition
The Company derives its revenues primarily from the sale of franchise agreements; royalties form franchisors and reimbursements for advertising and marketing services. Revenues are recognized when cash is received for these products or services in accordance with the method of accounting that the Company uses for filing its federal income tax return.

Note 3- Financial Instruments, Credit Risk and Concentration Risk

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash.

Cash- The Company places its cash and cash equivalents with financial institutions the Company believes to be of high credit quality. The Company maintains its cash account at one bank. The amounts on deposit at this bank are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000 through December 31, 2023. Management does not believe there is a substantial risk of loss from any potential uninsured cash balances.

Note 4- Evaluation of Subsequent Events

In accordance with the income tax basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP), management is required to consider events subsequent to the financial statement date for potential adjustment to or disclosure in the financial statements. Therefore, Management has evaluated subsequent events through February 27, 2024, the date which the financial statements were available for issue, and noted no events which met the criteria.

Btone Fitness Development, LLC
Financial Statements
December 31, 2022

Btone Fitness Development, LLC
Financial Statements
December 31, 2022

Contents

Independent Auditor's Report	1
Financial Statements	
Statement of Assets, Liabilities and Members Equity	2
Statement of Income and Members Equity	3
Statement of Cash Flows	4
Footnotes to the Financial Statements	5-6

Britt & Company CPA LLC

980 Washington St., Suite 123
Dedham, MA 02026
781.320.1900
tbritt@brittcpa.com

Employee Benefit Plan Audit Quality Center
AICPA

Btone Fitness Development, LLC
8 Edgewood Road
Harwichport, MA 02646

Independent Auditor's Report

Report on the Financial Statement

We have audited the accompanying Statement of Assets, Liabilities and Members Equity of Btone Fitness Development, LLC as of December 31, 2022, and the related Statement of Income and Members Equity and Cash Flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statement

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 the financial statement that is 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 statement. 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.

Opinion

In our opinion, the financial statements referred to presents fairly, in all material respects, the financial position of Btone Fitness Development, LLC as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America

Britt & Company CPA LLC
February 15, 2023

Member American Institute of Certified Public Accountants, Massachusetts Society of Certified Public Accountants

Btone Fitness Development, LLC
Statement of Assets, Liabilities and Members' Equity
For the Year Ended December 31, 2022

Assets:	
Current Assets:	
Cash	$ 13,305
Total Current Assets	13,305
Other Assets:	
Intangible Assets: Goodwill	36,915
Less Accumulated Amortization	(12,305)
Total Other Assets	24,610
Total Assets	37,915
Members' Equity:	
Members' Equity	397,358
Members' Draw	(359,443)
Total Members' Equity	37,915

See accompanying notes and independent accountant's audit report

Btone Fitness Development, LLC
Statement of Income and Members Equity
For the Years ended December 31, 2022

Sales	$ 244,549
General & administrative	134,800
Net income before depreciation, interest & taxes	109,749
Depreciation & Amortization	2,461
Taxes	5,000
Subtotal	7,461
Net income (loss)	102,288
Retained Earnings-beginning	295,070
Retained Earnings-ending	$ 397,358

See accompanying notes and independent accountant's audit report

Btone Fitness Development, LLC
Statement of Cash Flows
For the Year Ended December 31, 2022

Cash flows from operating activities:	
Net income (loss)	$ 102,288
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation & amortization	2,461
Net cash provided by operating activities:	2,461
Cash flows from other activities:	
(Increase) in members' draw	(179,500)
Net increase (decrease) in cash	(74,751)
Cash at beginning year	88,056
Cash at end of year	$ 13,305
Supplemental Disclosures	
Interest paid (net of amount capitalized)	$ -
Income taxes paid	$ -

See accompanying notes and independent accountant's audit report

Notes to Financial Statements

Btone Fitness Development, LLC
December 31, 2022
Notes to the Financial Statements

Note 1 – Organization and Purpose

Btone Fitness Development, LLC (the "Company") was organized on August 29, 2017, under the laws of the Commonwealth of Massachusetts. The Company was formed to engage in the business of developing, marketing and selling franchises.

Note 2 – Summary of Significant Accounting Policies

The summary of significant accounting policies followed by the Company is presented to assist the reader in interpreting the financial statements and other data in this report. The financial statements and notes are representations of the Company's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America ("GAAP") and have been consistently applied in the preparation of the financial statements.

Financial Statement Presentation
Btone Fitness Development, LLC prepares its financial statements in accordance with generally accepted accounting principles (GAAP). This basis of accounting involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when a liability has been incurred

Cash
The Company holds cash in a bank depository account. The Company considers all highly liquid debt instruments purchased with maturity of three months or less at time of purchase to be cash equivalents. For the years presented, cash consisted of balances maintained in a checking account.

Intangible Assets
In accordance with generally accepted accounting principle ASU-2014-02, legal fees associated with startup costs for LLC along with website development costs have been capitalized. Intangible assets are subject to amortization and are being amortized on a straight line basis over five years. .

Income Taxes
The Company elects to be treated as a S corporation for Federal and State income tax reporting purposes, whereby its income or loss is passed through to its members and reportable on their respective individual tax returns. Therefore, these financial statements do not reflect a provision for corporate income tax expense or deferred tax assets and liabilities as a result of current operations. The Company's income tax filings are subject to audit by various taxing authorities. The Company's open audit periods are 2020 to 2022. The Company evaluates all significant tax positions as required by generally accepted accounting principles in the United States of America. As of December 31, 2022, the Company does not believe that have taken any tax positions that would require the recording of any additional tax liability nor do they believe that there are any unrealized tax benefits that would increase or decrease within the next twelve months.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. Accordingly, actual results could differ from those estimates.

Impairment of Long Lived Assets
The Company reviews its long-lived assets, including intangible assets, for impairment and determines whether an event or change in facts and circumstances indicates that the carrying amount may not be recoverable under GAAP. Management believes that there has been no material impairment of existing long-lived assets and accordingly, no loss has been recognized at December 31, 2022.

Revenue Recognition

The Company derives its revenues primarily from the sale of franchise agreements; royalties form franchisors and reimbursements for advertising and marketing services. Revenues are recognized when control of these products or services is transferred to its customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those products and services. The Company does not have any significant financing components as payment is received at or shortly after the point of sale. Costs incurred to obtain a contract will be expenses as incurred when the amortization period is less than a year.

Note 3- Financial Instruments, Credit Risk and Concentration Risk

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash.

Cash- The Company places its cash and cash equivalents with financial institutions the Company believes to be of high credit quality. The Company maintains its cash account at one bank. The amounts on deposit at this bank are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000 through December 31, 2022. Management does not believe there is a substantial risk of loss from any potential uninsured cash balances.

Note 4- Evaluation of Subsequent Events

In accordance with GAAP, management is required to consider events subsequent to the financial statement date for potential adjustment to or disclosure in the financial statements. Therefore, Management has evaluated subsequent events through February 15, 2023, the date which the financial statements were available for issue, and noted no events which met the criteria.

Btone Fitness Development, LLC
Financial Statements
December 31, 2021

Btone Fitness Development, LLC
Financial Statements
December 31, 2021

Contents

Independent Auditor's Report	1
Financial Statements	
Statement of Assets, Liabilities and Members' Equity	2
Statement of Income & Members' Equity	3
Statement of Cash Flows	4
Footnotes to the Financial Statements	5-6

Britt & Company CPA LLC

980 Washington St., Suite 123
Dedham, MA 02026
781.320.1900
tbritt@brittcpa.com

Employee Benefit Plan Audit Quality Center
AICPA

Independent Auditor's Report

Btone Fitness Development, LLC
22 Mystic River Road
Medford, MA 02155

Report on the Financial Statement

We have audited the accompanying Statement of Assets, Liabilities and Members Equity of Btone Fitness Development, LLC as of December 31, 2021, and the related Statement of Income and Members Equity and Cash Flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statement

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 the financial statement that is 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 statement. 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 reasonable basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to previously presents fairly, in all material respects, the financial position of Btone Fitness Development, LLC as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America

Britt and Company CPA LLC
Dedham, MA
February 15, 2022

Member American Institute of Certified Public Accountants, Massachusetts Society of Certified Public Accountants

Btone Fitness Development, LLC
Statement of Assets, Liabilities and Members' Equity
December 31, 2021

Assets:	
Current Assets:	
Cash	$ 88,056
Total Current Assets	88,056
Other Assets:	
Intangible Assets: Goodwill	36,915
Less Accumulated Amortization	(9,844)
Total Other Assets	27,071
Total Assets	115,127
Total Liabilities	-
Members' Equity:	
Members' Equity:	295,070
Members' Draw	(179,943)
Total Members' Equity	115,127
Total Liabilities & Members' Equity	$ 115,127

See accompanying notes and independent accountant's audit report

Btone Fitness Development, LLC
Statement of Income and Members' Equity
For the Year ended December 31, 2021

Marketing Fees Revenue	$ 100,000
Royalties Fees from Franchised Stores	108,023
Total Revenue	208,023
General & Administrative Expenses	93,687
Net Income Before Depreciation, Interest & Taxes	114,336
Depreciation & Amortization	2,461
Net Income	111,875
Members' Equity-Beginning	180,695
Additional Paid in Capital	2,500
Member' Equity-Ending	$ 295,070

See accompanying notes and independent accountant's audit report

Btone Fitness Development, LLC
Statements of Cash Flows
For the Years Ended December 31, 2021

Cash flows from operating activities:		
Net income	$	111,875
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation & amortization		2,461
Net cash provided by operating activities:		114,336
Cash flows from other activities:		
Increase in capital contribution		2,500
(Increase) in members' draw		(40,000)
Net increase in cash		76,836
Cash at beginning year		11,220
Cash at end of year	$	88,056
Supplemental Disclosures		
Interest paid (net of amount capitalized)	$	-
Income taxes paid	$	-

See accompanying notes and independent accountant's audit report

Btone Fitness Development, LLC
December 31, 2021
Notes to the Financial Statements

Note 1 – Organization and Purpose

Btone Fitness Development, LLC (the "Company") was organized on August 29, 2017, under the laws of the Commonwealth of Massachusetts. The Company was formed to engage in the business of developing, marketing and selling franchises.

Note 2 – Summary of Significant Accounting Policies

The summary of significant accounting policies followed by the Company is presented to assist the reader in interpreting the financial statements and other data in this report. The financial statements and notes are representations of the Company's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America ("GAAP") and have been consistently applied in the preparation of the financial statements.

Financial Statement Presentation
Btone Fitness Development, LLC prepares its financial statements in accordance with generally accepted accounting principles (GAAP). This basis of accounting involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when a liability has been incurred

Cash
The Company holds cash in a bank depository account. The Company considers all highly liquid debt instruments purchased with maturity of three months or less at time of purchase to be cash equivalents. For the years presented, cash consisted of balances maintained in a checking account.

Intangible Assets
In accordance with generally accepted accounting principle ASU-2014-02, legal fees associated with startup costs for LLC along with website development costs have been capitalized. Intangible assets are subject to amortization and are being amortized on a straight line basis over five years. .

Income Taxes
The Company elects to be treated as a S corporation for Federal and State income tax reporting purposes, whereby its income or loss is passed through to its members and reportable on their respective individual tax returns. Therefore, these financial statements do not reflect a provision for corporate income tax expense or deferred tax assets and liabilities as a result of current operations. The Company's income tax filings are subject to audit by various taxing authorities. The Company's open audit periods are 2019 to 2021. The Company evaluates all significant tax positions as required by generally accepted accounting principles in the United States of America. As of December 31, 2021, the Company does not believe that have taken any tax positions that would require the recording of any additional tax liability nor do they believe that there are any unrealized tax benefits that would increase or decrease within the next twelve months.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. Accordingly, actual results could differ from those estimates.

Impairment of Long Lived Assets
The Company reviews its long-lived assets, including intangible assets, for impairment and determines whether an event or change in facts and circumstances indicates that the carrying amount may not be recoverable under GAAP. Management believes that there has been no material impairment of existing long-lived assets and accordingly, no loss has been recognized at December 31, 2021.

Revenue Recognition

The Company derives its revenues primarily from the sale of franchise agreements; royalties form franchisors and reimbursements for advertising and marketing services. Revenues are recognized when control of these products or services is transferred to its customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those products and services. The Company does not have any significant financing components as payment is received at or shortly after the point of sale. Costs incurred to obtain a contract will be expenses as incurred when the amortization period is less than a year.

Note 3- Financial Instruments, Credit Risk and Concentration Risk

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash.

Cash- The Company places its cash and cash equivalents with financial institutions the Company believes to be of high credit quality. The Company maintains its cash account at one bank. The amounts on deposit at this bank are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000 through December 31, 2021. Management does not believe there is a substantial risk of loss from any potential uninsured cash balances.

Note 4- Evaluation of Subsequent Events

In accordance with GAAP, management is required to consider events subsequent to the financial statement date for potential adjustment to or disclosure in the financial statements. Therefore, Management has evaluated subsequent events through February 15, 2022, the date which the financial statements were available for issue, and noted no events which met the criteria.

EXHIBIT C TO THE DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDA

ADDENDUM TO THE BTONE FITNESS DEVELOPMENT, LLC
DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF CALIFORNIA

Risk Notice:

1. Franchisee must also sign a personal guaranty, making your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty will place your and your spouse's marital and personal assets at risk if your franchise fails.

The following paragraphs are added at the end of Item 17 of the Disclosure Document pursuant to regulations promulgated under the California Franchise Investment Law:

1. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise be delivered together with the disclosure document.

2. In California the highest interest rate permitted by law is ten percent (10%).

3. Neither the Franchisor nor any person or franchise broker in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

4. California Business and Professions Code 20000 through 20043 provide rights to franchisees concerning termination or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

5. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law. (11 U.S.C.A. Sec. 101 et seq.).

6. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the respective Agreement. This provision may not be enforceable under California law.

7. The Franchise Agreement requires binding arbitration. The arbitration is to occur in Massachusetts with the costs being borne by the non-prevailing party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California. This provision may not be enforceable under generally applicable contract defenses such as fraud, duress or unconscionability.

8. The franchise agreement requires application of the laws of the Commonwealth of Massachusetts. This provision may not be enforceable under California law.

9. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

10. You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

11. Any condition, stipulation or provision in the Franchise Agreement and Development Agreement which would result in your waiver of compliance with any provision of the California Franchise Relations Act is void to the extent that such provision violates such law.

12. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENTOF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dbo.ca.gov.

13. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

14. "The earnings claims figure(s) does (do) not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or former franchisees, listed in the offering circular, may be one source of this information."

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

ADDENDUM TO THE BTONE FITNESS DEVELOPMENT, LLC FRANCHISE DISCLOSURE DOCUMENT

REQUIRED BY THE STATE OF ILLINOIS

THIS DISCLOSURE DOCUMENT AND THE FRANCHISE AGREEMENT ARE SUBJECT TO THE ILLINOIS FRANCHISE DISCLOSURE ACT OF 1987.

Risk Notices:

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

2. You must make minimum advertising contributions regardless of your sales levels. Your inability to make these payments may result in termination of your franchise and loss of your investment.

3. You must purchase all or nearly all inventory & supplies necessary to operate your business from franchisor, its affiliates or from suppliers that franchisor designates at prices that may be higher than you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your business.

4. You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

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

Illinois law governs the Franchise Agreement.

The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition:

Item 5 of the FDD is amended to also include the following: "We defer the payment of all initial franchise and development fees paid by you to us until we have performed all pre-opening obligations and you are open for business."

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.

Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act **or** any other law of Illinois is void.

ADDENDUM TO THE BTONE FITNESS DEVELOPMENT, LLC FRANCHISE DISCLOSURE DOCUMENT FOR COMMONWEALTH OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for BTONE FITNESS DEVELOPMENT, LLC for use in the Commonwealth of Virginia shall be amended as follows:

The following statements are added to Item 17.h under the subheading Franchise Agreement of the Virginia Disclosure Document:

> "Pursuant to Section 13.1.564 of the Virginia Franchising Act, it is unlawful for a franchisor to cancel a franchise agreement without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause" as that term may be defined in the Virginia Retail Franchising Act or laws of Virginia, that provision may not be enforceable."

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

ADDENDUM TO BTONE FITNESS DEVELOPMENT, LLC
FRANCHISE DISCLOSURE DOCUMENT

REQUIRED BY THE STATE OF RHODE ISLAND

RHODE ISLAND LAW MODIFICATIONS

1. The Rhode Island Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Rhode Island law, including the Franchise Investment Act, R.I. Gen. Law. Ch. 395 Sec. 19-28.1-1 — 19-28.1-34. To the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. If the Franchise Agreement requires litigation to be conducted in a forum other than the State of Rhode Island, the requirement is void under Rhode Island Franchise Investment Act Sec. 19-28.1-14.

b. If the Franchise Agreement requires that it be governed by a state's law, other than the State of Rhode Island, to the extent that such law conflicts with Rhode Island Franchise Investment Act it is void under Sec. 19-28.1-14.

c. If the Franchisee is required in the Franchise Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act, such release shall exclude claims arising under the Rhode Island Franchise Investment Act, and such acknowledgements shall be void with respect to claims under the Act.

2. Section 19-28.1-8 of the Rhode Island Franchise Investment Act requires a franchisor to give you a copy of the Franchise Disclosure Document at the earlier of: (i) the first personal meeting; (ii) 10 business days before the execution of the franchise agreement; or (iii) 10 business days before the payment of any consideration that relates to the franchise relationship.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Rhode Island Franchise Investment Act, with respect to each such provision, are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

EXHIBIT D TO THE DISCLOSURE DOCUMENT

BTONE FITNESS DEVELOPMENT, LLC
RESERVATION AGREEMENT

btone FITNESS Reservation Agreement

Date: _____
Name: _____
Street: _____
City, State, Zip: _____
Search Area: _____

Btone Fitness Development, LLC ("btone FITNESS") hereby accepts the sum of Five Thousand Dollars ($5,000.00) from _____ ("me" or "I") as a reservation fee to be applied against the total franchise fee of Fifty Thousand Dollars ($50,000.00) for the purchase of a btone FITNESS boutique fitness studio to be operated in the Search Area of: _____.

Once I complete the Site Selection Consent Form, attached as Addendum A, submitting a site to btone FITNESS for acceptance by btone FITNESS the ("Accepted Site"), then this Five Thousand Dollar ($5,000.00) Reservation Fee will be applied in full toward the non-refundable Initial Franchise Fee required by the Franchise Agreement ("Franchise Agreement"). If I cannot locate a site agreeable to both parties within the time period required below, then this Reservation Agreement will terminate. In that event, I will execute and deliver to btone FITNESS, general releases of any and all claims that I may have against btone FITNESS and its affiliates, and the respective managers, officers, employees and agents of btone FITNESS and its affiliates, in form and substance satisfactory to btone FITNESS.

I understand that upon execution of this Reservation Agreement and payment of my Reservation Fee, btone FITNESS will assist me with site selection and lease negotiations, although I alone will assume the ultimate responsibility for the site selected, as well as the negotiations of my lease.

I must seek the acceptance from btone FITNESS for the proposed site before I sign any lease or otherwise obligate myself to a landlord. In furnishing acceptance, btone FITNESS will consider general location and immediate surroundings, market demographic characteristics, size, layout, rental and lease terms, competition and growth trends in the area. btone FITNESS will notify me within fourteen (14) days of receiving my Site Selection Consent form if they accept or reject my site. If I do not secure an Accepted Site for my Studio within one hundred eighty (180) days from the date of the Reservation Agreement, I understand that I will forfeit my Reservation Fee in full and my right to sign a Franchise Agreement will be withdrawn. If btone FITNESS accepts a site that I submit, I understand that a lease for that site must be signed within sixty (60) days of acceptance of the site or my Site Selection Consent Form expires. I understand I must execute the lease simultaneously with the Franchise Agreement.

I understand once an Accepted Site has been found, I must send btone FITNESS initial space plans and other materials btone FITNESS may request. Once btone FITNESS accepts the initial

space plans in writing (which includes acceptance via e-mail), I must provide btone FITNESS with a copy of the proposed lease/sublease for review before I sign it. btone FITNESS'S review will be limited to ensuring that the terms of the lease/sublease are consistent with its rights under the terms of your Franchise Agreement. I must receive a signed Site Selection Consent form from btone FITNESS before executing my lease/sublease for the Franchised Business and before I apply for any permits. I Once I have signed the lease, I must furnish btone FITNESS with a fully executed copy of the lease. btone FITNESS's acceptance of a site does not constitute a representation or warranty that the location will be profitable or that my sales will attain any predetermined levels. Acceptance is intended only to indicate that the proposed site meets the minimum criteria for identifying sites. I agree that btone FITNESS' acceptance or refusal to accept a proposed site will not impose any liability or obligation on btone FITNESS. I understand I may not begin construction without a signed Franchise Agreement and written authorization from btone FITNESS that the final plans and specifications have been accepted.

I understand that in no event will btone FITNESS assume in any manner, or otherwise be responsible for, my lease. btone FITNESS will not guarantee, co-sign or in any other way guarantee performance of any lease.

I hereby acknowledge that I have received the btone FITNESS Franchise Disclosure Document at least fourteen (14) days prior to the date on which this Reservation Agreement is executed, and that I have received an executed copy of this Reservation Agreement containing an acknowledgment of receipt of the Five Thousand Dollar ($5,000.00) Reservation Fee.

Signature: _____
Name: _____
Date: _____

Receipt of Five Thousand Dollars ($5,000.00) is acknowledged:

Btone Fitness Development, LLC

By: _____
Date:_____
Authorized Principal

SITE SELECTION CONSENT FORM

Site Location: _____

As set out in the Reservation Agreement, Btone Fitness Development, LLC will assist with site selection. This consent process is intended to allow the franchisee to make, with some assistance, his or her own informed decisions regarding the location. Consent from Btone Fitness Development, LLC is required prior to signing a lease or any other obligation to a landlord. Once the signed Site Selection Consent Form, indicating acceptance by Btone Fitness Development, LLC, is received by franchisee, a lease must be signed within sixty (60) days or this Site Selection Consent Form expires.

Franchisee Name:_____

Franchisee Signature: _____

Date: _____

- ☐ _____Btone Fitness Development, LLC gives consent to the location and lease business terms.
- ☐ _____ Btone Fitness Development, LLC gives consent to the location and lease business terms, but note the criteria deemed to be deficient (explanation below).
- ☐ _____Btone Fitness Development **does not** consent to the location and lease business terms (explanation below).

BTONE FITNESS DEVELOPMENT, LLC

By: _____
Date: _____

Location Criteria:

- Demographics
- Population
- Location in relation to competition
- Location of affiliates and other franchisees
- Visible exposure of studio
- Foot and vehicle traffic of building and space
- Accessibility of building and space
- Square footage of space
- Noise within space and building and outside
- Layout and planned buildout of space
- Esthetic quality and value of interior and exterior of building and space
- HVAC and electrical capacities
- Viability of studio in relation to costs of leasing or purchasing the space
- Parking availability for employees and customers
- Date space will be available for franchisee
- Date of grand opening
- Level of franchisee's control over buildout, design, materials, etc.
- Signage placement
- other

Explanation: _____

_____

_____

_____

EXHIBIT E TO THE DISCLOSURE DOCUMENT

BTONE FITNESS DEVELOPMENT, LLC
FRANCHISE AGREEMENT

BTONE FITNESS DEVELOPMENT, LLC

FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

TABLE OF CONTENTS

	PAGE
1. INCORPORATION OF RECITALS	**6**
2. GRANT OF FRANCHISE	**6**
3. GRANT OF LICENSED RIGHTS	**7**
4. TERRITORY	**7**
5. TERM	**8**
6. RENEWAL	**8**
7. FRANCHISEE'S PAYMENTS	**9**
8. BUSINESS RELATIONSHIP	**11**
9. SERVICES TO BE PERFORMED BY FRANCHISOR	**13**
10. LIMITATIONS ON RIGHTS EXTENDED TO FRANCHISEE	**16**
11. VARIATIONS IN STANDARDS	**19**
12. KEY EMPLOYEES	**20**
13. FRANCHISOR TRAINING PROGRAM	**20**
14. NOTICES AND APPROVAL OF OPENING	**22**
15. EQUIPMENT, COMPUTERS, SIGNS AND FURNISHINGS	**23**
16. RELOCATION	**23**
17. OPERATION OF THE FRANCHISED BUSINESS	**23**
18. PROPRIETARY INFORMATION	**26**
19. MARKS	**27**
20. MODIFICATION OF THE SYSTEM	**28**
21. ADVERTISING AND PROMOTIONS	**29**

22. FINANCIAL INFORMATION, AUDITS **31**

23. INDEMNIFICATION; INSURANCE **32**

24. BUSINESS ORGANIZATION AND PERSONAL GUARANTY(S) **33**

25. COVENANTS OF NON-SOLICITATION, NON-DISCLOSURE AND NON-COMPETITION **35**

26. CONFIDENTIALITY **38**

27. NON-DISCLOSURE AND NON-COMPETITION AGREEMENTS **39**

28. ASSIGNMENT; CONDITIONS AND LIMITATIONS **39**

29. DEATH, DISABILITY OR PERMANENT INCAPACITY OF FRANCHISEE **42**

30. OPERATION OF FRANCHISED BUSINESS IN THE EVENT OF ABSENCE, INCAPACITY OR DEATH **43**

31. FRANCHISOR RIGHT OF FIRST REFUSAL **43**

32. TERMINATION **44**

33. STEP IN RIGHTS **48**

34. CROSS-DEFAULT **48**

35. OBLIGATIONS OF FRANCHISEE UPON TERMINATION OR EXPIRATION **49**

36. NOTICES **51**

37. DISPUTE RESOLUTION **51**

38. REMEDIES **53**

39. REMEDIES CUMULATIVE **54**

40. LIMITATIONS OF CLAIMS **54**

41. INJUNCTIVE RELIEF **55**

42. DAMAGES AND WAIVER OF JURY TRIAL **55**

43. ENFORCEMENT COSTS AND EXPENSES **56**

44. NO RIGHT TO SET OFF **56**

45. WAIVER **56**

46. CONSENTS **56**

47. JOINT AND SEVERAL OBLIGATION **56**

48. GOVERNING LAW; CONSENT TO VENUE AND JURISDICTION **57**

49. ENTIRE AGREEMENT; MODIFICATION **57**

50. SEVERABILITY **58**

51. CONSTRUCTION **58**

52. HEADINGS **58**

53. GENDER **58**

54. COUNTERPARTS **58**

55. SPECIAL REPRESENTATIONS **58**

56. EFFECTIVE DATE **59**

SIGNATURES

LIST OF ADDENDA
A Franchisee's Designated Territory
B Notice of Key Employees
C Guaranty Agreement
D Principal Owner's Statement
E Acknowledgement Clause
F Lease Addendum
G Electronic Funds Transfer Agreement

OTHER
Telephone Transfer Agreement

BTONE FITNESS DEVELOPMENT, LLC

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "Agreement") is made at Boston, Massachusetts, this _____ day of _____, 20___, by and between Btone Fitness Development, LLC, (hereinafter referred to as "We," "Us," "Our" or "Franchisor"), a Massachusetts limited liability company with its principal place of business at 30 Newbury Street, 4th Floor, Boston, Massachusetts 02116 and _____ with its principal address at _____, (hereinafter referred to as "You," "Your," or "Franchisee") and, if Franchisee is a partnership, corporation, trust, or limited liability company, including each of its partners, shareholders, trustees, or members.

RECITALS

1. We and Our affiliates have developed a system for establishing, operating and marketing a boutique fitness studio offering resistance training to residents of the community under the trade name and/or trademark "**btone FITNESS**" and are currently marketing and selling franchises under that name and/or mark;

2. Through the expenditure of time, effort and money, We have acquired unique experience, special skills, techniques and knowledge, marks, concepts, and proprietary information and have created and developed a unique business system for operating a fitness studio offering resistance training with slow, controlled movements ("Franchisor's System" or "System"), which System includes standards, specifications, methods, procedures, techniques, know-how, management directives, identification schemes, and proprietary marks and information in connection with the operation of the **btone FITNESS** business ("System Standards"), which System Standards may be further developed by Us;

3. Our System is used in connection with the name **btone FITNESS**, **btone FITNESS** design trademark, other trademarks, service marks, trade names and trade symbols, trade dress, signs, slogans, logos, designs, emblems, URLs, domain names, website addresses, email addresses, digital cellular addresses, wireless web addresses and the like ("e-marks") and copyrights (hereinafter referred to collectively as "Marks"), as We have adopted and designated, or may subsequent to the date of this Franchise Agreement acquire and/or develop and designate for use by You in connection with Our System ("Licensed Rights");

4. We are a licensee of the Licensed Rights, together with all the goodwill connected to and/or with such rights, and have the right to license such rights to franchisees on behalf of the ultimate rights owner. As between the parties to this Agreement, we are and shall remain at all times the owner of the Licensed Rights and all goodwill connected to and/or with such rights, subject to certain restrictions and obligations;

5. All of the enumerated Licensed Rights are recognized by the public as distinctive and valuable, and You recognize the potential benefits to be derived from being associated with and licensed by Us and from utilizing Our Licensed Rights as We make available to Our franchisees through and under franchise agreements;

6. By establishing and maintaining uniformity and high standards of quality and service, We have developed an excellent reputation and significant goodwill with the public with respect to the products and services available through **btone FITNESS** businesses, which will continue to be a major benefit to Us and those associated with Us;

7. You desire to use Our System, Marks and goodwill to establish and operate a **btone FITNESS** franchised business in the territory described, and upon the terms and conditions set forth in, this Franchise Agreement;

8. The terms and conditions of this Agreement are reasonably necessary to maintain Our uniform standards of quality and service and to protect the goodwill of Our Licensed Rights;

9. You acknowledge and agree that, in the administration of this Agreement and in taking actions with respect to Our relationship with You, We must take into account the needs of the System, and the effect upon the System as a whole, and the need to protect the Marks for the benefit of the System; and

10. The territory described in Addendum A to this Agreement is being made available by Us as a territory for a **btone FITNESS** franchised business ("Territory" or "Designated Territory").

In consideration of the respective representations, warranties, covenants and agreements contained in this Agreement, the parties agree as follows:

1. The Recitals are incorporated herein by reference.

2. GRANT OF FRANCHISE

On the terms and conditions of this Agreement, We hereby grant to You the right to establish and operate a **btone FITNESS** franchise (the “Studio”, “Franchise” or “Franchised Business”) and to use the Licensed Rights associated with the Franchised Business and developed by Us. The Franchise is granted for the area set out in the attached Addendum A to this Agreement, entitled Franchisee's Designated Territory.

The Franchised Business described in this Section will service an area more particularly described in Section 4 of this Agreement.

3. GRANT OF LICENSED RIGHTS

(a) Subject to the terms and conditions of this Agreement, We grant to You the right to use Our Licensed Rights in the establishment and operation of the Franchised Business. You acknowledge Our right (except for certain rights granted under existing and future license agreements) to use **btone FITNESS** Marks in connection with the products and services to which they are or may be applied by Us, and represent, warrant and agree that, neither during the term of this Agreement nor after its expiration or other termination, shall You directly or indirectly contest, or aid in contesting, the validity or ownership of the Licensed Rights, or take any action whatsoever in derogation of the rights claimed by Us in this Agreement.

(b) Nothing contained in this Agreement shall be construed to vest in You any right, title or interest in or to the Licensed Rights, the goodwill now or hereafter associated with such rights, other than the rights and license expressly granted to You in this Agreement. Any and all goodwill associated with or identified by the Licensed Rights shall inure directly and exclusively to Our benefit and is Our property.

(c) No advertising or other use of the **btone FITNESS** Marks by You shall contain any statement or material which, in Our sole judgment, We consider to be in bad taste or inconsistent with **btone FITNESS**' public image, or tends to bring disparagement, ridicule or scorn upon Us or Our affiliates or successors or the **btone FITNESS** Marks, or diminish Our associated goodwill. You shall not make any use of the **btone FITNESS** Marks or any advertising material that We have disapproved for any of the reasons set forth in this Section.

(d) You shall adopt and use **btone FITNESS'** Licensed Rights only in the manner expressly approved by Us.

4. TERRITORY

(a) You shall have the right to operate a **btone FITNESS** Franchised Business, and to use the Licensed Rights at a specific address and location ("Accepted Site").

(b) You acknowledge and warrant that Our acceptance of the Franchised Business location does not constitute a guarantee, recommendation, or endorsement by Us of the location selected and that the success of the Franchised Business depends upon Your abilities as an independent businessperson.

(c) You shall have the right to establish and operate a **btone FITNESS** Franchised Business at the Accepted Site, and to use the Licensed Rights in the Designated Territory, as more specifically identified in Addendum A to this Agreement. We will not grant to others (nor reserve unto ourselves except as specified in this Agreement) the right to operate a brick and mortar **btone FITNESS** business within Your Designated Territory. The territory of another **btone FITNESS** franchisee may overlap with Your Designated Territory, but such franchisee's Studio will not be located inside Your Designated Territory.

(d) As long as You are in compliance with all terms and conditions of this Agreement, We may not otherwise alter Your Designated Territory, as it is defined in Addendum A to this Agreement.

(e) You agree that You will not sell product nor perform services outside of Your Designated Territory without Our prior written approval. Except for the limitations on advertising and marketing outside of Your designated Territory, You have no restrictions on who Your customers are or where they come from.

Notwithstanding the provisions above, We specifically reserve the right to (a) establish or license franchises and/or company-owned studios or other facilities or businesses offering similar or identical products, services, and classes and using the System or elements of the System (i) under the Marks anywhere outside of the Territory or (ii) under names, symbols, or marks other than the Marks anywhere, including inside and outside of the Territory; (b) sell or offer, or license others to sell or offer, any products, services, or classes using the Marks or other marks through any alternative distribution channels, including, without limitation, through e-commerce, in retail businesses, via recorded media, via online videos, or via broadcast media, anywhere, including inside and outside of the Territory; (c) advertise, or authorize others to advertise, using the Marks anywhere, including inside and outside of the Territory; and (d) acquire, be acquired by, or merge with other companies with existing fitness facilities, fitness businesses, and/or Studios anywhere (including inside or outside of the Territory) and, even if such businesses are located in the Territory, (i) convert the other businesses to the **btone FITNESS** name, (ii) permit the other businesses to continue to operate under another name, and/or (iii) permit the businesses to operate under another name and convert existing Studios to such other name.

5. TERM

The term of this Agreement shall commence on the date first set forth above and shall continue for a term expiring upon the date five (5) years following, unless earlier terminated pursuant to the terms of Section 32 of this Agreement.

6. RENEWAL

You may renew the franchise to own and operate the Franchised Business and the right to use the Licensed Rights for three (3) additional successive five (5) year terms; provided that, prior to the expiration of the applicable initial or renewal term:

(a) You provide Us written notice of Your election to exercise the renewal option not less than six (6) months, nor more than twelve (12) months, prior to the end of the then-current term;

(b) When such notice is given, and thereafter up to and including the date of renewal, You are not in default of any provision of this Agreement, or any other agreement between You and Us or any of Our affiliates, including any other franchise agreement, and have substantially complied

with the terms and conditions of all such agreements during the term of this Agreement;

(c) You have not received three (3) or more notices of default from Us during the then-current term of this Agreement;

(d) All monetary obligations owed by You to Us and any of Our affiliates have been satisfied and paid when due throughout the initial and all prior renewal terms of this Agreement;

(e) You execute Our then-current standard form of franchise agreement (with appropriate modifications to reflect that such agreement relates to the grant of a renewal franchise) being executed by franchisees for new **btone FITNESS** franchised businesses, which agreement shall supersede in all respects this Agreement and which may contain terms and conditions substantially different from those set forth in this Agreement, including, without limitation, a different royalty fee, different advertising expenditure requirements and a smaller Designated Territory;

(f) You, except to the extent prohibited by state law, execute a general release, in a form prescribed by Us, of any and all claims You may have against Us and Our affiliates, and their respective officers, directors, shareholders, members, agents and employees;

(g) You, or a representative approved by Us or any other person who has an interest in You (if You are a group of individuals or a corporation, partnership, limited liability company, unincorporated association or similar entity) attend and satisfactorily complete such retraining or refresher training programs as We in Our sole discretion may require;

(h) You perform such replacements and upgrading as We may require to cause the Franchised Business' equipment and computer system to conform to the specifications being used for new **btone FITNESS** franchised businesses on the renewal date; and,

(i) You pay to Us a Renewal Fee equal to ten percent (10%) of the Initial Franchise Fee then being paid by new franchisees.

If You continue to operate after the end of the Term or any Renewal Term without exercising an option to renew and signing Our then-current franchise agreement, You shall be deemed to be operating on a month-to-month basis under the terms and conditions of Our then-current form of franchise agreement. In such circumstances, and notwithstanding the foregoing, We may, on ten (10) days written notice, terminate Your Franchise Agreement.

7. FRANCHISEE'S PAYMENTS

(a) You shall pay to Us an Initial Franchise Fee of Fifty Thousand Dollars ($50,000.00). Such Initial Franchise Fee shall be due and payable in full, less the Reservation Fee paid to Us by You upon the execution of Your Lease and this Agreement. You understand and acknowledge that the Initial Franchise Fee is non-refundable and is fully earned by Us at the time the parties execute this Agreement.

(b) You shall pay to Us a monthly fee in an amount equal to six percent (6%) of the Gross Sales (as defined in Section 7(f) below) of the Franchised Business ("Royalty Fee"). Royalty Fees shall be payable from the date the Franchised Business is opened and are due to Us on the first (1st) Thursday of each month, or other date We designate in the Confidential Operations Manual for the prior month's Gross Sales. The Franchised Business is deemed opened upon its receipt of revenue which includes, but is not limited to, advance sales prior to conducting classes at the Studio. We may change the frequency of payment and reporting, and if We do so, the Royalty Fee will be adjusted accordingly.

(c) You shall also pay to Us a monthly fee of Two Hundred Fifty Dollars ($250.00) ("Marketing Fund Fee"). Once the Studio is open and operating the Marketing Fund Fees shall be due and payable to Us on the first (1st) Thursday of each month, or other day of the month as We may designate in the Confidential Operations Manual.

(d) In addition to any other remedies We may have, if You are late in paying any fees due under this Agreement, interest shall be payable on such fees from the date such payment was due at the rate of eighteen percent (18%) per year or the maximum contract rate of interest permitted by governing law, whichever is less. In addition, You shall pay any and all of Our expenses in collecting overdue payments from You, including attorneys' fees and the fees of any collection agencies hired by Us. The foregoing shall be in addition to any other remedy We may possess, as permitted by law. You acknowledge that this Subsection shall not constitute agreement by Us to accept such payments after they are due, or a commitment by Us to extend credit to, or otherwise finance Your operation of the Franchised Business. Any acceptance of an amount which is less than the full amount due shall not be considered a waiver of Our right to (or Your obligation for) the full amount then due, or which may become due in the future.

(e) In addition to Our other rights and remedies, We may charge You a fee of One Hundred Dollars ($100.00) per violation ("Late Fee") by You of any term or condition of this Agreement, payable upon receipt of such notice. This fee may be changed or eliminated by Us. These Late Fees are intended to reimburse Us for Our expenses and to compensate Us for Our inconvenience and do not constitute interest.

(f) As used in this Agreement, the term "Gross Sales" shall mean and include the total of all revenue and income which You are entitled to receive from the provision of services and products to customers of the Franchised Business or any other source, whether or not sold or performed at or from the Franchised Business and whether received in cash, in services in kind, from barter and/or exchange, on credit (whether or not payment is received), or otherwise. You will deduct from the Franchised Business' Gross Sales (but only to the extent they have been included) the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to customers, if such taxes are separately stated when the customer is charged and as long as such taxes are promptly paid to the appropriate taxing authority. You may also deduct from the Franchised Business' Gross Sales the amount of any documented refunds, charge-backs, credits and allowances approved by us which You pay in good faith to customers. All barter and/or exchange

transactions pursuant to which the Franchised Business furnishes services and/or products in exchange for goods or services to be provided to You or the Franchised Business by a vendor, supplier or customer shall, for the purpose of determining Gross Sales, be valued at the full value of the goods and/or services so provided to You or the Franchised Business. Gross Sales shall also include all insurance proceeds received by You for loss of business due to a casualty to or similar event affecting the operation of the Franchised Business.

(g) You are required to submit reports, prepared by You, in a form and frequency to be prescribed by Us. Such reports shall reflect any information that We may deem reasonably necessary to evaluate the performance and operation of Your Franchise Business. Pursuant to Section 22 of this Agreement, You are also required to provide Us with annual reports of Gross Sales from each Franchised Business' operation within thirty (30) days of the end of Your fiscal or other operating year. We reserve the right to require other additional reports, as are or may be more particularly set forth in Our Operations Manual.

(h) You must reimburse Us for any taxes that We must pay to any state taxing authority on account of either Your operation of the Franchised Business or payments that You make to Us.

(i) Notwithstanding any designation by You, We shall have the sole discretion to apply any payments by You to any past due amount You owe Us for Royalty Fees, Marketing Fund Fees, purchases from Us and/or any of Our affiliates, interest or any other indebtedness.

(j) You shall not withhold payment of any Royalty Fees, Marketing Fund Fees, or any other amounts of money owed to Us for any reason on grounds of alleged nonperformance by Us of any obligation under this Agreement, and any Royalty Fees, Marketing Fund Fees or any other amounts of money owed to Us that are withheld shall be deemed by Us to be unpaid.

(k) You authorize Us and Our affiliates to initiate debit entries and credit correction entries to Your checking, savings or other accounts for the payment of Royalty Fees, Marketing Fund Fees, and any other amounts due from You under this Agreement or otherwise. You must complete and sign the Electronic Funds Transfer Agreement attached to this Agreement as Addendum G. You shall comply with Our procedures and instructions in connection with the direct debit process, and shall sign all documents or take any action that may be required to effect this authorization. We may require You to pay the Royalty Fees, Marketing Fund Fees and other amounts due under this Agreement or otherwise by means other than automatic debit whenever We deem it appropriate and You agree to comply with Our payment instructions.

(l) You shall, during the term of this Agreement and thereafter, promptly pay all sums owing to Us and Our affiliates.

8. BUSINESS RELATIONSHIP

(a) We and You agree and acknowledge that each of us is an independent business entity or person; that Our only relationship is as franchisor and franchisee as specified in this Agreement;

that this Agreement does not create a fiduciary relationship between the parties. Neither of us is the employer, employee, agent, partner, fiduciary or co-venturer of or with the other, each being independent of the other. Neither party is liable or responsible for the other's debts or obligations and neither party shall be obligated for any damages to any person or property directly or indirectly arising out of the operation of the other party's business. We and You agree that neither of us will hold ourselves out to be the agent, employer, partner or co-venturer of the other, and that neither of us has the authority to create or assume in the other's name or on their behalf, any obligation, express or implied, or to act or purport to act as agent or representative for any purpose whatsoever and cannot bind or incur liability on behalf of the other.

(b) You and We agree that any materials, guidance or assistance that We provide with respect to the terms and conditions of employment for Your employees, employee hiring, firing and discipline, and similar employment-related policies or procedures, whether in the Operations Manual or otherwise, are solely for Your optional consideration and use. Those materials, guidance and assistance do not form part of the mandatory System Standards. You will determine to what extent, if any, these materials, guidance or assistance should apply to Your employees. You acknowledge that We do not dictate or control labor or employment matters for franchisees and their employees and will not be responsible for the safety and security of Your employees or patrons. You are solely responsible for determining the terms and conditions of employment for all Your employees, for all decisions concerning the hiring, firing and discipline of Your employees, and for all other aspects of labor relations and employment practices.

All employees or agents hired or engaged by or working for You will be only Your employees or agents and will not for any purpose be considered Our employees or agents or the owner of the Marks, nor subject to Our control, and in particular, We will have no authority to exercise control over the hiring or termination of employees, independent contractors, or others who work for You, their compensation, working hours or conditions, or the day-to-day activities of those people, except to the extent necessary to protect the Marks. It is understood that You will have sole responsibility for Your employees and all acts of Your employees, and all employment-related decisions involving wages, benefits, hours of work, scheduling, hiring, firing, discipline, supervision, record keeping, taxes and withholdings, social security contributions, Medicare contributions, unemployment fund contributions and all other terms and conditions of employment.

You must disclose to each of Your employees in writing, in a form approved by Us in advance, that you are the sole employer with total control over the terms and conditions of your employee's employment and that We are not a "joint employer" of the Franchisee's employees. You acknowledge that We do not exercise control over or have the authority to control Your employees' (1) Wages, benefits, and other compensation; (2) Hours of work and scheduling; (3) The assignment of duties to be performed; (4) The supervision of the performance of duties; (5) Work rules and directions governing the manner, means, and methods of the performance of duties and the grounds for discipline; (6) The tenure of employment, including hiring and discharge; and (7) Working conditions related to the safety and health. You will file Your own tax, regulatory and payroll reports with respect to Your employees or agents and operations, saving and indemnifying

Us of and from any liability of any nature whatsoever by virtue of it.

9. SERVICES TO BE PERFORMED BY FRANCHISOR

We agree to make available to You the following:

(a) General specifications for such equipment, furnishings and operating supplies as are typically identified with **btone FITNESS** franchised businesses and which You are required to purchase and use in the operation of Your **btone FITNESS** Franchised Business. We will provide You, at no cost, an opening inventory of branded merchandise from Our approved vendor, which will include tank tops, sweatshirts and toe sox, in the variety and quantity We determine in Our sole discretion;

(b) Initial training in Our System, including instruction with respect to **btone FITNESS**' standards, methods, procedures and techniques, for each person identified in this Agreement, at such time and places as We may in Our discretion designate for Our training program. As of the date of this Agreement, the training program is conducted virtually online and in-person at one of Our affiliate's studios or at Your Studio if requested;

(c) If requested by You, provided that at least thirty (30) days advance notice is given, We will send a **btone FITNESS** franchise representative to Your Studio for three (3) days of on-site assistance when You open; You will pay Us Our then-current rate which is currently Two Thousand Five Hundred Dollars ($2,500.00) plus Our travel and living expenses;

(d) The use of Our Operations Manual and any other manuals and training aids, including the Instructor Training Manual (all manuals and training aids are referred to in this Agreement as "Operations Manual"), as periodically revised, which shall be loaned to You and remain Our property. You acknowledge and agree that Our Operations Manual and other system communications will be in the English language only and may only be available on the Internet or other online or computer communications. The Operations Manual may take the form of one or more of the following: one or more loose-leaf or bound volumes; bulletins; notices; letters, videos; electronic media; online postings; e-mail and /or electronic communications; or any other medium capable of conveying the Manual's contents. If You require a replacement copy of the Operations Manual, We will charge You a Replacement Manual Fee of Five Hundred Dollars ($500.00). If You require a replacement copy of the Instructor Training Manual, We will charge You a Replacement Manual Fee of Two Hundred and Fifty Dollars ($250.00). The Replacement Manual Fee will be due upon request. The Operations Manual contains mandatory and suggested specifications, policies, methods, standards, operating procedures and requirements prescribed from time to time by Us and information relative to other obligations of a franchisee, and to the operation of a Franchised Business. Any required standards exist to protect Our interests in Our System and the Marks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to You. The Operations Manual also will include guidelines or recommendations in addition to required standards. In some instances, the required standards will include recommendations or guidelines to meet the required standards. You may follow the

recommendations or guidelines or some other suitable alternative, provided You meet and comply with the required standards. In other instances, no suitable alternative may exist. In order to protect Our interests in the System and Marks, We reserve the right to determine if You are meeting a required standard and whether an alternative is suitable to any recommendations or guidelines. The Operations Manual will remain confidential and the property of Us, constitutes a Trade Secret owned by Us, and may not be loaned to any person, or duplicated or copied in whole or in part in any manner. We have the right to add to and otherwise modify the Operations Manual from time to time, as We deem necessary, provided that no such addition or modification will alter Your fundamental status, rights and obligations under this Agreement. You shall always follow the directives of the Operations Manual, as it may be modified by Us from time to time. You acknowledge that such compliance by You is necessary to protect the integrity and reputation of Our System. Any mandatory training videos, webinars and aids made by Us will be made available to You at no charge. We reserve the right to charge You a fee for optional training programs. You are responsible for all travel-related expenses, if any;

(e) A total of twenty (20) hours of consultation by telephone, in-person or electronic communication, at no charge, to offer pre-opening and post-opening guidance and assistance. Consultations are subject to availability. Additional hours of consultation will be billed at Our then-current rate which is currently Two Hundred Dollars ($200.00) per hour. We reserve the right to adjust this fee after the first twelve (12) months based on a change in circumstance;

(f) A monthly, one-hour phone support session during Your first year of operation, at no charge. This support may be offered individually or in group sessions and will be scheduled at Our discretion;

(g) Coordination of the required Pre-Opening Marketing Program; You shall pay to Us a fee of between Two Thousand One Dollars ($2,1,00.00) and Two Thousand Five Hundred and Seventy Five Dollars ($2,575.00) over a period of three (3) to six (6) months prior to Your Studio opening (depending on Your opening schedule) for this Program. This Fee will be used to reimburse Our costs for Our in-house marketing team's time to provide You with mandatory marketing/social media training;

(h) Coordination of Public Relations campaign to coincide with Your Studio Opening.

(i) Such periodic continuing individual or group advice, consultation and assistance, rendered by personal visit, telephone, electronic transmission, newsletter, brochures, reports or bulletins as We may deem necessary or appropriate. Such advice, consultation and assistance may include such topics as marketing and advertising, management, maximizing sales and profits, customer service, employee training, vendor relations, operating problems and such other reasonable subjects as may be of interest to You, or in which You may be experiencing problems;

(j) New products, services, equipment or technologies, as they are located or developed in the marketplace, which may be tested and evaluated by Us, and, if they meet Our standards and specifications, are made available to all **btone FITNESS** franchisees, either through an approved

supplier or by Us directly;

(k) Maintain the **btone FITNESS** Internet Website ("**btone FITNESS** Internet Website") for the purpose of enhancing the goodwill and public image of the **btone FITNESS** franchise system, and to attract prospective customers for the benefit of the **btone FITNESS** franchisees. We will host a minimum of one (1) page on the **btone FITNESS** Internet Website with contact and other information specific to Your Franchised Business, and provide You with no less than one (1) e-mail address, which You must use as the Franchised Business' e-mail address. We reserve the right to update or make changes or additions to the **btone FITNESS** Internet Website without limitation. Unless otherwise indicated, the Website shall be accessible to third parties via the Internet twenty-four (24) hours a day, seven (7) days a week, except for scheduled maintenance, updates, changes, required repairs, and except for any loss or interruption of the **btone FITNESS** Internet Website due to causes beyond Our control or which are not reasonably foreseeable by the Us, including, but not limited to, interruption or failure of telecommunication or digital transmission links and Internet slow-downs or failures. In the event of any loss or interruption of the **btone FITNESS** Internet Website, Our sole and exclusive liability shall be only for loss or interruption due to (i) causes resulting from Our failure to maintain and/or repair the Website, (ii) other causes exclusively within Our control, or (iii) causes reasonably foreseeable by Us, and which loss or interruption of the **btone FITNESS** Internet Website exceeds a continual period of twenty-four (24) hours. Your sole and exclusive remedy shall be a credit against future technology fees required by Us, if any, equal to a pro rata portion of said technology fees for the period of downtime; and

(l) We shall have no liability for unauthorized access to, or alteration, theft, or destruction of, the **btone FITNESS** Internet Website or Your data files, programs, or information, if any, through accident, fraudulent means or devices. We shall have no liability with respect to Our obligations under this Agreement or otherwise for consequential, exemplary, special, incidental, or punitive damages even if We have been advised of the possibility of such damages.

(m) We may, at Our option, establish and maintain, either a series of "private" pages on the **btone FITNESS** Internet Website or an intranet through either of which We, Our franchisees, and their respective authorized employees may communicate with each other, and through which We may disseminate the Manual, updates to it and other Confidential Information. We will have sole discretion and control over all aspects of the intranet/extranet, including the content and functionality of it. We will have no obligation to maintain the intranet indefinitely, and may dismantle it at any time without liability to You.

(n) If We establish an intranet, You will have the privilege to use the intranet, subject to Your strict compliance with the standards and specifications, protocols and restrictions (collectively, "Franchisor Protocols") that We may establish from time to time. The Franchisor Protocols may relate to, among other things, (i) the use of abusive, slanderous or otherwise offensive language in electronic communications, (ii) communications between or among franchisees that endorse or encourage breach of any franchisee's franchise or license agreement, (iii) confidential treatment of materials that We transmit via the intranet, (iv) password protocols and other security

precautions, (v) grounds and procedures for Us suspending or revoking a franchisee's access to the intranet, and (vi) a privacy policy governing Our access to and use of electronic communications that franchisees post to the intranet. You acknowledge that, as administrator of the intranet, We can technically access and view any communication that any person posts on the intranet. You further acknowledge that the intranet facility and all communications that are posted to it will become Our property, free of any claims of privacy or privilege that You or any other person or entity may assert. We have administrator privileges, at all times, to all your software, electronic mail, social media, marketing platforms, digital marketing and all e-commerce activities.

(o) Confirmation of Performance. After We have completed Our pre-opening obligations to You under this Agreement, We may ask that You sign and deliver to Us a confirmation (the "Confirmation of Performance"), in a form We reasonably request, verifying that We have performed those obligations. If We ask You to provide Us with such a certificate, then You agree to sign and deliver the Confirmation of Performance to Us within three (3) business days after Our request. However, if You do not reasonably believe that We have performed all of Our pre-opening obligations, You must, within that same three (3) day period, give Us written notice specifically describing the obligations that We have not performed. Not later than three (3) business days after We complete all the obligations that You specified in that notice, You must sign and deliver the Confirmation of Performance to Us. The term "pre-opening obligations" means the obligations We have to You under this Agreement that must be performed before the date when Your Franchised Business starts its operations.

10. LIMITATIONS ON RIGHTS EXTENDED TO FRANCHISEE

You acknowledge and agree that:

(a) You will use the Licensed Rights strictly in accordance with the terms of this Agreement. Any unauthorized use of the Licensed Rights is and shall be deemed an infringement of Our rights and a material breach of this Agreement.

(b) Except as expressly provided by this Agreement, You shall not acquire any right, title or interest to the Licensed Rights. Any and all goodwill associated with the Licensed Rights shall accrue exclusively to Our benefit. Upon the expiration or termination of this Agreement and any renewals, no monetary amount shall be attributable to goodwill associated with Your use of the Licensed Rights.

(c) Except as provided for in Section 4 of this Agreement above, the Franchised Business and Licensed Rights granted under this Agreement are non-exclusive, and We retain the right, in Our sole discretion:

(i) To continue to operate **btone FITNESS** businesses and to use the Licensed Rights in any territory outside of Your Designated Territory, and to license others to do so; and,

(ii) To develop, use and franchise the rights to any trade names, trademarks, service marks, trade symbols, emblems, signs, slogans, insignias or copyrights not specifically designated by Us as Licensed Rights, for use with similar or different franchise systems in any territory, on such terms and conditions as We may deem advisable, and without granting You any rights.

(d) You alone are responsible for operating the Franchised Business in full compliance with all System Standards, as modified from time to time. System Standards mean mandatory specifications, standards, operating procedures, and rules that We periodically prescribe for the development and operation of **btone FITNESS** franchised businesses. All references in this Agreement to System Standards will include any modifications, deletions and/or additions to the System Standards which are authorized by this Agreement or the Operations Manual. Except as otherwise provided in this Agreement, System Standards may regulate any aspect of the operation and maintenance of **btone FITNESS** franchised businesses, provided that all System Standards will apply uniformly to all similarly situated **btone FITNESS** franchised businesses.

(e) You shall offer for sale all types of products and/or services that We from time to time authorize. You shall not offer for sale, without Our prior written approval, any other products and/or services, or use any leased premises for any purpose other than the operation of the Franchised Business in full compliance with this Agreement.

(f) You shall be required to purchase and sell all products and services bearing **btone FITNESS**' trade name and/or logo which We now carry or see fit to carry or develop in the future. You may not develop or sell other products or services on Your own without Our prior written consent.

(g) In order to allow Us to establish and enforce standards of quality and uniformity for the distribution and sale of Our products and services, and in order to preserve incentive for other entities to become **btone FITNESS** franchisees in the future, You shall not sell **btone FITNESS** products and services other than on a retail basis to the general public, and not for resale by the purchasers thereof, without Our prior written consent and without executing a separate agreement with Us for the right to conduct such sales, if We request the execution of such an agreement.

(h) We have the right to determine, approve and supervise the quality of services and products sold by You from the Franchised Business, and to take all action We deem necessary to maintain the quality and standards of the services and products, the Franchised Business and Our System. You are required to purchase certain services, equipment and operating supplies, as are more particularly set forth in the Operations Manual, from suppliers whose services, products and materials are approved, and not thereafter disapproved, by Us. If You desire to purchase any services or products from suppliers that We have not previously approved, You or the supplier must submit a written request for such approval to Us. As a condition of Our approval, which shall not be unreasonably withheld, We may require that Our representatives be allowed to inspect the supplier's facilities and/or that a sample of its product be made available to Us or Our designee for testing. In such event You are required to pay Us for the actual cost of such inspection and/or

testing, including any laboratory fees, professional fees plus the travel and living expenses of Our personnel. Within thirty (30) days of delivery of the test results, if testing is conducted or the written request if testing is not conducted, We will issue a decision in writing. Such decision may be a determination that additional time is needed to complete the review. Any denial will state the reasons. In the event We do not provide You with a written decision, the request shall be deemed denied.

(i) If You, as an individual, are the Franchisee, You must directly supervise Your **btone FITNESS** Franchised Business at all times during the first year of operation of the Studio. You must successfully complete Our training program and, after completion of the training, must devote full time, energy and best efforts to the operation of the Franchised Business. If You as the Franchisee are a corporation, limited liability company, or other business entity instead of an individual, You or one of Your owners who have successfully completed training must directly supervise Your **btone FITNESS** Franchised Business at all times during the first year of operation of the Studio. You must wait one (1) year after beginning operation of the Studio to hire a studio manager. We have the right to approve Your studio manager (if not an owner) based on Our review of their relevant experience and qualifications. You must train every studio manager you hire according to our current requirements and standards. It is recommended but not required that the studio manager attend training. You must inform Us of any changes in the management or operation of Your franchise. You agree that You will at all times faithfully, honestly and diligently perform Your obligations hereunder and that You will not engage in any business or other activities that will conflict with Your obligations hereunder or Your **btone FITNESS** Franchise.

(j) You have the sole responsibility for the performance of all obligations arising out of the operation of the Franchised Business pursuant to this Agreement. You shall secure and maintain in force, at Your expense, all required licenses, permits and certificates relating to the full and proper operation of the Franchised Business and shall operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations, including without limitation, zoning, access, signage, all government regulations relating to occupational hazards and health, fire, safety, consumer protection, equal opportunity, trade regulation, workers' compensation, unemployment insurance, licenses to do business, sales tax permits, withholding and payment when due of any and all taxes levied or assessed by reason of the operation of the Franchised Business, and fictitious name filings and registrations, privacy laws and data protection or security laws as well as Payment Card Industry Data Security Standard (PCI DSS) compliance.

(k) During the term of this Agreement, and any renewals or extensions hereof, You shall hold Yourself out to the public only as an independent contractor operating the Franchised Business pursuant to a franchise agreement with Us. You agree to take such affirmative actions as may be necessary to do so, including without limitation exhibiting a public notice of that fact, the content and display of which We shall have the right to specify from time to time.

(l) It is the express intention of Subsections (j) and (k) of this Section 10 to establish that You are an independent contractor, and as such are solely responsible for the day-to-day affairs, management, operations and financial control of the Franchised Business and for Your employees

and Your treatment of them.

(m) We shall have the right to establish and utilize an on-line computer monitoring system, and to use the on-line system to remotely examine Your records pertaining to the operation of the Franchised Business. You must subscribe to business class high-speed Internet access through cable or other method designated in the Operations Manual.

(n) You shall not establish a website on the Internet using any domain name containing the words btonefitness.com, .net, .biz, .us, .org or any variation. We retain the sole right to control all Internet activity and create websites using any of the foregoing or other domain names. We may require You to utilize e-commerce products or services designated by Us, which We may change from time to time. You acknowledge that We are the owner of all right, title and interest in and to such domain names as We shall designate and all uniform resource locators (URLs), future addresses and sub-addresses (including the Franchisee Page sub-addresses), software, content prepared for or used on the **btone FITNESS** Internet Website, and all intellectual property rights in or to any of them. We retain the right to control Your use of linking and framing between Your web pages and all other websites. Any digital or electronic content You publish must comply with Our brand communication standards and is subject to Our approval. All digital imagery bearing the Marks are subject to Our approval. We have the final decision concerning all information and functionality that appears on the **btone FITNESS** Internet Website and will update or modify the **btone FITNESS** Internet Website according to a schedule that we determine. By posting or submitting to us information or materials for the **btone FITNESS** Internet Website, you are representing to us that the information and materials are accurate and not misleading and do not infringe any third party's rights. You must notify us whenever any information about you or the Franchise Business on the **btone FITNESS** Internet Website changes or is not accurate. Due to the speed of electronic communication, You must respond to all instructions by Us which are deemed to restrict, designate or control e-commerce activities within twenty-four (24) hours. We also reserve the right to restrict, designate and to approve or control any existing or future (not yet developed) Fan Page or other advertising or social networking services of the Franchised Business, including the sending of bulk e-mail, except as are in accordance with the guidelines in the Operations Manual or otherwise as We may specify in writing.

(o) We reserve the right to establish guidelines concerning the registration, acceptance and reimbursement of customers who purchase a package of classes from a studio ("Home Studio") and elect to attend a class at a studio ("Visited Studio") other than their Home Studio, as set forth from time to time in the Operations Manual or otherwise in writing, including policies related to the allocation of monies between studios.

11. VARIATIONS IN STANDARDS

Because complete uniformity under varying conditions may be impossible or impractical, We reserve the right to vary the standards of eligibility, including financial terms and conditions, for any franchisee, including You, based upon the peculiarities of a particular territory, including density of population, business potential, population of trade area, existing business practices, or

any other conditions which We determine to have, or potentially have, a significant effect on the successful operation of such franchisee's business. Variations from standard specifications and practices granted to other franchisees shall not under any circumstances be cause to require Us to grant to You a like or similar variation hereunder, either now or in the future.

12. KEY EMPLOYEES

A "Key Employee" as used in this Agreement is anyone who is an owner, partner, and/or employee who acts in a management capacity for or on behalf of the Franchised Business. You shall identify all of Your Key Employees in Addendum B of this Agreement. Each individual listed in Addendum B as a Key Employee no matter when so listed, at Our option, shall attend Our Initial Training Program, and shall thereafter be jointly and severally responsible for operating the Franchised Business in accordance with Our System Standards and this Agreement. You represent and warrant that each of the individuals designated in Addendum B will at all times abide by the standards and specifications of Our System, this Agreement, and the Licensed Rights; that You will at all times assume personal responsibility for their continued compliance with those standards and specifications; and that You will promptly notify Us if any of them shall at any time during the term of this Agreement divest themselves of ownership, partnership, employment, or contractual obligations, as the case may be, with You. You shall amend Addendum B and submit the amended Addendum to Us whenever there is any change in Your list of Key Employees. We reserve the right to require certain individuals to be included in Your list of Key Employees.

We possess certain proprietary Confidential Information consisting of the Marks, the Intellectual Proprietary, Our System Standards, and other methods, techniques, formats, specifications, procedures, information, systems, methods of business management, sales and promotion techniques and knowledge of and experience in the operation and franchising of **btone FITNESS** Franchised Businesses (the "Confidential Information"). Except to the extent prohibited by the laws of the state where the Franchised Business is located or where the employee lives or works, every Key Employee must sign a non-disclosure, non-solicitation and non-competition agreement in a form approved by Us or as We otherwise provide. You must provide a copy of each Key Employee's signed non-disclosure, non-solicitation and non-competition agreement to Us prior to such Key Employee beginning Our Initial Training Program and prior to Your disclosing Our Confidential Information to such Key Employee.

13. FRANCHISOR TRAINING PROGRAM

(a) The following persons shall satisfy all of the conditions established by Us for admission to, and graduation from, Our Initial Training Program located in Massachusetts or at such other location as We designate, and shall attend and satisfactorily complete any additional training programs that may be established by Us in the future:

(i) You, if Franchisee is an individual;

(ii) All class Instructors; and

(iii) At Our option, each person who owns or directly controls a twenty percent (20%) or more interest in You, if You are owned by a group of individuals or a corporation, limited liability company, partnership, unincorporated association or similar entity.

Any person or persons so designated to attend the training program will be identified in Addendum B to this Agreement, and become subject to the terms and conditions of this Agreement, if appropriate. Each such person shall complete Our virtual online and in-person Initial Training Program to Our satisfaction. Upon the failure of any such person to do so, We reserve the right to extend the training program. Satisfactory completion of all mandatory training sessions is required. Failure to do so shall result in a breach of this Agreement. Virtual Initial Training requires twelve (12) to twenty (20) hours of online training, including mock classes at Your Studio, which You must undertake during the training period. In-person Initial Training Program will last for approximately twenty (20) hours and will generally be scheduled so that it is completed two (2) to six (6) weeks prior to the scheduled opening of the Franchised Business. We reserve the right to modify the length, location, and timing of Initial Training. We may waive a portion of Initial Training or alter the training schedule if We determine that Your attendees have sufficient prior experience or training.

(b) You acknowledge that successful completion of the Initial Training Program will require that, among other things, each attendee be able to demonstrate that he/she can read, write, and converse in English.

(c) No fee shall be charged by Us for participation by the first ten (10) persons specified in Subsection 13 (a) in the Initial Training Program as long as all trainees attend the same initial training session. You shall be responsible for the travel, hotel, meals and all such other costs and expenses of each person who attends the program if You elect to come to Our affiliate's studio in Boston, Massachusetts for training, or for Our trainer(s) travel expenses if You request training at Your Studio.

(d) In the event that You request that more than ten (10) persons are trained for any single Franchised Business of Franchisee, We may, in Our sole discretion require that You pay Us a Training Fee for such additional training of Five Hundred Dollars ($500.00) per person if training is performed at Our affiliate's studio, or Two Thousand Five Hundred Dollars ($2,500.00) per group if training is performed at Your Studio, and such Fee shall be paid prior to the commencement of training. Group sessions are limited to a maximum of ten (10) attendees. You shall be responsible for the travel, hotel, meals and all such other costs and expenses of each person who attends the program if You elect to come to Our affiliate's studio in Boston, Massachusetts for training, or for Our trainer(s) travel expenses if You request training at Your Studio.

(e) In the event that We require You or Your Managing Owner, and/or, at Our Option, Your Studio Manager, to attend and complete to Our satisfaction any supplemental or refresher training, You must pay to Us a fee of One Hundred Dollars ($100.00) per hour plus all travel-related costs incurred by Your attendees (if held at Our affiliate's studio) or by Our trainers (if held at Your

Studio).

(f) You, Your operating principal if You are an entity, and each instructor, every month for the first six (6) months, and once a year thereafter, after Initial Training, will be required to conduct and produce a video of a live mock forty-five (45) minute class. You are required to send each video of the class to Us within five (5) days after completion for evaluation and comment.

(g) We may from time to time offer additional training programs, workshops, seminars and the like, to franchisees and may require that franchisees, or their employees, as appropriate, attend such programs. In the event We require the attendance of You or Your employees, said program will be provided at Our current rate and You will be responsible for the travel, hotel and all such other costs and expenses of each person who attends the program. For any training program at which Your attendance is optional, We may require the payment of a training fee in an amount set by Us.

(h) We require everyone participating in Our training program to execute a non-disclosure and non-solicitation agreement, which agreement is intended to protect Our Confidential Information and proprietary interest in the Licensed Rights.

(i) We may, at Our option, from time to time but not more than once every year conduct a national or regional Conference ("Conference"). The duration, curriculum and location of Conference will be determined by Us in Our sole and exclusive discretion. You are required to attend the Conference, and to pay all of Your expenses incurred in connection with attending the Conference including transportation cost, meals, lodging and living expenses. We shall have the right to charge You a reasonable Conference Registration Fee (currently up to One Thousand Dollars ($1,000.00)) for You to attend each Conference. We may charge this registration fee up to one (1) year in advance invoiced and paid via EFT as part of Your standard monthly billing. The Conference Registration Fee is not refundable and will be collected even if You do not attend the Conference. We will try to make available all of the substantive materials that are presented at the Conference through the Internet or otherwise.

14. NOTICES AND APPROVAL OF OPENING

(a) You shall give Us at least ninety (90) days prior written notice of the opening of the Franchised Business. If such notice is not given, We shall be relieved of Our obligations, if any, under this Agreement to provide assistance in connection with the opening of the Franchised Business and the planning and development of pre-opening promotions and programs.

(b) In order to maintain quality and uniformity and to ensure that the Franchised Business satisfies all of Our standards, We retain the right to perform a final inspection of the Franchised Business prior to opening. If We reasonably determine that the Franchised Business does not conform with Our standards of appearance, or You failed to apply for and obtain all licenses required for the operation of the Franchised Business from the appropriate governmental agencies, then We shall have the right to delay opening of the Franchised Business until such time as any

deficiencies are corrected and brought into compliance with such standards or requirements. If any such deficiencies are detected, We will provide You with written notice stating the nature of the deficiency, and the corrective actions that You must take. Any evaluation or inspection We conduct is not intended to exercise, and does not constitute, control over Your day-to-day operation of the Business or to assume any responsibility for Your obligations under this Agreement. At any time after five (5) years from the date You open the Franchised Business, We may require You to remodel Your Franchised Business at Your expense to bring it up to current standards.

15. EQUIPMENT, COMPUTERS, SIGNS AND FURNISHINGS

(a) You shall only install and use such equipment, furnishings, computer hardware and software, signage and other personal property at the Franchised Business location as are required under this Agreement, and which strictly conform to Our uniform standards and specifications.

(b) In the event You install any equipment, furnishings, computer hardware and software, signage or any other personal property that is not in conformity with Our uniform standards or specifications, We may, in addition to any other remedies under this Agreement, demand that You close the Franchised Business and take the steps necessary to bring its equipment, computers, signs and other personal property into conformity with Our uniform standards and specifications. You shall not reopen the Franchised Business without Our prior written approval.

16. RELOCATION

You shall have the right to relocate the Franchised Business to another location, provided that any such relocation does not infringe on the territorial rights of any other franchisee, Franchisor-owned or affiliate-owned businesses, is centrally located within Your Designated Territory, meets Our current site selection criteria and We provide prior written approval. You must also pay to Us the Five Thousand Dollar ($5,000.00) relocation fee and sign a new franchise agreement. In the event You so decide to relocate the Franchised Business, the cost of any such relocation will be borne by You.

17. OPERATION OF THE FRANCHISED BUSINESS

You covenant and agree that:

(a) You shall operate the Franchised Business in accordance with Our Operations Manual, a copy of which You acknowledge having received on loan from Us, for the term of this Agreement, and shall not make or allow unauthorized disclosures of the contents of the Operations Manual to any outside parties. You understand and acknowledge that We may revise the content of the Operations Manual, and You expressly agree to comply with each changed requirement within such reasonable time as We may require. Any new or different requirements imposed will not unreasonably increase Your obligations or place an excessive economic burden on Your operations, or otherwise alter Your fundamental status, rights or obligations under this Agreement. You shall at all times ensure that Your copy of the Operations Manual, and any other manuals

loaned to You are kept current and up-to-date and, in the event of any dispute as to their contents, the terms of the master copies maintained by Us at Our principal place of business shall be controlling. The entire contents of the Operations Manual are and will remain confidential and Our property.

(b) In order to protect the Licensed Rights and associated goodwill, You shall:

(i) Operate under the name **btone FITNESS** and advertise only under the Licensed Rights designated by Us, and use such rights without prefix or suffix, except where such use may conflict with a prior registration or use, in which event You shall operate and advertise only under such other names as We have previously approved in writing;

(ii) Feature and use the Licensed Rights solely in the manner We prescribe; and,

(iii) Observe such reasonable requirements with respect to the Marks and fictitious name registrations and copyright notices as We may direct in writing.

(c) You shall cause sales of all products, goods and services to be properly recorded at the time of the sale.

(d) You shall cause Your employees to wear apparel which strictly conforms to the specifications, design and style We have approved.

(e) You shall comply with all laws, ordinances and regulations affecting the operation of the Franchised Business.

(f) You shall notify Us in writing within three (3) days of receipt of notice of the commencement of, or the threat of, any action, suit or proceeding against You, or of the issuance of or the threat of any inquiry, subpoena, order, writ, injunction, award or decree of any court, agency or other governmental instrumentality which arises out of, concerns, or may affect the operation or financial condition of the Franchised Business, Franchisor, or the goodwill associated with the Licensed Rights including, without limitation, any criminal action or proceedings brought by You against Your employees, customers, or other persons. You agree that You will not commence any action, suit or proceeding that affects Us, or the goodwill associated with the Licensed Rights, without Our prior written approval.

(g) You shall open and operate the Franchised Business and shall maintain the business hours prescribed by Us in the Operations Manual.

(h) You shall pay on a timely basis for all supplies, materials and expenses You incur in the operation of the Franchised Business. You acknowledge that You are solely responsible for all operating, selling, general and administrative expenses of the Franchised Business, and that any failure by You to make prompt payment to Your suppliers, vendors, contractors or employees may cause irreparable harm to the reputation and credit of Franchisor and other franchisees.

(i) In order to preserve the validity and integrity of the Licensed Rights, and to assure that You are properly employing such rights in the operation of the Franchised Business, We or Our agents shall have the right to observe the manner in which You are offering Your products and services and conducting Your operations. We or Our agents shall have the right to confer with Your employees and customers, and to inspect equipment and related merchandise, trademarked product lines, other merchandise, equipment, supplies or inventory for evaluation purposes in order to make certain that the equipment and related merchandise, trademarked product lines, and other equipment, supplies, inventory, services and operations are satisfactory and meet the quality control provisions and performance standards as established by Us from time to time.

(j) You shall not employ, or continue to employ, any person:

(i) Convicted of, or who entered a plea of no contest to any felony;

(ii) Who engages in gross misconduct, which results in, or would likely result in material and demonstrable damage to Your Franchised Business, the **btone FITNESS** System or Marks, Our business, or the business of any other **btone FITNESS** Franchisor-, franchisee- or affiliate-owned business; or,

(iii) Against whom has been entered any judgment involving any claim or other crime or offense that is likely to adversely affect Your reputation, Our reputation, or the reputation of Your **btone FITNESS** Franchised Business, the **btone FITNESS** System or Marks, Our business, or the business of any other **btone FITNESS** Franchisor-, franchisee- or affiliate-owned business.

(k) You shall use Your best efforts in operating the Franchised Business and in recommending, promoting and encouraging patronage of all **btone FITNESS** System businesses.

(l) You shall promptly respond to any and all customer inquiries or complaints and achieve customer satisfaction for reasonable complaints through refund of fees or other accommodation to customer's satisfaction as may be appropriate, as well as taking such other steps as may be required by Us to insure positive customer relations and to maintaining the goodwill of the **btone FITNESS** System. If We reasonably determine that You have not fairly handled a customer complaint, We may intervene in order to resolve the matter to the customer's satisfaction. You must reimburse Us for all costs We incur in satisfying Your customer.

(m) The grant of this Franchise is expressly conditioned upon Your successful penetration of the market in the Designated Territory. You must promote actively and aggressively the products and services of the Franchised Business within Your Designated Territory.

(n) You acknowledge and agree that exchanging information with Us by electronic transmission ("e-mail") is efficient and desirable for day-to-day communications and that We and You may utilize e-mail for such communications. You authorize the transmission of e-mail by Us and Our employees, vendors, and affiliates ("Official Senders") to You during the Term and any

renewal thereof. You further agree that: (a) Official Senders are authorized to send e-mails to those of Your employees as You may occasionally authorize for the purpose of communicating with Us; (b) You will cause Your officers, directors, and employees to give their consent to Official Senders' transmission of e-mails to them; (c) You will require such persons not to opt out or otherwise ask to no longer receive e-mails from Official Senders during the time that such person works for or is affiliated with You; and (d) You will not opt out or otherwise ask to no longer receive e-mails from Official Senders during the Term and any renewal thereof. The consent given in this Subsection will not apply to the provision of notices by either party under this Agreement pursuant to Section 36 unless the parties otherwise agree in a written document signed by both parties.

18. PROPRIETARY INFORMATION

(a) You acknowledge that Your entire knowledge of the operation of the Franchised Business, including without limitation the contents of the Operations Manual, list of vendors, and the specifications, equipment, standards, and operating procedures of the Franchised Business, is derived from information disclosed to You by Us, and that such Operations Manual and such other information is confidential and Our trade secret. You shall maintain the absolute confidentiality of the Operations Manual and all such other proprietary information You receive from Us, both during and after the term of the Franchise Agreement. You shall disclose Confidential Information only to those employees or contractors who need such Confidential Information to perform their job functions, and only to the extent necessary for them to do so. Prior to disclosing any Confidential Information, You shall require all such employees or contractors to sign Confidentiality Agreements in the form We require, as amended by Us from time to time, and shall forward a copy of same to Us. You agree that You shall not use the Operations Manual and such other information in any other business or in any manner not specifically authorized or approved in writing by Us.

(b) You agree to promptly disclose to Us all Innovations, whether or not protectable intellectual property, and whether created by or for You or Your Owners or employees. All Innovations will be deemed Our sole and exclusive property and works made-for-hire for Us. We have the right to incorporate Innovations into the System and may use them and may authorize You and others to use them in the operation of **btone FITNESS** businesses. Innovations will then also constitute Confidential Information. We will disclose to You Innovations that are made a part of the System in this manner. To the extent any Innovation does not qualify as a work made-for-hire for Us, by this paragraph You assign ownership of that Innovation, and all intellectual property and other rights to the Innovation, to Us and agree to sign and deliver such instruments and documents, provide such assistance and perform such other acts as We periodically designate in order for Us or Our designee to obtain exclusive rights in such Innovations. We will have no obligation to make any lump sum or other payments to You or any other person with respect to any such Innovations. You will not use, nor will You allow any other person to use, any such Innovations, whether in connection with the Franchise Business or otherwise, without obtaining Our prior written approval. You also agree that if You shall develop any new trademarks, service marks, trade names and trade symbols, trade dress, signs, slogans, associated logos, designs, e-marks, copyrights, emblems,

concepts, processes or improvements in the operation or promotion of the Franchised Business, We will immediately become sole owner and licensor.

(c) Any and all customer lists and their contents relating to the Franchised Business, whether compiled or developed by You or any other person, are owned by Us, constitute confidential information and are Our proprietary property (whether supplied by Us or not) and You shall not use the customer lists for any purpose whatsoever other than in the normal conduct of the Franchised Business prior to any default under this Agreement, or termination or expiration of this Agreement and for no other purpose and You must require any of Your employees, agents and independent contractors who have access to customer lists to sign a confidentiality agreement. To the extent that You may have or claim any right, title or interest in or to such customer lists and contents, You agree to, and do hereby, assign to Us all of Your right, title and interest therein. You will, upon demand, promptly deliver to Us a complete list of current and former customers, including name, telephone number, complete mailing address, frequency of service, last date serviced and price of service, and other information concerning such customers as requested by Us. You expressly acknowledge that Your ability to operate, develop and expand the Franchised Business is based largely on the goodwill of the Marks and know-how embodied in the **btone FITNESS** System. Accordingly, You agree that We are the sole owner of all customer lists and relationships and all other goodwill arising from Your operation of the Franchised Business. Any attempt by You to offer any services or product similar to those provided by the Franchised Business to any customers or prospective customers of the Franchised Business following any expiration or termination of this Agreement shall be a violation of Our rights in such customer lists and relationships and goodwill. You agree that in the event of any such action or threatened action by You, We shall be entitled to a preliminary or permanent injunction or other equitable relief to restrain such actions, and to recover Our damages equal to the amount of profits received by You from any such action in violation of Our rights.

19. MARKS

(a) You acknowledge and agree that We are a Licensee of the Marks included in these Rights licensed to You under this Agreement and that Your right to use the Licensed Rights is derived solely from this Agreement and is limited to the conduct of the business by You pursuant to and in compliance with this Agreement and all applicable standards, specifications, and operating procedures prescribed by Us from time to time during the term of this Agreement. Any unauthorized use of the Marks by You constitutes a material breach of this Agreement and an infringement of Our and Our affiliate's rights in and to the Marks. You acknowledge and agree that all usage of the Marks by You and any goodwill established by Your use of the Marks shall inure to Our and Our affiliate's exclusive benefit and that this Agreement does not confer any goodwill or other interests in or to the Marks upon You. You shall not, at any time during the term of this Agreement, or after its termination or expiration, contest the validity or ownership of any of the Marks or assist another person in contesting the validity or ownership of any of the Marks. All provisions of this Agreement applicable to the Marks apply to any additional trademarks, service marks, trade names, trade dress, trade symbols, signs, slogans, associated logos, designs, emblems, e-marks, copyrights, and commercial symbols authorized for use by and licensed to You by Us after the date of this

Agreement.

(b) You shall not use any of the Marks as part of any corporate or trade name, or with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modified form, nor may You use any of the Marks in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Us. You agree to give such notices of trademark and service mark registrations as We specify and to obtain such fictitious or assumed name registrations as may be required under applicable law or as requested by Us. You shall not use or seek to register any of the Marks in any manner that has not been specified or approved by Us in advance.

(c) You shall immediately notify Us in writing of any apparent infringement of or challenge to Your use of the Marks, of which You become aware, and of any claim by any person of any right in the Marks or any similar trade names, trademarks, or service marks, trade dress, trade symbols, signs, slogans, associated logos, designs, emblems, e-marks, copyrights and commercial symbols of which You become aware. You shall not directly or indirectly communicate with any person other than Us and Our counsel in connection with any such infringement, challenge, or claim. We and Our affiliate shall have sole discretion to take such action as We deem appropriate and shall have the right to exclusively control any litigation, U.S. Patent and Trademark Office proceeding, or other judicial or administrative proceeding arising out of such infringement, challenge or claim or otherwise relating to the Marks. You agree to execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of Our counsel, be necessary or advisable to protect and maintain Our interests in any such litigation, U.S. Patent and Trademark Office proceeding, or other judicial or administrative proceeding, or to otherwise protect and maintain Our interest in the Marks.

(d) If it becomes advisable at any time in Our or Our affiliate's discretion for Us and/or You to modify or discontinue use of the Marks, and/or use one or more additional or substitute trade names, trademarks, service marks, trade dress, trade symbols, signs, slogans, associated logos, designs, emblems, e-marks, copyrights or other commercial symbols, You agree to comply with Our directions within a reasonable time after notice to You. We shall have no liability or obligation whatsoever with respect to Your modification or discontinuance of the Marks. You are responsible for the tangible costs for modifying or changing the Marks, including but not limited to changing signs and advertising materials. You agree that such modification or change of Marks will be completed by You within a reasonable period of time after notification by Us.

20. MODIFICATION OF THE SYSTEM

You recognize and agree that from time to time We may change or modify Our System and Our business in any manner that is not expressly and specifically prohibited by this Agreement including, but not limited to, the adoption and use of new or modified trade names, trademarks, service marks or copyrighted materials, new computer programs and systems, new types or brands of products or services, new equipment requirements or new techniques and that You will accept, use and display for the purpose of this Agreement any such changes in Our System, as if they were part of this

Agreement at the time of execution. Whenever We have expressly reserved in this Agreement or are deemed to have a right and/or discretion to take or withhold an action, or to grant or decline to grant You a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, We may make such decision or exercise Our right and/or discretion on the basis of Our judgment of what is in Our best interests, including without limitation Our judgment of what is in the best interests of the **btone FITNESS** franchise network, at the time Our decision is made or Our right or discretion is exercised. Any new or different requirements imposed will not unreasonably increase Your obligations or place an excessive economic burden on Your operations, or otherwise alter Your status or rights under this Agreement. You will make such expenditures as such changes or modifications in Our System as We may reasonably require. You shall not change, modify or alter in any way any material aspect of Our System, without Our prior written consent.

21. ADVERTISING AND PROMOTIONS

(a) As of the date of this Agreement, We charge a Marketing Fund Fee of Two Hundred Fifty Dollars ($250.00) per month in order to develop and maintain a local, regional or national advertising, marketing and promotional program. This Fee will commence once Your Studio is open and operating and collection of Marketing Fund Fees will be accomplished in the same manner, and subject to the same conditions, as are more particularly outlined in Section 7 of this Agreement.

(b) You are required to purchase services for pre-opening marketing and any additional marketing support services from Us at our then-current rates. The fees for these programs may be increased during the term of Your Franchise Agreement. We reserve the right to change, alter or delete any of these programs.

(c) The Marketing Fund is administered by Us. We or Our Designee, in Our sole discretion will be responsible for (i) developing and undertaking marketing and promotions for the benefit of Our entire System; (ii) deciding which media to use and under what terms; (iii) preparing and making available to all franchisees an annual statement of income and expenses upon written request; an in-house statement of the operations of the Marketing Fund will be prepared annually and will be made available to You upon written request, the cost of preparing the statements will be paid by the Marketing Fund; (iv) securing the services of advertising agencies or other marketing professionals; and (v) limiting expenditures from the Marketing Fund, to the extent possible, to those areas in which franchisees are contributing to the Marketing Fund. Funds not spent in any given fiscal year will be carried forward to the next year. We reserve the right to place additional local, regional or national advertising at Our expense. All Franchisor-owned studios or affiliate-owned studios will contribute to the Marketing Fund on the same basis as franchised units. We will not use any contributions to the Marketing Fund to defray Our general operating expenses, except for reasonable administrative costs and overhead We incur in activities reasonably related to the administration of the Marketing Fund or the management of Marketing Fund-supported programs (including the pro-rata amount of salaries of Our personnel who devote time to Marketing Fund activities and retainers and fees for outside agencies). As the **btone FITNESS**

System expands, We may establish an advertising council.

(d) We will maintain separate bookkeeping accounts for the Marketing Fund and may, but will not be required to cause Marketing Fund contributions to be deposited into one or more separate bank accounts. The Marketing Fund is not a trust, and We are not a fiduciary or trustee of the Marketing Fund or the monies in the Marketing Fund. However, We may, in Our discretion, separately incorporate the Marketing Fund or create a Marketing Fund trust, over which We may be the trustee, into which Marketing Fund contributions may be deposited.

(e) In addition, You may do Your own marketing and create Your own advertising material, or hire an advertising agency, but in either event, You must obtain Our prior written approval of all advertising and promotional plans and materials that You desire to use at least thirty (30) days before the implementation of such plans, unless such plans and materials have been previously approved by Us. You shall submit such plans and materials to Us by personal delivery or through the mail, "Return Receipt Requested" or sent by overnight delivery paid for by sender. You shall not use such plans or materials until they have been approved by Us in writing and shall promptly discontinue use of any advertising or promotional plans and materials upon Our request. Any plans or materials submitted by You to Us that have not been approved or disapproved, in writing, within fourteen (14) days of receipt thereof by Us, shall be deemed disapproved.

(f) Except when advertising cooperatively with other franchisees or with Us, You are prohibited from advertising outside Your Designated Territory. Unless granted specific written permission to the contrary, Your local advertising and marketing activity is limited to speaking engagements, networking events, and all other types of activity designed to encourage and solicit business only within Your Designated Territory. If Your Designated Territory lies within an Area of Dominant Influence (ADI) of media sources located outside of Your Designated Territory, and if other franchisee or Franchisor or affiliate-owned units lie within the same ADI, then We reserve the right to require You and other franchisees to cooperate and participate in advertising through that media source on a cooperative basis.

(g) We reserve the right to require You to cooperate and participate in certain special promotional events or campaigns that may from time to time be sponsored by Us, other franchisees, or both.

(h) Immediately upon notification, You shall discontinue any advertising and marketing that would, in Our sole opinion, be detrimental to the **btone FITNESS** System, Marks, Us, Our affiliates or other franchisees. You agree that upon termination, transfer, or expiration of this Agreement, You shall immediately remove all advertising that You control and notify all advertising sources that Your advertising must be removed and/or canceled immediately. For advertising that cannot be immediately canceled, You are responsible for any and all costs related to such advertising until such time as it can be canceled or it expires.

(i) We currently do not have any advertising cooperatives and have no plans to form such cooperatives in the immediate future. However, You must join and actively participate in any

organizations or associations of franchisees or advertising cooperatives that We establish or that are established at Our direction for the purpose of promoting, coordinating, and purchasing advertising in local, regional, or national areas where there are multiple **btone FITNESS** Businesses. The terms of the cooperative advertising will be established by Us at the time it is established. Funds contributed to an Advertising Cooperative will not be utilized to solicit new franchise sales.

(j) You, Your Owners and each of Your employees agree that We and Our affiliates have the right and permission to make, use and publish the photographs/film/videotapes/electronic representations and/or sound recordings made in connection with Our training, marketing, events, and other materials utilized or developed in connection with the System and We and Our affiliates are authorized to reproduce, copyright, exhibit, broadcast, and distribute the photographs/film/videotapes/electronic representations and/or sound recordings at Our discretion without limitation and compensation.

22. FINANCIAL INFORMATION, AUDITS

(a) You shall keep and maintain during the term of this Agreement and any renewal periods, and shall preserve for a minimum of seven (7) years thereafter, full, complete and accurate books of account in accordance with generally accepted accounting standards and practices, which books shall accurately reflect the Gross Sales of the Franchised Business; and any and all deductions expressly permitted by this Agreement; marketing activities; payroll; and accounts payable.

(b) You shall, at Your expense, deliver to Us within thirty (30) days of the end of each of Your fiscal years, a complete financial statement for such fiscal year in such form as We may require, including, without limitation, both an income statement and balance sheet, which may be unaudited, together with reports of Gross Sales from that year's operations and all amounts expended on advertising as well as such other information as We require. Each financial statement shall be signed by You or by Your Treasurer, Managing Member or Chief Financial Officer, who shall attest that the statement is true and correct and prepared in accordance with Our requirements.

(c) You shall permit Our authorized personnel to inspect, examine, compile, review and/or audit all of Your business records relating to Your Franchised Business, including but not limited to financial documents and tax returns, at any time during normal business hours without any prior notice.

(d) You shall also permit accountants designated by Us to audit Your books of accounts. In the event that We find that You have understated the amount due to Us and that any such understatement has been made deliberately, such understatement shall constitute an Event of Default and be considered a Material Breach of this Agreement as defined in Section 32(d)(iv) of this Agreement. Should any audit reveal an understatement of five percent (5%) or more of the amount otherwise due to Us, or if the understatement is determined to be deliberate, You will bear the costs and expenses of Our audit and inspection, and the deficiency shall be immediately due and payable with interest from the date the payments should have been made.

(e) Any inspection or audit of business records or books of accounts is solely for determining Your compliance with Your contractual obligations and does not constitute control over Your day-to-day operation of the Franchised Business.

23. INDEMNIFICATION; INSURANCE

(a) You understand and agree that nothing in this Agreement authorizes You to make any contract, agreement, warranty or representation on Our behalf, or to incur any debt or other obligation in Our name. You further understand and agree that We shall in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action or by reason of any act or omission of Yours in Your conduct of the Franchised Business or otherwise, or for any claim or judgment against Us arising from Your operation of the Franchised Business. You shall indemnify, defend and hold Us harmless and hold harmless Our officers, directors, shareholders, members and employees, and agents from and against any and all claims, costs, obligations, and causes of action, arising directly or indirectly from any act or omission of Yours or any of Your shareholders, directors, members, officers, employees, representatives or agents, as a result of, or in connection with, Your operation of the Franchised Business, the actions of any of Your shareholders, directors, members, officers, employees, representatives or agents, or any action arising from an allegation of a violation of labor or employment law; or by reason of any act occurring on, at or from the premises of the Franchised Business or by reason of an omission relating to the operation of the Franchised Business, as well as the costs, including reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses We incur in defending against such claims or actions. As between Us and You, You are solely responsible for the safety and well-being of Your employees and the customers of the Franchised Business. If We are deemed a joint employer for any of your employees or contractors and incur any liability as a joint employer, You must indemnify Us and make Us whole. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement or any renewal term.

(b) You agree to maintain insurance as follows:

(i) With respect to all insurable properties, You shall maintain or cause to be maintained, all-risk property insurance against loss or damage to business and personal property of the Franchised Business in amounts not less than the replacement cost of such property;

(ii) You shall maintain or cause to be maintained commercial general liability insurance, including premise liability, products/completed-operations and contractual liability, covering claims for bodily injury or property damage caused as a result of the operation of the Franchised Business and pursuant to this Agreement in amounts not less than One Million Dollars ($1,000,000.00) for each occurrence and Three Million Dollars ($3,000,000.00) general aggregate. Coverage must be written on an occurrence basis only, not claims-made;

(iii) You shall maintain or cause to be maintained automobile liability insurance against claims for personal injury, death or property damage occurring as a result of the maintenance or operation by You of any automobiles, trucks or other vehicles used in the operation of the Franchised Business in an amount not less than One Million Dollars ($1,000,000.00) Combined Single Limit;

(iv) You shall maintain or cause to be maintained workers' compensation insurance, in such amounts as may now or hereafter be required by any applicable law, and shall withhold from the pay of any of Your employee's and pay any and all amounts required to be so paid for unemployment compensation, disability, Social Security, and other such federal, state and/or local taxes imposed upon You as an employer; and

(v) You shall maintain or cause to be maintained professional liability - fitness club insurance in amounts not less than One Million Dollars ($1,000,000.00) for each occurrence and Three Million Dollars ($3,000,000.00) general aggregate in addition to the commercial general liability, auto liability and employers liability insurance.

(c) All policies of liability insurance shall insure and name Us as an additional insured/loss payee and shall protect Us against any liability that may accrue by reason of the ownership, maintenance or operation by You of the Franchised Business.

(d) We reserve the right to increase the minimum limits listed above as well as to change or add new types of required coverage as set forth in greater detail in the Operations Manual.

(e) Your obligation to obtain and maintain or cause to be maintained the foregoing policy or policies of insurance shall not be limited in any way by reason of any insurance that may be maintained by Us, nor shall Your performance of this obligation relieve You of liability under the indemnity provision set forth in this Agreement. You shall deliver to Us certificates of insurance evidencing Your compliance no less than ten (10) days prior to opening the Franchised Business. Such proof of insurance shall include a statement by the insurer that the policy or policies will not be cancelled or materially altered without giving at least thirty (30) days prior written notice to Us. You must submit to Us at least annually, and otherwise upon request by Us, a copy of the certificate of renewal or other evidence of the renewal, existence or extension of such insurance policies.

(f) Should You, for any reason, fail to procure or maintain the insurance required by this Agreement, You shall be considered in Material Breach of this Agreement. In such event, We shall then have the right and authority (but not obligation) to procure such insurance and to charge the cost of such insurance to You, which charges, together with a reasonable fee for Our expenses in taking such action, shall be payable by You immediately upon notice from Us.

24. BUSINESS ORGANIZATION AND PERSONAL GUARANTY(S)

(a) If You are an individual or individuals, then You acknowledge and agree that the grant of

license in Section 3 is made by Us in reliance on Your personal attributes and in consideration of the trust and confidence which We place in You, and on Your representation that You will actively and substantially participate personally in the beneficial ownership and management of the **btone FITNESS** Franchised Business.

(b) In the event You are a business entity (including but not limited to a corporation, a limited liability corporation, a partnership, a limited liability partnership, a trust), in addition to being newly formed, You must complete and sign the Principal Owner's Statement attached to this Agreement as Addendum D and each individual with an ownership interest in You must also sign Addendum D. Further, You represent, warrant and covenant that:

(i) You are newly formed and duly organized and validly exist under the laws of the state in which You were formed;

(ii) You are duly qualified and are authorized to do business in each jurisdiction in which Your business activities or the nature of the properties owned by You require such qualification;

(iii) The execution of and transactions contemplated by this Agreement are within Your powers;

(iv) The ownership interests in You are accurately and fully listed in Addendum D;

(v) Each and every person with an ownership interest in You shall sign the Guaranty Agreement attached to this Agreement as Addendum C and You shall provide the original signed Guaranty Agreement to Us;

(vi) The stated purpose of the business entity shall consist only of the development, ownership, operation and maintenance of the **btone FITNESS** Franchised Business;

(vii) You shall not issue any additional stock, membership, or interests in You and no individual with ownership interest in You shall transfer, assign or pledge any ownership interest in You without Our prior written consent, which shall not be unreasonably withheld, and a legend setting forth such restriction on transfers shall be contained in the business entity's organizational and governing documents and other appropriate documents such as certificates and stocks. In giving Our consent, We shall have the right (but not the obligation) to impose one or more reasonable conditions;

(viii) In the event the ownership interests in You changes, You must provide an updated Addendum D to Us within five (5) business days of the change and the new recipient(s) of an ownership interest in You must sign the Guaranty Agreement attached to this Agreement as Addendum C;

(ix) Prior to Our signing of this Agreement, You shall deliver to Us photocopies of the

organizational and governing documents and other documents such as certificates and stocks reflecting compliance with the provisions of this Subsection 24(b); and,

(x) Operation of Franchised Business is within the use for which the business entity is authorized in the jurisdiction in which the Franchised Business shall be conducted.

(c) If You are a business entity, You must appoint an individual owner as Your Operating Principal who must have authority over all business decisions related to Your Franchised Business and must have the power to bind You in all dealings with Us. Your Operating Principal must have at least a ten percent (10%) ownership interest in Your business entity. You must provide Us with written notice of Your Operating Principal at least thirty (30) days prior to opening and may not change Your Operating Principal without Our prior written approval.

(d) We do not require Your spouse or domestic partner to sign this Agreement or Guaranty Agreement but We do require that Your spouse or domestic partner sign a Non-Disclosure and Non-Competition Agreement, in the form We designate.

25. COVENANTS OF NON-SOLICITATION, NON-DISCLOSURE AND NON-COMPETITION

(a) You, and persons controlling, controlled by or under common control with You, specifically acknowledge that, pursuant to this Agreement, You will receive valuable specialized training, trade secrets, and Confidential Information, including, without limitation, information regarding the management, operations, marketing, advertising, and related information, materials, methods and techniques of Franchisor and Our System which are beyond the present skills and experience of You and Your managers and employees, and that the value of this information arises not only from the time, effort and money that went into its compilation but also from its usage by all franchisees. You acknowledge that such specialized training, trade secrets, and Confidential Information provide a competitive advantage and will be valuable to You in the operation of the Franchised Business, and that gaining access to such specialized training, trade secrets, and Confidential Information is therefore a primary reason why You are entering into this Agreement. In consideration for such specialized training, trade secrets, Confidential Information and exclusive rights described above, You and persons controlling, controlled by or under common control with You agree and covenant that during the term of this Agreement and for a continuous uninterrupted period commencing upon the effective date of expiration or termination of this Agreement or the date that You begin to comply with this Section, whichever is later, and for two (2) years thereafter, except to the extent prohibited by the laws of the state where the Franchised Business is located, or as otherwise approved in writing by Us, You shall not, either directly or indirectly, for You, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or other business entity:

(i) solicit, divert or attempt to solicit or attempt to divert any business or customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act deemed by Us to be injurious or

prejudicial to the goodwill associated with Our Licensed Rights and Our System; or

(ii) own, manage, maintain, operate, engage in, advise, consult with, invest in, be employed by or perform services as a director, officer, manager, representative, agent, or otherwise, or have any direct or indirect interest in any business within a ten (10) mile radius of the Designated Territory of Your former **btone FITNESS** Franchised Business and/or of any business owned by any **btone FITNESS** franchisee, Us or a **btone FITNESS** affiliate that (a) specializes, in whole or in part, in offering to the public substantially similar products and/or services to those products and/or services offered by the Franchised Business prior to the termination or expiration of this Agreement (a "Competitive Business") or (b) grants franchises or licenses to others to operate a Competitive Business.

(b) At any time, during the term of this Agreement or thereafter, You shall not, either directly or indirectly, for You, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or other business entity, use, in connection with the operation of any business other than the Franchised Business, any of the Licensed Rights, or any other names, marks, systems, insignias, or symbols provided or approved by Us to You pursuant to this Agreement, or cause or permit any such business to look like, copy or imitate a **btone FITNESS** Franchised Business or to be operated in a manner tending to have such effect.

(c) You expressly acknowledge that You possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, You acknowledge that enforcement of the covenants made in this Section will not deprive You of Your personal goodwill or ability to earn a living.

(d) It is the express intention of the parties to this Agreement to comply with all laws applicable to the covenants contained in this Agreement. If any of the covenants contained in this Section are found to exceed in duration, geography or scope those permitted by applicable law, the parties expressly agree that such restrictive covenant may be reformed or modified by the final judgment of a court of competent jurisdiction or other lawful constituted authority to reflect a lawful and enforceable restriction, whether in duration, geography or scope, and that the covenants contained in this Section 25 shall automatically be deemed to be amended and modified so as to comply with the judgment or order of such court or authority to the maximum extent permitted. If any one or more of the provisions contained in this Section 25 shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, and this Agreement shall be construed as if it never contained such invalid, illegal or unenforceable provisions.

(e) You understand and acknowledge that We shall have the right, in Our sole discretion, to reduce or limit the duration, geography or scope of any covenant set forth in this Section of this Agreement, or any portion thereof, without Your consent, effective immediately upon notice to You; and You agree that You shall comply from that point forward with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 48 hereof.

(f) You expressly agree that the existence of any claims You may have against Us, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Us of the covenants in this Section. You further agree that We shall be entitled to set off from any amount owed by Us to You any loss or damage to Us resulting from Your breach of this Agreement.

(g) You understand and agree that the restrictions contained in this Section are reasonable and necessary to protect Our legitimate business interests.

(h) Nothing contained in this Agreement shall prevent You from owning less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly traded corporation listed on a recognized national stock exchange or NASDAQ.

(i) You acknowledge and agree that any failure by You to comply with the requirements of this Section shall constitute a material Event of Default under this Agreement; that such failure will cause Us irreparable injury and that money damages will not adequately compensate Us; and that We are entitled to enforce this Section by temporary restraining order and/or temporary, preliminary and/or permanent injunction, and/or specific performance, without the necessity of posting bond. This relief will be in addition to any other relief We may have under federal and/or state law. You agree to pay all court costs and reasonable attorneys' fees incurred by Us in enforcing Our rights under this Section.

(j) In addition to any other remedies or damages allowed under this Agreement and/or by law, if You breach any of the covenants set forth in Subsections 25(a) and (b), You shall pay Us a fee equal to Our then-current Initial Franchise Fee for each Competitive Business identified plus six percent (6%) of such Competitive Business' Gross Sales until expiration of the non-competition period set forth in this Section.

(k) During the term of this Agreement, any of Our officers or area supervisors shall have the right to inspect any business interest in which You or a Key Employee has an interest, at reasonable times and during normal business hours, to the extent reasonably necessary to determine whether the conditions of this Section are being satisfied. If, by reason of such inspections or otherwise, We have reason to believe that You are in default of this Section 25, and You are so notified by Us, You shall have the burden of establishing that You are not in default. You shall respond to any default notice under this Section within ten (10) days. With regard to any such default, We shall have the right to pursue any and all rights of remedy and enforcement available to Us, either at law or in equity, and You shall immediately take all steps to cure said default in a manner satisfactory to Us.

The provisions of this Section shall survive any termination or expiration of this Agreement or any renewals.

26. CONFIDENTIALITY

(a) You, and persons controlling, controlled by or under common control with You, shall hold in confidence Our System and shall not disclose any part of Our System to any individual or entity. It is understood and agreed that Our System would, if used by other individuals or entities, confer on them a substantial competitive advantage, which advantage is presently enjoyed by Us. Accordingly, You agree that You shall not at any time, without Our prior written consent, disclose (except to such employees or agents as must reasonably have access to such information in order to establish or operate the Franchised Business and who have signed confidentiality agreements, in a form approved by Us) or use or permit the use of Our System, or any part, except as may be required by applicable law or as authorized by this Agreement.

You acknowledge and agree that any form of confidentiality agreement is a form of agreement only and that it may or may not be enforceable in a particular jurisdiction. You agree that You are solely responsible for obtaining Your own professional advice with respect to the adequacy of the terms and provisions of any confidentiality agreement You require Your employees, agents and independent contractors to sign.

(b) You, and persons controlling, controlled by or under common control with You, shall at all times use Your best efforts to keep confidential the Operations Manual, any other manuals or materials designated for use with Our System and such other information as We may designate for confidential use with Our System, as well as all other trade secrets, if any, and Confidential Information, knowledge and business know-how concerning the establishment, construction or operation of the Franchised Business that may be imparted to, or acquired by, You in connection with this Agreement. You acknowledge that the unauthorized use or disclosure of such Confidential Information (and trade secrets, if any) will cause incalculable and irreparable injury to Us. Any and all information, knowledge and know-how, not generally known in the fitness industry, about **btone FITNESS**' products, equipment, services, standards, specifications, systems, procedures and techniques, and such other information or materials as We may designate as confidential, shall be deemed confidential and proprietary for purposes of this Agreement, except information that You can demonstrate came to Your attention prior to disclosure thereof by Us or that is or has become a part of the public domain through publication or authorized communication by others. The Operations Manual, any other manuals or materials designated for use with Our System, and all Confidential Information (and trade secrets, if any) shall at all times be deemed to be, and shall remain, Our sole property, and You shall acquire no rights, title or interest therein by virtue of Your authorization pursuant to this Agreement to possess and use them.

YOU ACKNOWLEDGE AND AGREE THAT OUR CONFIDENTIAL INFORMATION INCLUDES, BUT IS NOT LIMITED TO: THE TERMS AND CONDITIONS OF THIS AGREEMENT; THE CONTENTS OF THE OPERATIONS MANUALS, TRADE SECRETS WHICH INCLUDES CUSTOMER LISTS, AND ANY COMPONENT OF OUR SYSTEM THAT DOES NOT CONSTITUTE A TRADE SECRET BUT THAT OTHERWISE MEETS THE DEFINITION OF "CONFIDENTIAL INFORMATION."

The provisions of this Section shall survive any termination or expiration of this Agreement or any renewals thereof.

27. NON-DISCLOSURE AND NON-COMPETITION AGREEMENTS

Except to the extent prohibited by the laws of the state where the Franchised Business is located or where the employee lives or works, You shall cause any person who is actively involved as a Key Employee, as defined in Section 12 of this Agreement, in the Franchised Business, at the time such person enters Your employment, to enter into a non-disclosure, non-solicitation and non-competition agreement, in a form approved by Us or as We otherwise provide. You acknowledge and agree that any form of non-disclosure, non-solicitation and non-competition agreement is a form of agreement only and that it may or may not be enforceable in a particular jurisdiction. You agree that You are solely responsible for obtaining Your own professional advice with respect to the legal compliance with the law and adequacy of the terms, provisions and legal compliance with Your state laws of any non-compete agreement You require Your employees, agents and independent contractors to sign.

You shall use Your best efforts to prevent any such persons from using, in connection with the operation of any competing business wherever located, any of the Licensed Rights or from operating any competing business that looks like, copies or imitates any **btone FITNESS** Franchised Business or operates in a manner tending to have such effect. If You have reason to believe that any such person has violated the provisions of the non-disclosure, non-solicitation and non-competition agreement, You shall immediately notify Us and shall cooperate with Us to protect Us against infringement or other unlawful use of the Licensed Rights, including, but not limited to, the prosecution of any lawsuits if, in the judgment of Our counsel, such action is necessary and advisable.

The provisions of this Section shall survive any termination or expiration of this Agreement or any renewals thereof.

28. ASSIGNMENT; CONDITIONS AND LIMITATIONS

If You are not an individual, the terms of this Section and of Section 29 hereof, shall also be deemed to apply to any management agreement, sale, resale, pledge, assignment, transfer or encumbrance of voting stock of, or other ownership interest in You which would, alone or together with other related, previous, simultaneous or proposed transfers, result in a change of ownership or management "control" of You.

As used in this Agreement, the term "transfer" includes Your (or an Owner's) voluntary, involuntary, direct or indirect, assignment, sale, gift, or other disposition of any interest in (1) this Agreement, (2) the Franchisee entity, (3) the Franchised Business governed by this Agreement, or (4) all or a substantial portion of the assets of the Franchised Business. It also includes an assignment of day-to-day operational responsibilities for the Franchised Business pursuant to an

operating agreement or otherwise. A transfer of the Franchised Business' ownership, possession, or control, or all or a substantial portion of Your assets, may be made only with a transfer of this Agreement which complies with the terms of this Agreement.

(a) You shall not, directly or indirectly, sell, assign, transfer, or encumber this Agreement, the Franchise, the Licensed Rights, or any other interest hereunder, nor shall You suffer or permit any such assignment, transfer or encumbrance to occur, by operation of law or otherwise, without obtaining Our prior written consent and complying with the terms of this Section 28.

(b) In the event You or Your successor is not an individual, You agree and acknowledge as follows:

(i) The Articles of Incorporation (or other corporate charter pursuant to which You were formed) and the Bylaws or Operating Agreement (or regulations or other instrument for the governance of the entity), or the Partnership Agreement, or other instruments pursuant to which You were created, reflects that the issuance and transfer of voting stock or other ownership interest therein ("securities") is restricted by the terms of this Agreement. You shall furnish Us at the time of execution of this Agreement or of assignment to the corporation, limited liability company, partnership or other entity, an agreement executed by all stockholders, partners, members and other owners of any equity interest in You, stating that none of such entities will sell, assign or transfer voluntarily or by operation of law any securities of Franchisee to any other entity, other than existing stockholders or partners to the extent permitted hereunder, without Our prior written consent. All securities issued by You will bear a legend in substantially the following form, which shall be printed legibly and conspicuously thereon:

"TRANSFER OF THESE SECURITIES IS SUBJECT TO CERTAIN RESTRICTIONS CONTAINED IN A FRANCHISE AGREEMENT BETWEEN BTONE FITNESS DEVELOPMENT, LLC AND _____ DATED _____, 20__."

A stop transfer order shall be in effect against the transfer of any securities on Your records except transfers permitted by this Agreement.

(c) You acknowledge and agree that the restrictions on transfer imposed herein are reasonable and are necessary to protect Our franchise system; **btone FITNESS** trade secrets and operating procedures; **btone FITNESS**' general high reputation and image; the Licensed Rights; as well as You and other **btone FITNESS** franchisees. Any assignment or transfer permitted by this Agreement shall not be effective until We receive a completely executed copy of all transfer documents and consent to such transfer in writing. Under no circumstances will You have a right to transfer under this Agreement before the Franchised Business has commenced operations.

(d) Your performance is of vital importance to the market position and Our overall image, and there are many subjective factors that comprise the process by which We select a suitable

franchisee. Our consent to a transfer or assignment by You of the Franchise and Franchised Business shall, in addition to the other restrictions and requirements herein noted, remain a subjective determination and shall consider, but not be limited to, whether:

(i) All obligations of Yours under this Agreement and all other franchise documents, and the relationship created under those agreements are being assumed by the transferee;

(ii) All ascertained debts of Yours to Us and Our affiliates have been paid;

(iii) You, at the time of the request to transfer and as of the date of transfer, are not in default under this Agreement or any other franchise agreement;

(iv) The proposed transferee does not operate or participate in an entity that operates a franchise, license, or other business offering products and/or services similar to those offered by the Franchised Business;

(v) The proposed transferee meets all of Our requirements for new franchisees, including, but not limited to, good reputation and character, experience, business acumen, operational ability, financial strength and stability, willingness and ability to devote full time and best efforts to the operation of the Franchised Business and other business considerations as We may reasonably apply in evaluating new franchisees. You must provide Us all information We require concerning the proposed transaction (including a copy of the purchase agreement and all related documents), and about the proposed transferee;

(vi) The proposed transfer is at a price and upon such terms and conditions as We, in Our sole and exclusive judgment, deem reasonable; or We shall have the right to approve the material terms and conditions of the transfer, including, without limitation, the right to confirm that the price and terms of payment are not so burdensome as to affect adversely the transferee's operation of the Franchised Business.

(vii) The proposed transferee executes or, in appropriate circumstances, causes all necessary parties to execute Our then-current standard form of franchise agreement (provided that such execution will not serve to extend the then remaining term of the franchise) and such other then-current ancillary agreements being required by Us of new franchisees on the date of transfer;

(viii) You, except to the extent prohibited by state law, have executed a general release of any and all claims against Us and Our affiliates, and Our respective officers, directors, agents and employees;

(ix) You or proposed transferee have paid to Us a non-refundable Transfer Fee equal to twenty percent (20%) of the then-current Initial Franchise Fee being charged to new

franchisees to cover Our reasonable costs in effecting the transfer and in providing training and other initial assistance to transferee;

(x) If You are providing financing to the proposed transferee for any part of the purchase price, You have agreed that all of the proposed transferee's obligations under promissory notes, agreements or security interests reserved in the Franchised Business are subordinate to the proposed transferee's obligation to pay fees and other amounts due to Us and otherwise to comply with the franchise agreement; and,

(xi) You will abide by all post-termination covenants including, without limitation, the covenant not to compete set forth in Section 25 and confidentiality set forth in Section 26.

(e) If You pursue but do not complete a transfer which has caused Us to incur costs and expenses in reviewing and documenting the proposed transfer, You must reimburse Us for these costs and expenses.

(f) This Agreement shall inure to Our benefit, and Our successors and assigns, and We shall have the right to transfer or assign without Your consent all or any part of Our interest in this Agreement to any person or legal entity who in Our good faith judgment has the willingness and capacity to assume Our obligations.

29. DEATH, DISABILITY OR PERMANENT INCAPACITY OF FRANCHISEE

In the event of Your death or permanent disability or that of any person with a controlling interest in You, the executor, administrator, or personal representative of that person shall transfer his or her interest to a third party approved by Us within six (6) months after such death or permanent disability. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same restrictions and conditions as any *inter vivos* transfer. However, in the case of a transfer by devise or inheritance, if the heirs or beneficiaries of any deceased person are unable to fully satisfy the conditions contained in this Agreement, the personal representative of the deceased Franchisee shall have a reasonable time, in Our sole discretion, to dispose of the deceased's interest in the Franchise, which disposition will be subject to all the terms and conditions for transfer contained in this Agreement. If the deceased's interest is not transferred within a reasonable time, as determined by Us in Our sole discretion, We may terminate this Agreement. The term "permanent disability" shall mean a mental, physical or emotional disability, incapacity, impairment, or condition that is reasonably expected to prevent or actually does prevent You (or an Owner controlling You) from supervising the management and operation of the Franchised Business for a period of one hundred and twenty (120) days from the onset of such disability, incapacity, impairment or condition. In any event, the Franchised Business must at all times be managed by a designated manager who has complied with all of Our training requirements, regardless of any death or permanent disability covered by this Section.

30. OPERATION OF FRANCHISED BUSINESS IN THE EVENT OF ABSENCE, INCAPACITY OR DEATH

In order to prevent any interruption of the business of the Franchised Business which would cause harm to such business and thereby depreciate its value, You authorize Us, in the event that You are absent or incapacitated or die, and are not, therefore, in Our sole judgment, able to operate the Franchised Business, to operate said business for so long as We deem necessary and practical, and without waiver of any other rights or remedies We may have under this Agreement; provided, however, that in the event that We commence to operate the Franchised Business, We shall not be obligated to operate the Franchised Business for a period of more than one hundred and twenty (120) days. All monies from the operation of the Franchised Business during the period of Our operation shall be maintained in a separate account. The expenses of the Franchised Business, including reasonable compensation and expenses for Our representatives, shall be charged to such account. If, as provided in this Section 30, We temporarily operate the Franchised Business, You agree to indemnify and hold Us harmless, and hold harmless any representative of Ours who may operate the Franchised Business, from any and all claims arising from the acts and omissions of Us and Our representative arising from such operation.

31. FRANCHISOR RIGHT OF FIRST REFUSAL

If You receive from a third party, and desire to accept, a bona fide written offer to purchase Your business, franchise and interests in the Franchised Business (or seek to effect a sale of the Franchised Business), We shall have a right of first refusal, exercisable by written notice to You furnished within sixty (60) days after written notice and receipt of a copy of such offer and the other information set forth in this Section, to purchase such business, franchise and interests on the same financial terms and conditions as offered to or by such third party; provided further that We may substitute cash for any other form of payment proposed in such offer. In order that We may have information sufficient to enable Us to determine whether to exercise Our right of first refusal, You shall deliver to Us, to the extent requested by Us, certified financial statements as of the end of Your most recent fiscal year, any financial statements prepared by or for You since the end of such fiscal year and such other information about the business and operations of Franchisee as You have provided or will make available to such third party. If We do not exercise Our right under this Section 31, You may, within ninety (90) days from the expiration of the option period, sell, assign and transfer Your business, franchise and interests hereunder but only upon the same terms and conditions proposed to Us and provided We have consented to such transfer as required by Section 28 hereof.

If You fail to make such sale, assignment or transfer within this ninety (90) day period, or if there is any material change in the terms of the offer, it shall trigger a new right of first refusal period. Failure by Us to exercise the option afforded by this Section shall not constitute a waiver of any other provisions of this Agreement, including all of the requirements of Section 28 hereof, with respect to the proposed transfer.

If You are not an individual, this right of first refusal shall apply to any management agreement, sale, resale, pledge, assignment, transfer or encumbrance of the voting stock of, or other ownership interest in You which would, alone or together with other related, previous, simultaneous or proposed transfers, result in a change of "control" of Franchisee.

32. TERMINATION

(a) If You are in compliance with this Agreement and We materially breach this Agreement and fail to cure such breach within thirty (30) days after written notice thereof is delivered to Us, then You may terminate this Agreement and the Franchised Business effective thirty (30) days after delivery to Us of notice of termination. Notwithstanding the foregoing, if the breach is capable of being cured but is of a nature which cannot reasonably be cured within such thirty (30) day period, and We have commenced and are continuing to make good faith efforts to cure the breach, We shall be given an additional reasonable period of time to cure the breach, and this Agreement shall not terminate. Any termination of this Agreement and the Franchised Business by You, without complying with the foregoing requirements, or for any reason other than a material breach of this Agreement by Us and Our failure to cure such material breach within the time allowed shall be deemed a termination by You without cause.

(b) You acknowledge that the strict performance of all the terms of this Agreement is necessary not only for Our protection, but also for the protection of You and Our other franchisees. As a result, You acknowledge and agree that the occurrence of any of the following events, each or any of which shall be considered a Material Breach default of this Agreement, constitutes reasonable grounds for termination of this Franchise Agreement by Us; provided, however that You shall be given the opportunity, within fifteen (15) days after receipt of written notice of such Material Breach, to cure the default by promptly providing proof of cure to Us. Notwithstanding the foregoing, if the breach is curable but is of a nature which cannot reasonably be cured within such fifteen (15) day period and You have commenced and are continuing to make good faith efforts to cure the breach, You shall be given an additional reasonable period of time to cure the default, and this Agreement shall not terminate. If any such default is not cured within the time as specified by Us, this Agreement shall terminate effective immediately without further notice to You. You shall be in default under this Agreement for failure to comply with any of the requirements imposed by the Agreement, or for failure to carry out the terms of this Agreement in good faith. Such defaults include, but are not limited to:

(i) A failure by You to secure a site accepted by Us within twelve (12) months of signing this Agreement;

(i) A failure by You to remit any payments when due under this Agreement;

(ii) A failure by You to establish, equip, maintain, or update the Franchised Business in accordance with Our plans and specifications;

(iii) A failure by You to submit to Us financial reports or other information required

under this Agreement, or a failure to allow reasonable access to Your records within the time periods required by this Agreement;

(iv) A failure by You to operate the Franchised Business in accordance with Our Operations Manual or other manuals, or a failure by You to use products, methods, equipment or suppliers which conform to Our specifications and standards, or Your failure to maintain Our standards of quality service in the operation of the Franchised Business;

(v) A failure by You to obtain Our prior written approval or consent as expressly required by this Agreement;

(vi) A failure by You to accurately or completely record all sales made in, upon or from the Franchised Business at the time of sale;

(vii) A breach by You of any other covenant, term, or provision of this Agreement;

(viii) A failure by You to open the Franchised Business within twelve (12) months of the execution of this Agreement;

(ix) A failure by You to comply with any of Your agreements with any third parties as related to the Franchised Business;

(x) A failure by You to consistently pay the debts of the Franchised Business as they become due; or

(c) In the event You are delivered three (3) or more notices of Material Breach from Us within a twenty four (24) month period pertaining to any one (1) or more of the foregoing events of default whether or not cured after notice, during the initial term or any renewal terms of this Agreement, We shall have the right to terminate this Agreement. The effective date of any such termination notice under this Subsection shall be upon the expiration of Your receipt of fifteen (15) days written notice to that effect, or such longer period as may be required by law.

(d) Notwithstanding the foregoing, We shall deem You to be in material breach and, at Our option, may terminate this Agreement and all rights granted under it, without affording You any opportunity to cure the breach, effective immediately after written notice of termination is received by You, if You do any of the following:

(i) Abandon, vacate, desert, surrender, transfer control or otherwise cease operation of the Franchised Business, or fail to continuously and actively operate the Franchised Business, or to do so for a period of three (3) consecutive days or any shorter period that indicates an intent by You to discontinue operation of the Franchised Business without Our express written consent, unless and only to the extent that You are precluded from doing so by damage to the Franchised Business due to war, act of God, civil disturbance, natural disaster, labor dispute or other events beyond Your reasonable control, and so long as

within one hundred and eighty (180) days, You have begun and diligently pursued relocation or re-establishment of the Franchised Business;

(ii) Misuse the Licensed Rights, or any other names, marks, e-marks, systems, insignias, symbols, copyrights or rights provided by Us to You, or otherwise materially impair the goodwill associated therewith the Licenses Rights, or if You shall use at the Franchised Business any names, marks, e-marks, systems, insignias, symbols or copyrights not authorized by Us;

(iii) Consistently (e.g., twice or more in any twelve (12) month period) fail or refuse to submit when due any financial statement, tax return or schedule, or to pay when due the Royalty Fees or any other payments or to submit any required reports due to Us;

(iv) Intentionally underreport Gross Sales in any amount or negligently underreport Gross Sales by five percent (5%) or more during any reporting period;

(v) Operate the Franchised Business in a manner that violates any federal, state, or local law, rule, regulation or ordinance;

(vi) Make a material misrepresentation to Us or on Your application to own and operate the Franchised Business or in conducting the business franchised and licensed under this Agreement;

(vii) Attempt to transfer, assign or sub-franchise this Agreement without Our prior written consent as set forth in this Agreement;

(viii) Disclose or divulge to any unauthorized person or entity or copy or reproduce any of the contents of the Operations Manual or any other trade secrets or Confidential Information provided to You by Us or any of Our affiliates;

(ix) Engage in any activity that has an adverse effect on Us, Our affiliates, Our franchisees and/or the Marks;

(x) Are indicted or arrested, charged, publicly accused in the national or regional media or convicted of any felony whatsoever, or if You are convicted of any crime involving fraud, deception or moral turpitude, or commit any crime or offense reasonably likely, in Our sole opinion, to materially and unfavorably affect the Licensed Rights, the marks and associated goodwill and reputation of **btone FITNESS** and/or Franchisor;

(xi) (1) Fail to satisfy any judgment within thirty (30) days unless a supersedeas or other appeal bond has been filed; or (2) fail to obtain discharge within five (5) days an execution levied against You, Your business or property or any person with a controlling interest in You; or (3) fail to obtain dismissal within thirty (30) days any suit to foreclose any lien or mortgage against the Franchised Business, the equipment of such business, or the land

upon which the Franchised Business is situated; or (4) fail to obtain dismissal or release within a thirty (30) day period of any attachment of or liens on Your bank accounts, property or receivables; or (5) if the real or personal property of Your business is sold after levy by any sheriff, marshal, or constable;

(xii) Fail to maintain an independent contractor relationship with Us;

(xiii) Commit a default under any loan or lease required to operate the Franchised Business and fail to cure that default by the date specified by the lender or lessor;

(xiv) Create or allow the continuation of any condition in or at the Franchised Business, or on or about the Franchised Business' premises, which We reasonably believe presents health and/or safety concerns for the Franchised Business' customers or employees;

(xv) Engage in any act(s) that is so dishonest, untrustworthy, self-dealing, and/or fraudulent, that it goes to the essence of the Franchise Agreement and/or frustrates one of the principal purposes of the Franchise Agreement and/or irreparably damages the trust between Us and You;

(xvi) Commit a material breach that cannot be cured; or

(xvii) If, without Our prior written consent, You or persons controlling, controlled by, or under common control with You shall have any interest, direct or indirect, in the ownership or operation of any business engaged in the sale of similar or other related products or services within Your Designated Territory, or in any business, regardless of where located, that looks like, copies, or imitates any **btone FITNESS** business, or operates in a manner tending to have such effect.

(e) Notwithstanding the foregoing provisions of this Section, You shall be in breach under this Agreement and all rights granted under this Agreement will automatically terminate without notice to You, if You do any of the following:

(i) Make an assignment for the benefit of creditors or an admission of Your inability to pay Your obligations as they become due; or

(ii) File a voluntary petition in bankruptcy or any pleading seeking any reorganization, arrangement, composition, adjustment, liquidation, dissolution or similar release under any law, or admit or fail to contest the material allegations of any such pleading or action for the benefits of creditors filed against You, or are adjudicated bankrupt or insolvent, or a receiver is appointed for a substantial part of Your assets or the assets of the Franchised Business, or the claims of Your creditors or the creditors of the Franchised Business are abated or subject to moratorium under any laws.

(f) If You are in material default as described in subsection (b) above, We have the right to

suspend any and all operating assistance as described in this Agreement and/or the Operations Manual to You.

(g) In the event state law requires a notice period prior to the effective date of a termination under this Section, We shall have the right to take possession of the Franchised Business and diligently run it on Your behalf until such time as the termination becomes legally effective. You, on behalf of Yourself, Your heirs, and Your legal representatives, consent to such operation of the Franchised Business by Us, and release and indemnify Us from any liability arising in connection with Our operation of the Franchised Business pursuant to the terms of this Subsection.

33. STEP-IN RIGHTS

(a) If a material default under this Agreement occurs and remains uncured, or is not subject to cure, or if Your actions jeopardize the integrity of the Marks or System, then You authorize Us or Our designee to operate the Franchised Business for as long as, in Our reasonable judgment, it is necessary or practical. You acknowledge that this right to step-in is necessary to preserve the value and integrity of the Marks and System. Even if We exercise this right to step in, You agree that We do not lose or waive a right to exercise any other rights or remedies which We may have legally under this Agreement. Among the reasons We may act under these step-in rights are:

(i) We reasonably determine that You are unable to operate the Franchised Business because You are absent or incapacitated because of illness, accident, injury or death;

(ii) You have not paid Your monetary obligations to Us or others when they are due;

(iii) You have not removed non-consensual liens or encumbrances which have been placed against the Franchised Business; or

(iv) We determine that material operational problems require that We operate the Franchised Business for a period of time.

(b) During a step-in period, We will maintain in a separate account, all Gross Sales of the Franchised Business. From that account We will pay all expenses of the Franchised Business, which will include the Royalty Fee, Marketing Fund payments, and reasonable compensation and expenses for Our representatives. If these step-in rights are exercised, You agree to hold Us harmless and hold harmless Our representatives for all actions or omissions which occur during the course of the temporary operation. You agree to pay Our reasonable attorneys' fees and costs which might arise from the exercise of these step-in rights. Nothing in this Section 33 will prevent Us from exercising any other rights which We may have under this Agreement, including the right to terminate the Agreement.

34. CROSS-DEFAULT

Any default by You of any other agreement between Us and You or Us and any of Your affiliates

shall be deemed a default under this Agreement, and any default by You under this Agreement shall be deemed a default under any and all other agreements between the parties. If the nature of such default under any other agreement would have permitted Us to terminate this Agreement had such default occurred under this Agreement, We shall have the right to terminate all of the other agreements between Us and You or Us and any of Your affiliates in the same manner as provided herein for termination of this Agreement.

35. OBLIGATIONS OF FRANCHISEE UPON TERMINATION OR EXPIRATION

(a) Upon termination of this Agreement for any reason or upon expiration of its term, You agree as follows:

(i) To pay immediately to Us, and/or Our affiliates the full amount of all sums due under this Agreement including damages, liquidated damages and costs incurred in enforcing this Agreement or otherwise;

(ii) To cease immediately to operate the Franchised Business and cease to use the Licensed Rights provided by Us under this Agreement, including but not limited to **btone FITNESS** Marks, or any other marks registered by Us and Our affiliates or any of Our trade secrets, signs, symbols, devices, materials constituting part of Our System, and any confusingly similar name, marks, e-marks, copyrights, systems, insignias, symbols and other rights, procedures or methods;

(iii) To immediately return to Us all originals and copies of Our Operations Manuals and all other manuals, plans and specifications, designs, training aids, records, data, samples, models, programs, or handbooks and other materials loaned or provided to You by Us or any of Our affiliates;

(iv) To immediately turn over to Us any and all originals and copies of customer lists, records, files, instructions, social media contact lists, correspondence including customer related emails, brochures, computer software, computer CDs, DVDs or diskettes and any and all Confidential Information in Your possession, custody or control concerning or relating to the operation of the Franchised Business and/or Our operations or business. The only documents that You shall be permitted to retain are Your copy of this Agreement, any correspondence between You and Us and any other documents that You reasonably need to comply with a provision of applicable law;

(v) To cease immediately to hold Yourself out in any way as Our franchisee or to do anything that would indicate any past or present relationship between You and Us;

(vi) To the extent possible, to immediately remove or permanently cover any and all structures, signs or advertisements identifiable in any way with Us or **btone FITNESS'** name or image;

(vii) To promptly take such action that may be required to cancel all fictitious or assumed names or equivalent registrations relating to Your use of any of the Marks or, at Our option, assign same to Us;

(viii) Promptly assign to Us any interest that You may have in the telephone number(s), telephone listing(s) and/or directory(ies), social media and networking accounts, and/or Internet numbers used by You in connection with the operation of the Franchised Business. You shall promptly transfer all telephone calls by call-forwarding to Us or to such other party or entity as We shall direct; execute any such instruments and take such actions as We may deem necessary to effect such transfer and call-forwarding of telephone calls. You acknowledge that this Agreement shall be conclusive evidence of Our rights to such telephone numbers, telephone directory listings, social media and networking accounts and Internet numbers and Our authority to direct this transfer;

(ix) If requested, assign Your interest in the Accepted Site to Us;

(ix) Abide by all restrictive covenants set forth in Sections 25 through 27 of this Agreement;

(xi) Assign any and all accounts receivable to Us for collection. In connection therewith You hereby appoint Us as attorney-in-fact to engage in such collection activities following the termination or expiration of this Agreement and You specifically undertake to refrain from engaging in any such collection activities upon termination or expiration. We agree to employ good faith efforts, including, where appropriate in Our sole and exclusive judgment, the commencement of legal proceedings, to collect such accounts receivable. Nothing contained herein shall be construed or deemed to impose any duty or obligation upon Us to collect such accounts receivable and, if all or a portion of such accounts receivable are not collected by Us, You release and waive any claims thereto against Us. If We are successful in collecting all or a part of such accounts receivable, We shall remit to You such sums collected after first deducting any and all monies owed to Us; after deducting the pro rata cost of serving the customer(s) with respect to whom the receivables were collected; and, after further deducting Our costs of collection; and

(xii) Immediately refrain from engaging in any and all contacts with customers or former customers of the Franchised Business, whether with respect to collection of accounts receivable, to provide services to such customers or former customers pursuant to any business conducted by You, whether or not similar to the Franchised Business, or for any other purpose whatsoever.

(b) If termination of this Agreement arises out of a default or defaults by You in complying with terms of this Agreement, We shall have the option to purchase at fair market value all or part of Your supplies and products used by You in the Franchised Business. Such option shall be exercised, if at all, in whole or in part, by Us upon or within fifteen (15) days of termination of this Agreement. It is expressly understood that this provision is an option that We may or may not

exercise, and that We are under no obligation to do so. We shall have the right to set off all amounts due from You against any payment We would otherwise make to You under this Subsection. If We and You cannot agree on the fair market value of the property, it will be determined by an independent appraisal paid for by both You and Us. You shall have the right to maintain Your own property not bearing any of the Marks, including equipment and supplies, and are under no obligation to sell such property to Us.

36. NOTICES

All approvals, requests, notices, and reports required or permitted under this Agreement will not be effective unless in writing and delivered to the party entitled to receive the notice in accordance with this Section. All such approvals, requests, notices, and reports, as well as all payments, will be deemed delivered at the time delivered by hand; or one (1) Business Day after sending by e-mail or comparable electronic system or through a nationally recognized commercial courier service for next Business Day delivery; or three (3) Business Days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid; and must be addressed to the party to be notified at its most current principal business address of which the notifying party has been notified and/or, with respect to any approvals and notices that We provide to You or Your Owners, at the Franchised Business' address. As of the Effective Date of this Agreement, notices should be addressed to the following addresses unless and until a different address has been designated by written notice to the other party:

(a) If to Us at:
30 Newbury Street, 4th Floor, Boston, Massachusetts 02116

(b) If to You at:

37. DISPUTE RESOLUTION

(a) We and You agree that it is in each of Our best interests to resolve claims, controversies and disputes arising out of or relating to Your operation of the Franchised Business under this Agreement between us in an orderly fashion and in a consistent manner. For that reason, We and You agree as follows:

(i) Except for matters where either party seeks equitable relief, neither party will seek a judicial resolution of a dispute between them without first requesting a meeting or telephone conference with the other party by written notice, which notice will designate a party who is a senior executive with authority to reach a resolution of the dispute on their behalf. The party receiving the notice will also designate a representative of similar authority for the purpose of discussing the specific matter in dispute. If the Franchisee is an individual, You will be Your designated representative. At least one meeting or telephone conference of the designated representatives will be held in an effort to resolve the dispute. The parties will agree on a location, date and time for the meeting or telephone conference which must be within thirty (30) days of the initial notice. If the meeting(s)

and/or telephone conferences do not resolve the dispute, either party may pursue mediation in accordance with Subsection 37(a)(ii).

(ii) If the dispute is not resolved pursuant to Subsection 37(a)(i), the parties shall submit the dispute to mediation in accordance with the Commercial Arbitration Rules and Mediation Procedures (Including Procedures for Large, Complex Commercial Disputes) of the American Arbitration Association ("AAA") unless both parties agree to waive mediation and proceed directly to arbitration as set forth in Subsection 37(a)(iii). Each party will bear their own costs and fees of the mediation, however, the mediator's fee will be split equally between the parties.

(iii) If the parties have not resolved a claim, controversy or dispute by negotiation, mediation, or otherwise (which the parties will make a diligent effort to do) or if a claim, controversy or dispute arises subsequent to the termination or expiration of this Agreement, such claim, controversy or dispute shall be referred to Arbitration in accordance with the AAA's Commercial Arbitration Rules and Mediation Procedures (Including Procedures for Large, Complex Commercial Disputes)**,** as amended (and specifically including the Optional Rules). If such Rules are in any way contrary to or in conflict with this Agreement, the terms of this Agreement shall control. The Arbitrator shall apply the Federal Rules of Civil Procedure and the Federal Rules of Evidence to the extent possible while, in Arbitrator's discretion, still effecting the arbitration goal of streamlined administrative procedure. The law of the Commonwealth of Massachusetts shall govern the construction and interpretation of this Agreement in Arbitration.

(b) The Arbitration proceedings shall be conducted before a single Arbitrator, selected in accordance with AAA Rules, who shall be a member of the bar of the Commonwealth of Massachusetts who has been actively engaged in the practice of law for at least ten (10) years. Prior to the commencement of hearings, the Arbitrator shall provide an oath of undertaking of impartiality.

(c) Arbitration shall be conducted in Massachusetts (or, if the AAA office in Massachusetts is no longer in existence, at the location of the AAA nearest to the Commonwealth of Massachusetts). The award of the Arbitrator shall be final and judgment upon the award rendered in Arbitration may be entered in any court having jurisdiction thereof. The costs and expenses of Arbitration, including compensation and expenses of the Arbitrator, shall be borne by the non-prevailing party.

(d) Any party to this Agreement may bring an action, including a summary or expedited proceeding to compel Arbitration of any such dispute or controversy, in a court of competent jurisdiction in Massachusetts and, further, may seek provisional or ancillary remedies including temporary or injunctive relief in connection with such dispute or controversy, without providing or posting any bond or security regardless of any legal requirements to do so, provided that the dispute or controversy is ultimately resolved through binding Arbitration conducted in accordance with the terms and conditions of this Agreement.

(e) In proceeding with Arbitration and in making determinations hereunder, the Arbitrator shall not extend, modify or suspend any terms of this Agreement or the reasonable standards of business performance and operation established by Us in good faith. Notice of or request to or demand for arbitration shall not stay, postpone or rescind the effectiveness of any termination of this Agreement. In the event that either Party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such Party notwithstanding said failure to appear.

(f) Whenever We reserve or are deemed to have reserved discretion in a particular area or where We agree or are deemed to be required to exercise Our rights reasonably or in good faith, We will satisfy Our obligations whenever We exercise Reasonable Business Judgment in making Our decision or exercising Our rights. Our decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if Our decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes Our financial or other individual interest. Examples of items that will promote or benefit the System include without limitation enhancing the value of the Marks, improving customer service and satisfaction, improving service or product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System. We are not required to consider any of Your or any other franchisee's particular economic or other circumstances when exercising Our Reasonable Business Judgment. Decisions We make using Our Reasonable Business Judgment will not affect all franchisees equally, and some may be benefited while others are not. Neither You nor any third party (including without limitation an arbitrator or a court of competent jurisdiction), shall substitute its judgment for Our Reasonable Business Judgment.

38. REMEDIES

(a) The parties agree that any claim for lost earnings or profits by You shall be limited to a maximum amount equal to the net profits of the Franchised Business for the prior year as shown on Your federal income tax return.

(b) The parties further agree that, in addition to such other damages awarded any and all other damages We may have in the future for any violations of Your post-termination obligations, if this Agreement is terminated by Us because of Your default or if You terminate without cause, You shall be liable to Us for a lump sum termination fee equal to the net present value of the Royalty Fees that would have become due following termination of this Agreement for the period this Agreement would have remained in effect but for Your default. Royalty Fees for purposes of this Section shall be calculated based on the Franchised Business' average monthly Gross Sales for the twelve (12) months preceding the termination date. If you have not operated your Franchised Business for at least twelve (12) months preceding the termination date, Royalty Fees will be calculated based on the average monthly Gross Sales of franchised businesses operating under the same Mark during our last fiscal year and the payment amount would be equal to the net present value utilizing the Prime Rate as published per the Wall Street Journal. This fee is in addition to, and not in lieu of any other damages we sustain as a result of the termination. The parties hereto

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

(c) In the event that there is any controversy or claim arising out of or relating to this Agreement, or to the interpretation, breach or enforcement thereof, and any arbitration, action or proceeding is commenced to enforce the provisions of this Agreement, the prevailing party shall be entitled to its reasonable attorney's fees, costs and expenses from the non-prevailing party.

39. REMEDIES CUMULATIVE

All rights and remedies of the parties hereto shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for in this Agreement or which may be available at law or in equity in case of any actual or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between You and Us or Our affiliates. The rights and remedies of the parties under this Agreement shall be continuing and may be exercised at any time or from time to time. The expiration, earlier termination, or exercise of Our rights pursuant to Section 32 of this Agreement shall not discharge or release You from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination, or the exercise of such rights under this Agreement.

40. LIMITATIONS OF CLAIMS

Except with regard to Your obligation to pay Us and/or Our affiliates Royalty Fees, any Marketing Fund Fees and other fees or payments of every nature and kind due from You pursuant to this Agreement or otherwise, any claims between the parties must be commenced within one (1) year from the date on which the party asserting the claim knew or should have known of the facts giving rise to the claim or such claim shall be barred. The parties understand that this time limit might be shorter than otherwise allowed by law. You agree that the sole recourse for claims arising between the parties shall be against Us or Our successors and assigns. You agree that Our shareholders, members, directors, officers, employees and agents and Our affiliates shall not be personally liable nor named as a party in any action between Franchisee and Franchisor. You and We further agree that, in connection with any such proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim that is not submitted or filed as described above shall be forever barred. The parties agree that any proceeding will be conducted on an individual, not a class-wide, basis and that a proceeding between You and Us may not be consolidated with another proceeding between Us and any other person or entity. No previous course of dealing shall be admissible to explain, modify, or contradict the terms of this Agreement. No implied covenant of good faith and fair dealing shall

be used to alter the express terms of this Agreement.

41. INJUNCTIVE RELIEF

(a) Nothing in this Agreement shall bar Our right to seek specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause Us loss or damages under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. You specifically acknowledge that any failure by You to comply with the requirements of Sections 25, 26 and/or 27 of this Agreement will cause Us irreparable injury and that We shall be entitled to obtain specific performance of, and/or an injunction against any violation of, such requirements. You agree to pay all court costs and reasonable attorneys' fees incurred by Us in obtaining specific performance of, and/or an injunction against any violation of, the requirements of this Agreement. The foregoing remedies shall be in addition to any other legal or equitable remedies that We may possess.

(b) You agree that We will not be required to post a bond to obtain any injunctive relief and that Your only remedy if an injunction is entered against You will be to seek the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by reason of the wrongful issuance of such injunction being expressly waived hereby).

(c) Should legal proceedings be brought against You to enforce any non-competition covenant or for Your failure to maintain confidentiality and protect against infringement, the period of restriction shall be deemed to begin running on the date of entry of an order granting Us injunctive relief and shall continue uninterrupted for the entire period of restriction.

42. DAMAGES AND WAIVER OF JURY TRIAL

The parties waive, to the extent permitted by law, any claim for punitive or exemplary damages against each other, regardless of each parties' respective right to such damages under the choice of law provision herein. Only claims, controversies or disputes involving You and no claims for or on behalf of any other franchisee, franchisor or supplier may be brought by You hereunder.

FURTHERMORE, YOU AND WE EACH IRREVOCABLY WAIVE OUR RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER PARTY. YOU AND WE ACKNOWLEDGE THAT THIS WAIVER OF JURY TRIAL RIGHTS PROVIDES THE PARTIES WITH THE MUTUAL BENEFIT OF UNIFORM INTERPRETATION OF THIS AGREEMENT AND RESOLUTION OF ANY DISPUTE ARISING OUT OF THIS AGREEMENT AND ANY ASPECT OF THE PARTIES' RELATIONSHIP. YOU AND WE FURTHER ACKNOWLEDGE THE SUFFICIENCY AND RECEIPT OF MUTUAL CONSIDERATION FOR SUCH BENEFIT.

43. ENFORCEMENT COSTS AND EXPENSES

You shall pay Us on demand any and all costs and expenses We incur in enforcing the terms of this Agreement, including, but not limited to, Our overhead costs and Our expenses for Our staff's time and efforts to obtain overdue reports and/or payments or to address and/or resolve defaults; costs and commissions due a collection agency; attorneys' fees; and Our administrative costs. If a claim for amounts owed by You to Us or any of Our affiliates is asserted in any legal proceeding or if We are required to enforce this Agreement in a judicial or arbitration proceeding and We prevail, You must reimburse Us for Our costs and expenses, including court costs, arbitration and arbitrator costs, expert witness fees, discovery costs, and reasonable accounting and attorneys' fees and costs on appeal together with interest charges on all of the foregoing whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding. All such costs and expenses shall be prorated to properly reflect any partial prevailing in the proceeding, as determined by the arbitrator or the court. Your duty to pay all of the above costs and expenses shall survive the termination or expiration of this Agreement.

44. NO RIGHT TO SET OFF

You shall not be allowed to set off amounts owed to Us or Our affiliates for Royalties, fees, or other amounts due against any monies owed to You, which right of set off is hereby expressly waived by You.

45. WAIVER

No waiver by Us or by You of any covenant or condition or the breach of any covenant or condition of this Agreement to be kept or performed by the other party shall constitute a waiver by the waiving party of any subsequent breach of such covenant or condition or authorize the breach or non-observance on any other occasion of the same or any other covenant or condition of this Agreement. Subsequent acceptance by Us of any payments due to Us hereunder shall not be deemed to be a waiver by Us of any preceding breach by You of any terms, covenants or conditions of this Agreement. Any conditional waiver granted by Us shall be subject to Our continuing review, may subsequently be revoked for any reason effective upon Your receipt of ten (10) days prior written notice to that effect, and shall be without prejudice to any other rights We may have.

46. CONSENTS

Whenever this Agreement requires Our approval or consent, You shall make a timely written request to Us and such approval shall be obtained in writing.

47. JOINT AND SEVERAL OBLIGATION

If You consist of more than one person, Your liability under this Agreement shall be joint and several.

48. GOVERNING LAW; CONSENT TO VENUE AND JURISDICTION

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. § 1051 et seq.), as amended, or other federal law, this Agreement and the franchise rights granted herein shall be governed by and construed in accordance with the substantive laws of Massachusetts which laws shall prevail in the event of any conflict of law. You waive, to the fullest extent permitted by law, the rights and protections that might be provided through the laws of any state relating to franchises or business opportunities, other than those of the state in which the Territory is located. If any provision, or portion hereof in any way contravenes the laws of any state or jurisdiction where this Agreement is to be performed, such provision, or portion thereof, shall be deemed to be modified to the extent necessary to conform to such laws, and still be consistent with the parties' intent as evidenced by this Agreement. All claims which, as a matter of law or public policy, cannot be submitted to arbitration in accordance with Section 37 shall be brought within Massachusetts in the judicial district in which We have Our principal place of business; provided, however, with respect to any action which includes injunctive relief, We may bring such action in any court in any state which has jurisdiction. You irrevocably submit to the jurisdiction of such courts and waive any objection You may have to either the jurisdiction or venue of such courts.

49. ENTIRE AGREEMENT; MODIFICATION

This Agreement has been negotiated in the English language and the rules of construction and definitions of the English language will be applied in interpreting this Agreement. You represent that You and Your Principal Owner and Your Operating Principal are fluent in English and have consulted with legal counsel to the extent necessary to understand the provisions of this Agreement. The English language version of this Agreement will be the official and binding Agreement between the Parties. All notices and communications required or permitted under this Agreement, including without limitation all meetings, mediations, arbitration and litigation, will be conducted and written in the English language. In addition, We will provide all services and materials under this Agreement, including without limitations the Manuals and all training programs, seminars, Conferences, programs and meetings, in the English language and will not have a duty to provide any translation or interpreter services for any of Your personnel. You will be solely responsible for the cost of any related translation or interpreter services.

This Agreement and the Addenda constitute the entire Agreement between the parties with respect to its subject matter, and this Agreement supersedes all prior and contemporaneous oral and/or written agreements between the parties. No officer, employee or other servant or agent of Ours or Yours is authorized to make any representation, warranty or other promise not contained in this Agreement. No change, modification, termination or attempted waiver of any of the provisions of this Agreement shall be binding upon Us or You unless in writing and signed by an authorized officer of both Franchisor and Franchisee.

Nothing in this Agreement is intended to disclaim the representations We have made in the Franchise Disclosure Document which We furnished to You.

50. SEVERABILITY

All provisions of this Agreement are severable, and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and any partially valid and enforceable provisions shall be enforced to the extent valid and enforceable. If any applicable law or rule requires a greater prior notice of the termination of this Agreement than is required hereunder, or requires the taking of some other action not required the terms of this Agreement, the prior notice or other action required by such law or rule shall be substituted for the notice or other requirements hereof.

51. CONSTRUCTION

The term "You", Your", and "Franchisee" as used herein is applicable to one or more persons, a corporation or partnership, or such other form of legal entity as We shall approve from time to time, as the case may be. References to "You", Your", and "Franchisee" applicable to an individual or individuals shall mean the principal owner or owners of the equity or operating control of Franchisee, if Franchisee is a corporation, or partnership or limited liability company or other legal business entity.

52. HEADINGS

The headings to the various sections of this Agreement have been inserted for convenience only and shall not modify, define, limit or expand express provisions of this Agreement.

53. GENDER

Throughout this Agreement, wherever the context requires or permits, the neuter gender shall be deemed to include the masculine and feminine and the singular number, the plural and vice versa.

54. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

55. SPECIAL REPRESENTATIONS

You hereby represent as follows:

(a) You acknowledge that prior to the date of this Agreement, no other Agreement was entered into, no promises were made by Us, and no funds were offered to or accepted by Us;

(b) You are aware of the fact that We may in the future modify Our franchise agreements, that some franchisees of Ours may operate under different forms of agreements, and, consequently, that Our obligations and rights in respect to Our various franchisees may differ materially in certain circumstances; and

(c) You understand that any training, support, guidance or tools We provide to You as part of the franchise are for the purpose of protecting the **btone FITNESS** brand and Marks and to assist You in the operation of Your Franchised Business and not for the purpose of controlling or in any

way intended to exercise or exert control over Your decisions or day-to-day operations of Your Franchised Business, including Your sole responsibility for the hiring, wages and other compensation (including benefits), training, supervision and termination of Your employees and all other employment and employee related matters.

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

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

56. EFFECTIVE DATE

This Agreement shall not be effective until accepted by Us as evidenced by signing by an authorized Managing Member of Franchisor.

[signature on following page]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement As Of The Day and Year specified in the pre-amble,

FRANCHISOR: BTONE FITNESS DEVELOPMENT, LLC

BY:_____

OFFICE HELD:_____

FRANCHISEE: _____
PRINT NAME OF INDIVIDUAL

_____
(SIGNATURE AND DESIGNATION OF SOLE PROPRIETOR OR PARTNER AS THE CASE MAY BE)

FRANCHISEE: _____
PRINT NAME OF INDIVIDUAL

_____
(SIGNATURE AND DESIGNATION OF SOLE PROPRIETOR OR PARTNER AS THE CASE MAY BE)

"**BUSINESS ENTITY FRANCHISEE, MEMBERS, SHAREHOLDERS AND OFFICERS**"

In the event Franchisee is a business entity (corporation, limited liability company or other legal entity) then in accordance with this Agreement, the undersigned, who are each either executive officers or shareholders or members, or other equity participants owning five percent (5%) or more of the Franchisee, each agree to be jointly and severally personally liable for Franchisee's payment and performance of this Agreement and join in this Agreement on behalf of Franchisee.

"FRANCHISEE":

_____
PRINT NAME OF BUSINESS ENTITY

_____	_____
PRINT NAME OF OFFICER/ SHAREHOLDER/MEMBER	SIGNATURE
_____	_____
TITLE/NATURE OF EQUITY INTEREST	DATE

_____	_____
PRINT NAME OF OFFICER/ SHAREHOLDER/MEMBER	SIGNATURE
_____	_____
TITLE/NATURE OF EQUITY INTEREST	DATE

ADDENDUM A TO FRANCHISE AGREEMENT

FRANCHISEE'S DESIGNATED TERRITORY

Btone Fitness Development, LLC, a Massachusetts limited liability company ("**Franchisor**"), and _____ ("**Franchisee**"), have this day _____ entered into that certain "**btone FITNESS"** Franchise Agreement (the "**Agreement**") for the operation of a **btone FITNESS** ® Franchised Business and desire to supplement its terms, as follows:

1. Accepted Site.
The Accepted Site will be :
_____.

2. Lease.
The effective date of the Lease or Purchase Documents for the Franchised Business is: _____; and the expiration date of Lease (if any) is _____.

The Accepted Site is that location specified by address and, if applicable, suite or space number, described in the final executed lease or other Acquisition Documents for the Franchised Business to be located within the Designated Territory.

3. Designated Territory.
The Designated Territory is described as follows:
_____.

Franchisee(s):
By:_____
Name:_____
Title:_____

By:_____
Name:_____
Title:_____

Franchisor: BTONE FITNESS DEVELOPMENT, LLC
By:_____
Name:_____
Title:_____

ADDENDUM B TO FRANCHISE AGREEMENT

NOTICE OF KEY EMPLOYEES

In accordance with the provisions of Section 12 of the Franchise Agreement, the following list of owners, partners, and/or employees, if any, are hereby identified as Key Employees of Franchisee and/or the Franchised Business.

KEY EMPLOYEES:

NAMES	RELATIONSHIP TO FRANCHISEE
_____	_____
_____	_____
_____	_____
_____	_____

Dated _____.

FRANCHISEE:

By:_____
Name:_____
Title:_____

By:_____
Name:_____
Title:_____

FRANCHISOR: BTONE FITNESS DEVELOPMENT, LLC

By:_____
Name:_____
Title:_____

ADDENDUM C TO FRANCHISE AGREEMENT

GUARANTY AGREEMENT

This guaranty agreement is entered into on this _____, between _____ with its principal address at _____ ("Guarantor") and Btone Fitness Development, LLC with its principal address at 30 Newbury Street, 4th Floor, Boston, Massachusetts 02116 ("Franchisor").

A. Franchisor and _____("Franchisee") have entered into a Franchise Agreement dated _____.

B. Guarantor is a shareholder, director, officer, member, trustee and/or partner of Franchisee.

C. In consideration of and as an inducement to Franchisor to enter into the Franchise Agreement with Franchisee, Guarantor hereby covenants and agrees as follows:

1. Guarantor warrants that the facts contained in Recital A and B are correct;

2. Guarantor has read the terms and conditions of the Franchise Agreement;

3. Guarantor personally and unconditionally makes all the covenants, representations and agreements of Franchisee set forth in the Franchise Agreement and that Franchisee is obligated to perform thereunder;

4. Guarantor personally, unconditionally and irrevocably guarantees to Franchisor and its successors and assigns that all of Franchisee's obligations, undertakings, agreements and covenants set forth in the Franchise Agreement will be punctually paid and performed during the term of the Franchise Agreement and thereafter, as applicable;

5. Guarantor unconditionally and irrevocably agrees to be personally bound by, and personally liable for the breach of, each and every provision of the Franchise Agreement by Franchisee;

6. Upon default by Franchisee or notice from Franchisor, Guarantor will immediately make each payment and perform each obligation required of Franchisee under the Franchise Agreement;

7. Without affecting the obligations of any guarantor under this Guaranty Agreement, Franchisor may, without notice to Guarantor, waive, renew, extend, modify, amend or release any indebtedness or obligation of Franchisee or any guarantor, or settle, adjust or compromise any claims against Franchisee or any guarantor;

8. Guarantor waives all demands and notices of every kind with respect to enforcement of this Guaranty Agreement, including, without limitation, notice of presentment, demand for payment or performance by Franchisee, any default

by Franchisee or any guarantor, and any release of any guarantor or other security for the Franchise Agreement or the obligations of Franchisee;

9. Franchisor may pursue its rights against any guarantor without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise of such right or remedy shall preclude the further exercise of such right or remedy;

10. Upon receipt by Franchisor of notice of the death of Guarantor, the estate of deceased Guarantor shall be bound by the foregoing Guaranty Agreement, but only for defaults and obligations under the Franchise Agreement existing at the time of death; the obligations of all other guarantors shall continue in full force and effect;

11. This Guaranty Agreement will continue and is irrevocable during the term of the Franchise Agreement and, if required by the Franchise Agreement, after its termination or expiration;

12. Guarantor's obligations under this Guaranty Agreement are effective on the Effective Date of the Franchise Agreement, regardless of the actual date of signature;

13. This Guaranty Agreement is governed by Massachusetts law and Guarantor irrevocably submits to the jurisdiction and venue of the courts of Massachusetts;

14. If Franchisor is required to enforce this Guaranty Agreement in any judicial or arbitration proceeding or on any appeals, Guarantor must reimburse Franchisor for its enforcement costs. Enforcement costs include reasonable accountants', attorneys', attorneys' assistants', arbitrators', and expert witness fees, costs of investigation and proof of facts, court costs, filing fees, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty Agreement;

15. Guarantor acknowledges that he or she has obtained independent legal advice before signing this Guaranty Agreement.

IN WITNESS WHEREOF Guarantor has signed this Guaranty Agreement under seal.

_____
Signature

_____
Print Name

_____
Address

_____

ADDENDUM D TO FRANCHISE AGREEMENT

PRINCIPAL OWNER'S STATEMENT

This form must be completed by the Franchisee ("I," "me" or "my") if I have multiple owners or if I, or my Franchised Business, is owned by a business organization (like a corporation, partnership or limited liability company). Franchisor is relying on the truth and accuracy of this form in awarding the Franchise to me.

l. **Form of Owner.** I am a (check one):

(i) General Partnership _____

(ii) Corporation _____

(iii) Limited Partnership _____

(iv) Limited Liability Company _____

(v) Other _____
Specify:_____

2. **Business Entity.** I was incorporated or formed on _____,20___ under the laws of the State of _____. I have not conducted business under any name other than my corporate, limited liability company or partnership name. The following is a list of all persons who have management rights and powers (e.g., operating principal, officers, managers, partners, etc.) and their positions are listed below:

Name of Person	**Position(s) Held**
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

3. **Owners.** The following list includes the full name and mailing address of each person who is an owner and fully describes the nature of each owner's interest. Attach additional sheets if necessary.

Owner's Name and Address	**Description of Interest**
_____	_____
_____	_____
_____	_____
_____	_____

4. **Governing Documents.** Attached are copies of the documents and contracts governing the ownership, management and other significant aspects of the business organization (e.g., articles of incorporation or organization, partnership or shareholder agreements, etc.).

[signatures on the following page]

This Statement of Principal Owners is current and complete as of _____.

OWNER INDIVIDUALS:

_____
(Signature)

_____
(Print Name)

_____
(Signature)

_____
(Print Name)

CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP:

_____
(Name)

By:_____

Title:_____

ADDENDUM E TO FRANCHISE AGREEMENT
ACKNOWLEDGEMENT STATEMENT

Prohibited Parties Clause. I acknowledge that Franchisor, its employees and its agents are subject to U.S. laws that prohibit or restrict (a) transactions with certain parties, and (b) the conduct of transactions involving certain foreign parties. These laws include, without limitation, U.S. Executive Order 13224, the U.S. Foreign Corrupt Practices Act, the Bank Secrecy Act, the International Money Laundering Abatement and Anti-terrorism Financing Act, the Export Administration Act, the Arms Export Control Act, the U.S. Patriot Act, and the International Economic Emergency Powers Act, and the regulations issued pursuant to these and other U.S. laws. As part of the express consideration for the purchase of the franchise, I represent that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been listed on:

1. the U.S. Treasury Department's List of Specially Designated Nationals;

2. the U.S. Commerce Department's Denied Persons List, Unverified List, Entity List, or General Orders;

3. the U.S. State Department's Debarred List or Nonproliferation Sanctions; or

4. the Annex to U.S. Executive Order 13224.

I warrant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been: (i) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or (ii) is owned or controlled by terrorists or sponsors of terrorism. I warrant that I am now, and have been, in compliance with U.S. anti-money laundering and counter-terrorism financing laws and regulations, and that any funds provided by me to Franchisor were legally obtained in compliance with these laws.

I further covenant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, will, during the term of the Franchise Agreement, become a person or entity described above or otherwise become a target of any anti-terrorism law.

OWNER INDIVIDUALS:

_____
(Signature) (Date)

_____
(Print Name)

_____
(Signature) (Date)

_____
(Print Name)

CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP:

_____
(Name)

By:_____

Title:_____

ADDENDUM F TO FRANCHISE AGREEMENT

ADDENDUM TO LEASE AGREEMENT

THIS ADDENDUM TO LEASE AGREEMENT (this "**Addendum**") is effective as of _____, 20__ (the "**Effective Date**"), and is being signed simultaneously with the Lease (the "**Lease**") dated _____, 20__ between _____ (the "**Franchisee**" or "**Tenant**") and _____(the "**Landlord**") for the real property commonly known as _____(the "**Premises**").

1. **Incorporation and Precedence**. This Addendum is incorporated into the Lease and supersedes any conflicting provisions in it. Capitalized terms not otherwise defined in this Addendum have the meanings as defined in the Lease.

2. **Background**. The Tenant will operate a **btone FITNESS** Franchised Business at the Premises under a Franchise Agreement dated _____, 20__ (the "**Franchise Agreement**") with Btone Fitness Development, LLC (the "**Franchisor**"). The Franchise Agreement requires that the Lease contain certain provisions that the Tenant is requesting the Landlord to include.

3. **Marks**. The Tenant has the right to display the trade and service marks set forth on Exhibit "A" to this Addendum and incorporated by reference herein in accordance with the specifications required by the Franchisor, subject only to the provisions of applicable law, for the term of the Lease.

4. **Easement.** The Landlord grants to the Tenant during the term of the Lease a nonexclusive right and easement over that portion of the property as may be required by the Tenant to improve, renovate, repair, replace and maintain the Premises or replace its signage for the property. The Tenant has the right to change or alter the signage at any time during the term of the Lease provided the signage is in compliance with all applicable governmental codes and regulations. The signage may include: (a) signage on the exterior front wall of the Premises; and (b) other signage which may be required by the Franchisor or agreed upon by the Landlord and the Tenant.

5. **Access to Premises**. During the term of the Lease, the Landlord and Tenant acknowledge and agree that the Franchisor will have unrestricted access to the Premises to inspect the Franchised Business Premises and Tenant's business operations in accordance with the Franchise Agreement.

6. **Copies of Reports**. The Landlord agrees to provide copies of all revenue and other information and data in Landlord's possession related to the operation of the Tenant's **btone FITNESS** Franchised Business on a timely basis as the Franchisor may request, during the term of the Lease.

7. **Notice of Default**. The Landlord will give written notice to the Franchisor (concurrently with the giving of such notice to the Tenant) of any defaults (a "**Default**") by the Tenant under the Lease by certified mail, return receipt requested, or by nationally recognized overnight courier service, at the following address or to such other address as the Franchisor may provide to Landlord from time to time:

Btone Fitness Development, LLC
Attn: Jody Merrill
30 Newbury Street, 4th Floor
Boston, Massachusetts 02116

Such notice will grant the Franchisor the right, but not the obligation, to cure any Default, if the Tenant fails to do so, within fifteen (15) days after the expiration of the period in which the Tenant may cure the Default under the Lease.

8. **Franchisor's Assumption of Lease**. In the event of a default of the Lease by Tenant or the default of the Franchise Agreement by Tenant, and upon written notice by the Franchisor to have the Lease assigned to the Franchisor as lessee (the "**Assignment Notice**"), (i) the Franchisor will become the lessee of the Premises and will be liable for all obligations under the Lease arising after the date of the Assignment Notice and (ii) the Landlord will recognize the Franchisor as the lessee of the Premises effective as of the date of the Assignment Notice.

9. **Default Under Franchise Agreement**. Any Default under the Lease which is not cured by Tenant within any applicable cure period also constitutes grounds for termination of the Franchise Agreement.

10. **Amendment.** The Landlord and the Tenant will not cancel, terminate, modify or amend the Lease including, without limitation, the Franchisor's rights under this Addendum, without the Franchisor's prior written consent.

11. **Benefits and Successors.** The benefits of this Addendum inure to the Franchisor and to its successor and assigns.

12. **Remaining Provisions Unaffected**. Those parts of the Lease that are not expressly modified by this Addendum remain in full force and effect.

Intending to be bound, the Landlord and the Tenant sign and deliver this Addendum effective on the Effective Date, regardless of the actual date of signature.

THE "Landlord":	**THE "Tenant"**:
_____	_____
Address: _____	Address:_____
_____	_____
Phone: _____	Phone: _____
By: _____	By:_____
Name: _____	Name:_____
Title: _____	Title: _____
Date: _____	Date: _____

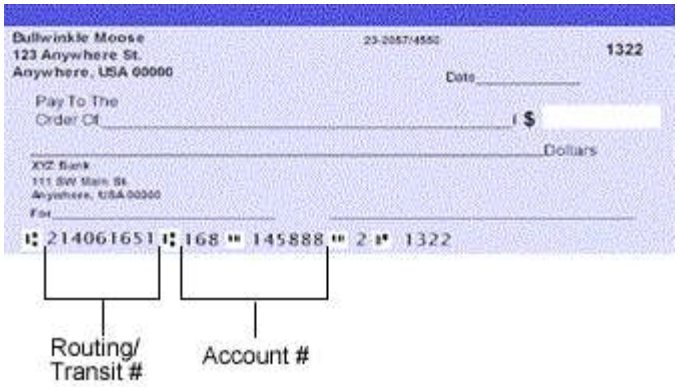
ADDENDUM TO LEASE AGREEMENT

EXHIBIT A

ADDENDUM G TO FRANCHISE AGREEMENT
ELECTRONIC FUNDS TRANSFER (EFT)
AUTHORIZATION AGREEMENT FOR DIRECT PAYMENTS

I (We, if joint account) the undersigned hereby authorize Btone Fitness Development, LLC, a Massachusetts limited liability company with principal offices at 30 Newbury Street, 4th Floor, Boston, Massachusetts 02116, to initiate electronic transfer of funds out of my (our) primary Checking or Savings selected below at the Financial Institution indicated, for payment of Royalties or other amounts which I may owe Btone Fitness Development, LLC. I (We) acknowledge that the origination of Automated Clearing House (ACH) transactions to my (our) account must comply with the provisions of the United States law. All costs and expenses, including any resulting from the dishonor by my (our) bank of any electronic funds transfer, shall be my (our) sole responsibility. This authorization is irrevocable and shall remain in effect until the termination or expiration of the underlying Franchise Agreement with Btone Fitness Development, LLC. If I (we) do not have enough money in my (our) account to cover the transfer or if my (our) Financial Institution for any other reason refuses to honor a transfer, I (we) will separately pay for the charges I (we) owe under my (our) Franchise Agreement with Btone Fitness Development, LLC**.**

ACH Information		
Financial Institution:		
Branch:		
City	State:	Zip:
Routing/Transit Number:		
Account/Bank Number:		



I (we) acknowledge that these funds will be debited on the **first (1st) Thursday of each month**, or the closest business day thereafter, or other day as specified in Our Confidential Operations Manual.

Name(s): _____

Signature: _____Date: _____

Signature: _____Date: _____

Day Phone: ( ) _____ Evening Phones: ( ) _____

Please fill out this form and attach a voided check.

TRANSFER OF SERVICE AGREEMENT

_____
(Name of Telephone Company)

_____
(Address)

_____

In the event my **btone FITNESS** Franchised Business is discontinued for any reason, I hereby release the use of the following telephone number(s):

_____

used in conjunction with said business to Franchisor or its designee and any and all rights I may have in any telephone listings and/or directories.

_____ _____
(Present Customer's Signature) (Date)

SWORN AND SUBSCRIBED before me on this _____ day of _____, 20___, before me, the undersigned notary public, personally appeared _____ proved to me through satisfactory evidence of identification, which was _____ to be the person whose name is signed on the preceding document, and acknowledged to me that he signed it voluntarily for its stated purpose.

_____
Notary Public
State of _____
My Commission expires:
_____

I hereby assume all charges outstanding, either billed or unbilled, including White Pages directory charges, on the telephone number(s) listed above.

_____ _____
(New Customer's Signature) (Date)

SWORN AND SUBSCRIBED before me on this _____ day of _____, 20__, before me, the undersigned notary public, personally appeared _____, proved to me through satisfactory evidence of identification, which was _____ to be the person whose name is signed on the preceding document, and acknowledged to me that he signed it voluntarily for its stated purpose.

_____
Notary Public
State of _____
My Commission expires:
_____

EXHIBIT F TO THE DISCLOSURE DOCUMENT

BTONE FITNESS DEVELOPMENT, LLC

MULTIPLE UNIT DEVELOPMENT AGREEMENT

MULTIPLE UNIT DEVELOPMENT AGREEMENT

THIS MULTIPLE UNIT DEVELOPMENT AGREEMENT (the "Agreement") is made in Boston, Massachusetts, this _____ day of _____, 20___, (the "Effective Date") by and between Btone Fitness Development, LLC, a Massachusetts limited liability company with its principal place of business at 30 Newbury Street, 4th Floor, Boston, Massachusetts 02116 (hereinafter referred to as "We," "Us," "Our" or "Franchisor"), and _____ [an Individual or a/an /Entity] with its principal address at _____, (hereinafter referred to as "You," "Your," or "Developer") and, if Developer is a partnership, corporation or limited liability company, including each of its partners, shareholders, or members. Franchisor and Developer may be collectively referred to as "Parties".

RECITALS

1. We and Our affiliates and/or predecessors have developed a system for establishing, operating and marketing a business providing boutique fitness studio offering resistance training to residents of the community and related services under the trade name and/or trademark "**btone FITNESS**" and Franchisor is currently marketing and selling franchises under that name and/or mark;

2. Through the expenditure of time, effort and money, We have acquired unique experience, special skills, techniques and knowledge, marks, concepts, and proprietary information and have created and developed a unique business system for operating a fitness studio offering resistance training with slow, controlled movements ("Franchisor's System" or "System"), which System includes standards, specifications, methods, procedures, techniques, know-how, management directives, identification schemes, and proprietary marks and information in connection with the operation of the **btone FITNESS** business ("System Standards"), which System Standards may be further developed by Us;

3. Our System is used in connection with the name **btone FITNESS**, **btone FITNESS** design trademark, other trademarks, service marks, trade names and trade symbols, trade dress, signs, slogans, logos, designs, emblems, URLs, domain names, website addresses, email addresses, digital cellular addresses, wireless web addresses and the like ("e-marks") and copyrights (hereinafter referred to collectively as "Marks"), as We have adopted and designated, or may subsequent to the date of this Agreement acquire and/or develop and designate for use in connection with Our System ("Licensed Rights");

4. We are the owner of the Licensed Rights, together with all the goodwill connected to and/or with such rights;

5. All of the enumerated Licensed Rights are recognized by the public as distinctive and valuable, and You recognize the potential benefits to be derived from being associated with and licensed by Us and from utilizing the Licensed Rights as We make available to Our franchisees through and under franchise agreements;

6. By establishing and maintaining uniformity and high standards of quality and service, We have developed an excellent reputation and significant goodwill with the public with respect to the products and services available through **btone FITNESS** businesses, which will continue to be a major benefit to Us and those associated with Us;

7. You desire to obtain the right to develop, manage and operate the number of **btone FITNESS** Franchised Businesses ("Franchise Business(es)" or "Studio(s)") listed under the development schedule described in Addendum B attached hereto ("Development Schedule") and within the designated territories ("Designated Territories") described in Addendum A attached hereto ("Development Area"), under Our System and Marks, as well as to receive assistance provided by Us in connection therewith;

8. Each Designated Territory described in the Development Area, attached as Addendum A to this Agreement, is being made available by Us as a territory for a single unit **btone FITNESS** studio; and

9. You acknowledge that You have read this Agreement and Franchisor's franchise disclosure document ("Franchise Disclosure Document"), and that You understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain Franchisor's high standards of quality and service and the uniformity of the System Standards at all **btone FITNESS** businesses which operate pursuant to the System and thereby to protect and preserve the goodwill of the Licensed Rights.

In consideration of the respective representations, warranties, covenants and agreements contained in this Agreement, the Parties agree as follows:

1. INCORPORATION OF RECITALS

The Recitals are incorporated herein by reference.

2. GRANT

2.1 We hereby grant to You the right and license to develop the number of **btone FITNESS** Studios listed in Addendum B in strict accordance with the Licensed Rights within the Development Area described in Addendum A. This Agreement is not a license or franchise agreement. It does not give You the right to operate a **btone FITNESS** studio or use the System or the Marks, nor does it give You any right to license others to operate **btone FITNESS** studios. Each **btone FITNESS** Studio shall be governed by and operated according to the terms of the individual franchise agreement ("Franchise Agreement") signed by Franchisor and Developer or its Approved Controlled Affiliate with respect thereto. "Controlled Affiliate" means any corporation, limited liability company or other legal Entity of which Developer owns one hundred percent (100%) or more of the total authorized Ownership Interests.

2.2 You must at all times use best efforts to faithfully, honestly and diligently perform Your obligations and fully exploit the Development Rights during the Term and throughout the entire Development Territory.

2.3 If You are developing **btone FITNESS** Studios, and comply with the terms of this Agreement, the Development Schedule, and the individual Franchise Agreement for each **btone FITNESS** Studio, then We will not franchise or license others to use the Licensed Rights, nor will We, directly or indirectly develop, own or operate a **btone FITNESS** studio, in any Designated Territory identified as part of the Development Area during the term hereof. We reserve the right to sell products and services under the Marks or any other marks, through any other channels of distribution, including the Internet. We also reserve the right to (a) establish, operate or license to any other person or entity the right to establish or operate **a btone FITNESS** Franchised Business at any location outside the Development Area; (b) develop, lease and license the use of, at any location inside or outside of the Development Area, trademarks other than the Marks, in connection with the operation of a system which offers products or services which are similar to or different from those offered under the System, on any terms or conditions which We deem advisable; (c) sell or offer, or license others to sell or offer, any products, services, or classes using the Marks or other marks through any alternative distribution channels, including, without limitation, through e-commerce, in retail businesses, via recorded media, via online videos, or via broadcast media, anywhere, including inside and outside of the Territory (d) merge with, acquire or be acquired by any other business, including a business that competes with the **btone FITNESS** Franchised Businesses operated by You, whether located inside or outside of the Development Area; (e) acquire any operating a fitness business operated by competitors, or operated independently as part of, or in association with, any other system or chain, whether franchised or corporately owned, and convert it to the **btone FITNESS** System inside or outside of the Development Area; and (f) implement multi-area marketing programs which may allow Us, Our affiliates or other **btone FITNESS** franchisees to solicit or sell to clients anywhere, and to issue mandatory policies to coordinate these multi-area marketing programs. Upon the expiration or termination of this Agreement, You will no longer have a designated Development Area and each **btone FITNESS** Franchised Business that You opened will be limited to operating solely within the Franchisee's Designated Territory described in the individual Franchise Agreement.

2.4 You shall ensure that a person having management responsibility at each **btone FITNESS** Franchised Business ("Designated Manager") shall be fully trained and at all times devote his or her full-time attention to managing, supervising, and developing each **btone FITNESS** Franchised Business and that the Designated Manager is at all times identified to Us. You shall identify all equity owners of Developer by completing the Principal Owner's Statement attached to this Agreement as Addendum D. You shall provide Us with an updated form of Addendum D within five (5) business days of any change in the equity ownership of Developer. Your failure to provide Us with an updated Addendum D within the timeframe specified in this Section 2.3 shall constitute a material default of this Agreement.

2.5 If You are a legal business entity, You must be newly formed. Further, You must appoint an individual owner as Your Operating Principal ("Operating Principal") who must have authority over all business decisions related to this Agreement and must have the power to bind

You in all dealings with Us. Your Operating Principal must have at least a ten percent (10%) ownership interest in the Developer entity. You must provide Us with written notice of Your Operating Principal by completing the Principal Owner's Statement attached to this Agreement as Addendum D and may not change Your Operating Principal without Our prior written approval. Each and every person with an ownership interest in You shall sign the Guaranty Agreement attached to this Agreement as Addendum C and You shall provide the original signed Guaranty Agreement to Us.

The Operating Principal is authorized, on Your behalf, to deal with Franchisor in respect of all matters whatsoever which may arise in respect of this Agreement; any decision made by the Operating Principal will be final and binding upon You, and we are entitled to rely solely upon the decision of the Operating Principal in any such dealings without the necessity of any discussion with any other person named in this Agreement as part of You; and we will not be held liable for any actions taken by You or otherwise, based upon any decision or actions of the Operating Principal.

2.6 The business that this Agreement contemplates and the **btone FITNESS** Studios that You (and Controlled Affiliates) operate under Franchise Agreements, will be the only businesses You operate (although Your owners may have other, non-competitive business interests).

3. TERM

Unless sooner terminated pursuant to the provisions of Section 6, the term of this Agreement shall expire upon the earlier of (a) the completion date listed on Addendum B, or (b) completion of the term of the Development Schedule. There is no renewal term for this Agreement.

4. FRANCHISEE ENTITY AND INITIAL FEES

4.1 If You propose that a Controlled Affiliated will own and operate one of Your **btone FITNESS** Franchised Businesses provided for in this Agreement, You must submit information to Us regarding the proposed franchisee entity. We reserve the right to request as much additional information regarding the proposed franchisee entity and its ownership as We deem necessary, in Our sole discretion, and You agree to provide the information immediately upon request. You understand and acknowledge that We shall have the sole right to approve or deny the proposed franchisee entity as a substitute for the Developer as the Franchisee. With respect to each **btone FITNESS** Franchised Business to be developed under this Agreement, You may locate the business office of the Franchised Business pursuant to the terms of each Franchise Agreement. It is the express intent of the Parties hereto to limit Our responsibility under this Section to general guidance and assistance as We may periodically provide in Our operations manual ("Operations Manual").

4.2 You shall pay to Us an initial franchise fee ("Initial Franchise Fee") of Fifty Thousand Dollars ($50,000.00) for the first **btone FITNESS** Franchise Agreement and a development fee ("Development Fee") of Ten Thousand Dollars ($10,000.00) to be applied towards each additional **btone FITNESS** Studio to be developed under this Agreement. The

Franchise Fee for the second **btone FITNESS** Studio under this Agreement is Twenty Five Thousand Dollars ($25,000.00); and Fifteen Thousand Dollars ($15,000.00) for the third and each subsequent **btone FITNESS** Studio. The Initial Franchise Fee and Development Fee are due in full upon the execution of this Agreement. All amounts collected shall be deemed fully earned immediately upon receipt and shall be non-refundable, regardless of whether You open any of the **btone FITNESS** Franchised Businesses You are obligated to open in the Development Area. We will credit each Development Fee paid as full payment of the initial franchise fee due for each subsequent franchise to be opened under this Agreement.

5. DEVELOPMENT SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS

5.1 You shall exercise the development rights granted under this Agreement only by entering into a separate Franchise Agreement with Us for each **btone FITNESS** Franchised Business for which a development right is granted for that Franchised Business pursuant to the terms of the Development Schedule. The Franchise Agreement for the first **btone FITNESS** Franchised Business to be developed under this Agreement shall be executed and delivered at the same time You sign this Agreement. All subsequent **btone FITNESS** Franchised Businesses developed under this Agreement shall be established and operated pursuant to the form of Franchise Agreement then being used by Us for a **btone FITNESS** Franchised Business. You acknowledge that the then-current form of Franchise Agreement may differ from Our current Franchise Agreement, and may include materially different economic terms, including, but not limited to, higher training fees and marketing fund contributions, however, the franchise fee and royalty fee will remain the same as the first Franchise Agreement.

5.2 Development Schedule.

(a) Acknowledging that time is of the essence, You agree to exercise Your development rights according to Section 5.1 and according to the Development Schedule set forth on Addendum B, which schedule designates the number of **btone FITNESS** Franchised Businesses in the Development Area to be established and in operation by You upon the expiration of each of the designated development periods ("Development Periods").

(b) During any Development Period, You may, with Our prior written consent, develop more than the number of **btone FITNESS** Franchised Businesses that You are required to develop during that Development Period. Any **btone FITNESS** Franchised Businesses developed during a Development Period in excess of the minimum number of **btone FITNESS** Franchised Businesses required to be developed upon expiration of that Development Period shall be applied to satisfy Your development obligation during the next succeeding Development Period. You shall not open more than the number of **btone FITNESS** Franchised Businesses You are obligated to develop under this Agreement, as set forth in the Development Schedule; provided, however, that You may be permitted to open **btone FITNESS** Franchised Businesses in excess of the number permitted by the Development Schedule if You receive Our advanced written permission, which may be

granted or denied in Our sole discretion. You shall pay Us the then-current Initial Franchise Fee and the then-current Initial Training Fee, reduced as applicable, at the time You sign a Franchise Agreement for any additional **btone FITNESS** Franchised Businesses.

(c) If during the term of this Agreement, You, in accordance with the terms of any Franchise Agreement for a **btone FITNESS** Franchised Business developed under this Agreement, transfer Your interest in such **btone FITNESS** Franchised Business, the transferred **btone FITNESS** Franchised Business shall continue to be counted in determining whether You have complied with the Development Schedule so long as it continues to be operated as a **btone FITNESS** Franchised Business.

5.3 You acknowledge that the projected opening dates ("Projected Opening Dates") for each **btone FITNESS** Franchised Business set forth on Addendum B are reasonable and consistent with the requirements of the Development Schedule. You shall execute a Franchise Agreement for each **btone FITNESS** Franchised Business at or prior to the applicable execution deadline ("Execution Deadline") set forth on Addendum B. The Parties agree that, except with respect to the Franchise Agreement executed concurrently herewith, the Execution Deadline shall be a date no later than six (6) months prior to the Projected Opening Date for each subsequent **btone FITNESS** Franchised Business to be developed.

6. FRANCHISE AGREEMENT

You shall not commence opening any **btone FITNESS** Franchised Business until the individual Franchise Agreement for said **btone FITNESS** Franchised Business has been signed by both the Developer, or its Controlled Affiliate, and Franchisor.

7. DEFAULT AND TERMINATION

7.1 Notwithstanding anything otherwise contained in this Agreement, You or a Controlled Affiliate shall be in material breach under this Agreement upon the happening of any one or more of the following events:

(a) if default is made in the payment of any amount payable under this Agreement or any Franchise Agreement with us when and as same becomes due and payable, and such default continues for a period of five (5) days after written notice;

(b) if (i) You have failed to make progress in the development of **btone FITNESS** Franchised Businesses to indicate, in our determination, that You will be able to satisfy Your development obligations under this Agreement for the then-current Development Period, (ii) You otherwise cease or threaten to cease exercising the rights granted under this Agreement, (iii) You take or threaten to take any action to liquidate Your assets, or (iv) You do not pay any debts or other amounts incurred by You in exercising the rights granted to You hereunder when such debts or amounts are due and payable;

(c) if You fail to comply with the Development Schedule (subject to Your cure right under subparagraph (l) below if the failure is the direct result of a Casualty Event);

(d) if You make or purport to make a general assignment for the benefit of creditors; or if You hereto institute any proceeding under any statute or otherwise relating to insolvency or bankruptcy, or should any proceeding under any such statute or otherwise be instituted against You; or if a custodian, receiver, manager or any other person with like powers is appointed to take charge of all or any part of the business granted hereunder or of the shares or documents of title owned by any of Your shareholders or title holders; or if You commit or suffer any default under any contract of conditional sale, mortgage or other security instrument in respect of the business being operated hereunder or of the shares or documents of title owned by any of Your shareholders or title holders; or if any of Your goods, chattels or assets or of the business are seized or taken in execution or in attachment by a creditor, or if a writ of execution is issued against any of such goods, chattels, or assets; or if a judgment or judgments for the payment of money in amounts in excess of Twenty Thousand Dollars ($20,000.00), is rendered by any court of competent jurisdiction against You;

(e) if You fail to furnish reports, financial statements, tax returns or any other documentation required by the provisions of this Agreement and do not correct such failure within 10 days following notice;

(f) if You are an Entity, (i) an order is made or a resolution passed or any proceedings taken towards Your winding up or liquidation or dissolution or amalgamation; or (ii) if You lose Your charter by expiration, forfeiture or otherwise;

(g) if You or any of Your owners have made any material misrepresentation or omission in Your or their application and the documents and other information provided to us to support Your or their application to acquire the rights granted in this Agreement;

(h) if You or Your owners engage in or attempt to engage in a transfer or the grant of a security interest without complying with the provisions contained in Section 8;

(i) if You (or any of Your owners) are (i) convicted of or plead guilty or "no-contest" to a felony, (ii) convicted of or plead guilty or "no contest" to any crime or other offense likely to adversely affect the reputation of **btone FITNESS** franchised businesses or the goodwill of our Licensed Rights, or (iii) engage in any conduct which, in our opinion, adversely affects or, if You were to continue as a Developer under this Agreement, is likely to adversely affect the reputation of the business You conduct pursuant to this Agreement, the reputation and goodwill of **btone FITNESS** franchised businesses generally or the goodwill associated with the Licensed Rights;

(j) we provide written notice of Your (or any of Your owners') failure (a) on three (3) or more separate occasions within any 12 consecutive month period to comply with this Agreement, or (b) on two (2) or more separate occasions within any six (6) consecutive month period to comply with the same obligation under this Agreement, in any case, whether or not You correct the failures after our delivery of notice to You;

(k) if You or Controlled Affiliates fail to comply with any provision of any Franchise Agreement and do not cure such failures within the applicable cure period, if any; or

(l) if You fail to observe, perform or comply with any other of the terms or

conditions of this Agreement not listed in items (a) through (k) above, and such failure continues for a period of 7 days after written notice thereof has been given by us to You; provided, however, that (i) if You fail to comply with the Development Schedule as described in Section 5 above and such failure is the direct result of a Casualty Event, and You are using good faith efforts to cure the failure, we will not exercise our rights under this Section 7.1 unless You have failed to cure such default within ninety (90) days following written notice thereof. As used in this Section, a "Casualty Event" is a fire, tornado, hurricane, flood, earthquake or similar natural disaster which is not within Your control.

7.2 Upon the default, We shall have the right, at Our option, and in Our sole discretion, to do any or all of the following:

(i) terminate this Agreement;

(ii) terminate the territorial rights granted to You; or

(iii) reduce the size of Your Development Area or the number of **btone FITNESS** Franchised Businesses You may develop in the Development Area.

In addition, if any individual Franchise Agreement issued to You or a Controlled Affiliate, whether or not issued pursuant to this Agreement, is terminated for any reason, We shall have the right to terminate this Agreement on immediate written notice to You.

7.3 EFFECTS OF TERMINATION OR EXPIRATION

(a) Effects. Upon the termination of this Agreement for any reason whatsoever, the following provisions apply:

(i) all of Your rights under this Agreement, including without limitation, the Development Rights, will cease, and thereafter You must cease conducting the business granted hereunder or holding Yourself out to the public as being a developer of **btone FITNESS** Franchised Businesses except as permitted under Franchise Agreements;

(ii) You must deliver to us, all forms, documents, or information provided to You pursuant to this Agreement together with all copies thereof;

(iii) without limiting any other rights or remedies to which we may be entitled, You must pay all amounts owing to us pursuant to this Agreement up to the date of termination.

Upon termination or expiration of the term of this Agreement, this Agreement shall be of no further effect, and Franchisor shall have the right to open, or license others to open, **btone FITNESS** Franchised Businesses within the Development Territory. For purposes of this Section 7, any Franchise Agreement issued by us to You or any Controlled Affiliate, or any corporation, partnership or joint venture, or their affiliates, in which You or any stockholder, partner or joint

venturer of Yours, has any direct or indirect ownership or participation interest, shall be deemed a Franchise Agreement issued to You.

8. ASSIGNMENT

8.1 We shall have the absolute right to transfer or assign all or any part of Our rights or obligations hereunder to any person or legal entity which assumes Our obligations under this Agreement and We shall thereby be released from any and all further liability to You.

8.2 By Developer.

(a) You understand and acknowledge that the rights and duties set forth in this Agreement are personal to You and are granted in reliance upon the personal qualifications of You or Your principals. You have represented to Us that You are entering into this Agreement with the intention of complying with its terms and conditions and not for the purpose of transferring the development and option rights hereunder.

(b) Neither You nor any Controlled Affiliate, partner, member, or shareholder thereof shall, without Our prior written consent, directly or indirectly assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in this Agreement or in the Developer. Any proposed assignment occurring by operation of law or otherwise, including any assignment by a trustee in bankruptcy, without Our prior written consent, shall be a material default of this Agreement.

(c) Any assignment, transfer or other disposition by You or Controlled Affiliate of a **btone FITNESS** Studio within the Development Area will be governed by the Franchise Agreement to which the **btone FITNESS** Studio is bound.

(d) Subject to the other provisions of Section 8 herein, including Section 8.2(c) above and Section 8.2(e) below, if You wish to sell, transfer or otherwise assign any portion, or all, of the Development Area, You shall notify Us in writing, and We will then approve or disapprove the same in Our sole discretion, and in addition, We may require any or all of the following as conditions of Our approval:

(i) All of Your and Your Controlled Affiliates' accrued monetary obligations and all other outstanding obligations to Us, Our affiliates and suppliers must be fully paid and satisfied;

(ii) You and Controlled Affiliates must not be in default of any provision of Your Franchise Agreements, any amendments thereof or successors thereto, or any other agreement between You or Controlled Affiliates and Us, Our subsidiaries or affiliates;

(iii) You and each Controlled Affiliate, shareholders, members, partners, officers, managers and directors must sign a general release, under seal, the consideration for which shall be the approval of the transfer, in a form satisfactory

to Us, of any and all claims against Us and Our affiliates, managers, officers, directors, members, shareholders and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances;

(iv) The transferee must enter into a written assignment, under seal and in a form satisfactory to Us, assuming and agreeing to discharge all of Your obligations under this Agreement and the relevant Franchise Agreement(s), and the transferee's principals, individually, shall guarantee the performance of all these obligations in writing in a form satisfactory to Us;

(v) The transferee must demonstrate to Our satisfaction that the transferee meets Our then-current educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to open and operate the **btone FITNESS** Franchised Businesses (as may be evidenced by prior related experience or otherwise); has at least the same managerial and financial acumen required of new Developers; and has sufficient equity capital, as determined by Us in Our sole discretion, to open and operate the **btone FITNESS** Franchised Businesses required under the terms of this Multiple Unit Development Agreement;

(vi) At Our option, the transferee must sign (and, upon Our request, shall cause all interested parties to sign), for a term ending on the expiration date of each of the Franchise Agreement(s) and with the renewal term as may be provided by the Franchise Agreement(s), the standard form of Franchise Agreement, and concurrently sign, for a term ending on the expiration date of this Agreement, the standard form of Multiple Unit Development Agreement then being offered to new Developers and any other ancillary agreements as We may require for the **btone FITNESS** Franchised Businesses, which agreements shall supersede the Franchise Agreements and the Multiple Unit Development Agreement between You and Us in all respects and the terms of which agreements may differ from the terms of the Franchise Agreements and the Multiple Unit Development Agreement, including, without limitation, the implementation of other fees;

(vii) You, Your principals and Controlled Affiliates must remain liable for all direct and indirect obligations to Us in connection with the **btone FITNESS** Franchised Businesses before the effective date of transfer and will continue to remain responsible for Your obligations of nondisclosure, noncompetition and indemnification as provided in the Franchise Agreements and Guaranty Agreement, attached to this Agreement as Addendum C and shall sign any and all instruments reasonably requested by Us to further evidence this liability;

(viii) You or Your approved transferee shall pay to Us, at the time of said transfer, a transfer fee ("Development Transfer Fee") equal to Five Thousand Dollars ($5000.00) for each unopened and open and operating **btone FITNESS** Franchised Business to be transferred, and Five Thousand Dollars ($5,000.00) for each **btone FITNESS** Franchised Business which is open and operating at the time You notify

Us of Your intent to transfer or assign this Agreement (which transfer or assignment shall be in compliance with the terms of each open **btone FITNESS** individual Franchise Agreement), to cover Our administrative, legal and other expenses in connection with the transfer of the **btone FITNESS** Franchised Businesses by You; and

(e) If You, Your principals or a Controlled Affiliate shall at any time determine to sell, transfer or otherwise dispose of all or part of the rights under this Agreement or an ownership interest in You or the Developer entity, and You, Your principals or a Controlled Affiliate shall obtain a bona fide, signed written offer from a responsible and fully disclosed prospective buyer, You shall notify Us in writing of each offer, and We shall have the right and option, exercisable within a period of thirty (30) days from the date of delivery of this offer, by written notice to You or Your owners, to acquire the rights under this Agreement or this ownership interest for the price and on the terms and conditions contained in said prospective buyer's offer. If We do not exercise Our right of first refusal, You, Your principals or Controlled Affiliates may complete the sale of Developer or said ownership interest, subject to Our approval of the buyer and all other conditions set forth in this Section 8.2, provided that if this sale is not completed within ninety (90) days after delivery of this offer to Us, We shall again have the right of first refusal herein provided. In the event that You wish to publicly offer Your shares in any partnership or corporation which has an ownership interest in the Developer, said public offering shall be subject to Our approval; this approval shall not be unreasonably withheld.

8.3 Each shareholder, member, or partner of the corporation, limited liability company, or partnership which is granted the rights to serve as the Developer hereunder shall be a party to a shareholders' agreement, operating agreement, or partnership agreement which shall provide, inter alia, that upon any dissolution of the corporation, limited liability company, or partnership, or upon any divorce decree among the parties who are also shareholders, members, or partners, that ownership of the shares, membership interest, or partnership interest shall be transferred to the shareholder, member, or partner for agreed upon consideration, which has primary responsibility for management activities, typically the President, following any dissolution or decree. The form and content of the shareholders' agreement, operating agreement, or partnership agreement must be approved by Us before execution. Your failure to comply with this Section 8.3 shall constitute a material default of this Agreement.

9. FORCE MAJEURE

In the event that You are unable to comply with the Development Schedule due to strike, riot, civil disorder, war, fire, natural catastrophe or other similar events beyond Your control, upon notice to Us, the Development Schedule and this Agreement shall be extended for a corresponding period, not to exceed ninety (90) days; provided, however, that this Section 9 shall not extend the time for payment of any monetary obligations owed to Us.

10. CONFIDENTIALITY

10.1 Nothing contained in this Agreement shall be construed to require Us to divulge to You any trade secrets, techniques, methods or processes except the material contained in Our Operations Manuals and training materials, and then only pursuant to the terms, conditions and restrictions contained in the applicable Franchise Agreement. You acknowledge that Your knowledge of Our know-how, processes, techniques, information and other proprietary data is derived entirely from information disclosed to You by Us and that the information is proprietary, confidential and a trade secret ("Confidential Information") of Ours. You agree to adhere fully and strictly to the confidentiality of the information and to exercise the highest degree of diligence in safeguarding Our trade secrets during and after the term of this Agreement. You shall divulge the material only to Your employees and agents and only to the extent necessary to permit the efficient operation of the **btone FITNESS** Franchised Businesses. It is expressly agreed that the ownership of all the Confidential Information and property is and shall remain vested solely in Us.

10.2 You agree that all terms of this Agreement shall remain confidential and You shall not make any public announcement, issue any press release or publicity, make any confirmation of statements made by third (3rd) parties concerning the terms of this Agreement, or make any other disclosures other than the existence of this Agreement without Our prior written consent unless compelled by law or ordered to do so by a court of competent jurisdiction. It is agreed and understood that You may disclose the terms of this Agreement to Your professional advisors and lenders. We shall be free to make the disclosure of the terms of this Agreement as We determine, in Our sole discretion, to be in the best interest of Us or the System.

11. NON-COMPETITION AND NON-SOLICITATION

11.1 You have heretofore specifically acknowledged that, pursuant to this Agreement, You will receive valuable specialized Confidential Information and information regarding the business of Franchisor, and the Franchisor's System. You covenant that during the term of this Agreement and subject to the post-term provisions contained herein, except to the extent prohibited by the laws of the state where the Franchised Business is located or where the employee lives or works, or as otherwise approved in writing by Us, You shall not, either directly or indirectly, for Yourself or through, on behalf of or in conjunction with any person, persons, partners, corporations or other recognized legal business entity:

(a) solicit, divert or attempt to solicit or divert any business or client of any of Your **btone FITNESS** Franchised Businesses to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act deemed by Us to be injurious or prejudicial to the goodwill associated with the Licensed Rights or Our System; or

(b) own, manage, maintain, operate, engage in, advise, consult with, invest in, be employed by, make loans to, or perform services as a director, officer, manager, representative, agent, or otherwise, or have any direct or indirect interest in any business (i) specializing, in whole or in part, in offering to the public substantially similar products

and/or services to those products and/or services offered by a **btone FITNESS** franchised business prior to the termination or expiration of this Agreement (a "Competitive Business") or (ii) which is granting franchises or licenses to others to operate a Competitive Business except under a current **btone FITNESS** franchise agreement.

11.2 You covenant that, except to the extent prohibited by the laws of the state where the Franchised Business is located or where the employee lives or works, or as otherwise approved in writing by us, You shall not, for a continuous uninterrupted period commencing upon the expiration or termination of this Agreement, regardless of the cause for termination, and continuing for two (2) years thereafter, either directly or indirectly, for itself or through, on behalf of or in conjunction with any person, persons, partnership or corporation, own, maintain, engage in, be employed by, advise, assist, invest in, franchise, make loans to, or have any interest in any business which is the same as or substantially similar to the **btone FITNESS** Franchised Business, except under a current **btone FITNESS** franchise agreement.

11.3 Sections 11.1 and 11.2 shall not apply to ownership by You of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly-held corporation provided that You have no management responsibility or advisory responsibility with such publicly-traded company.

11.4 The Parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If any or all portions of the covenants in this Section 11 are held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, You expressly agree to be bound by any lesser covenant subsumed within the terms of this covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 11.

11.5 You understand and acknowledge that We shall have the right, in Our sole discretion, to reduce the scope of any covenant set forth in Sections 11.1 and 11.2 in this Agreement, or any portion thereof, without Your consent, effective immediately upon receipt by You of written notice thereof, and You agree that it shall forthwith comply with any covenant as so modified, which shall be fully enforceable.

11.6 You expressly agree that the existence of any claims You may have against Us, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Us of the covenants in this Section 11. You agree to pay all costs and expenses (including reasonable attorneys' fees) incurred by Us in connection with the enforcement of this Section 11 provided We prevail in any or all of Our claims against You.

11.7 You acknowledge that Your violation of the terms of this Section 11 would result in irreparable injury to Us for which no adequate remedy at law may be available, and You accordingly consent to the issuance of an injunction by any court of competent jurisdiction or arbitrator having jurisdiction over the Agreement prohibiting any conduct by You in violation of the terms of this Section 11.

11.8 At Our request, You shall require and obtain execution of covenants similar to those set forth in this Section 11 (including covenants applicable upon the termination of a person's relationship with You) from any or all of the following persons: (a) all directors and managers of each **btone FITNESS** Franchised Business; (b) all officers, directors and holders of a beneficial interest of the securities of Developer and of any corporation directly or indirectly controlling Developer if You are a corporation; and (c) the members or general partners and any limited partners (including any corporation, and the officers, directors and holders of a beneficial interest of the securities of any corporation which controls, directly or indirectly, any general or limited partner) if You are a limited liability company or partnership. All covenants required by this Section 11 shall be in forms satisfactory to Us, including, without limitation, specific identification of Us as a third (3rd) party beneficiary of these covenants with the independent right to enforce them. Failure by You to obtain execution of a covenant required by this Section 11 shall constitute a material default under Section 7 hereunder.

12. ENTIRE AGREEMENT

This Agreement constitutes the entire understanding of the Parties with respect to the development of the Development Area, and shall not be modified except by a written agreement signed by the Parties hereto. Where this Agreement and any Franchise Agreement between the Parties conflict with respect to the amount or payment terms of Initial Franchise Fees or equity interests held by You or Your owners, the terms of this Agreement shall govern. Under no circumstances do the Parties intend that this Agreement be interpreted in a way as to grant You any rights to grant sub-franchises in the Development Area. Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.

13. MONTHLY REPORTS

You agree that You shall provide to Us a monthly report of Your activities and progress in developing and establishing **btone FITNESS** Franchised Businesses as provided herein. The monthly reports shall be submitted no later than the fourteenth (14th) day of the next succeeding month during the term of this Agreement.

14. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

14.1 It is acknowledged and agreed that the Developer and Franchisor are independent contractors and nothing contained herein shall be construed as constituting You as the agent, partner, joint venturer, joint employer or legal representative of Ours for any purpose whatsoever. You shall enter into contracts for the development of the Development Area contemplated by this Agreement at Your sole risk and expense and shall be solely responsible for the direction, control and management of Your agents and employees. You acknowledge that You do not have authority to incur any obligations, responsibilities or liabilities on behalf of Us, or to bind Us or Our affiliates by any representations or warranties, and agree not to hold Yourself out as having this authority.

14.2 You agree to protect, defend, indemnify and hold Us harmless from and against all claims, actions, proceedings, damages, costs, expenses and other losses and liabilities, directly or

indirectly incurred as a result of, arising from, out of, or in connection with Your carrying out Your obligations hereunder.

15. COMPLIANCE WITH APPLICABLE LAWS

You and Controlled Affiliates shall develop all **btone FITNESS** Franchised Businesses in the Development Area in accordance and compliance with all applicable federal, state and local statutes and laws, including all employment laws and relevant laws, ordinances and regulations (where applicable) relating to the offer of fitness related businesses, and other related services, as may apply and agree to promptly pay all financial obligations incurred in connection therewith.

16. CHANGE IN DEVELOPMENT AREA

The Parties acknowledge that the development of the Development Area as anticipated hereunder has been determined according to the needs of the Developer's targeted markets in the Development Area, as determined by You and Us, as of the date of execution of this Agreement. You understand that, if there is an increased public demand for the products and services offered by Us due to an increase in the number of businesses in the Development Area, We will expect You to develop the **btone FITNESS** Franchised Businesses within the Development Area to maximize sales and properly service the demand within the Development Area.

17. SUCCESSORS AND ASSIGNS

This Agreement shall be binding upon and inure to the benefit of each of the Parties hereto and their heirs, successors, permitted assigns and personal representatives.

18. APPLICABLE LAW

This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts, which laws shall govern in the event of any conflict of laws, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et. seq.). The Parties expressly consent to personal jurisdiction in the Commonwealth of Massachusetts and agree that, except as set forth in Section 21, the state and federal court(s) located in Massachusetts will have exclusive jurisdiction for the purposes of carrying out this provision.

19. RECEIPT OF DOCUMENTS

You acknowledge receipt of the Multiple Unit Development Agreement, Franchise Agreement, and other contracts for the **btone FITNESS** Franchised Business at least seven (7) calendar days before execution hereof or payment of any monies.

20. NOTICE

All approvals, requests, notices, and reports required or permitted to be given hereunder shall be in writing and all such notices, and any other material required to be delivered hereunder,

shall be considered duly given if by (i) hand delivery, e-mail or comparable electronic system, or if sent by (ii) registered or certified mail, postage prepaid, return receipt requested, or (iii) overnight delivery paid for by sender, and addressed as follows:

Notices to Franchisor:
Btone Fitness Development, LLC at:
30 Newbury Street, 4th Floor
Boston, Massachusetts 02116;

Notice to Developer:

Or at such other address as Franchisor or Developer shall have specified by written notice to the other party hereunder. Such notice shall be deemed to have been received (i) if hand delivered, e-mail or comparable electronic system, on the date delivered; (ii) if by registered or certified mail, then three (3) business days after mailing; and (iii) if by overnight delivery, then the first business day after being sent.

21. ARBITRATION

21.1 Except for matters where either party seeks equitable relief, neither party will seek a judicial resolution of a dispute between them without first requesting a meeting or telephone conference with the other party by written notice, which notice will designate a party who is a senior executive with authority to reach a resolution of the dispute on their behalf. The party receiving the notice will also designate a representative of similar authority for the purpose of discussing the specific matter in dispute. If the Developer is an individual, You will be Your designated representative. If the Developer is a legal entity, Your Operating Principal will be Your designated representative. At least one (1) meeting or telephone conference of the designated representatives will be held in an effort to resolve the dispute. The Parties will agree on a location, date and time for the meeting or telephone conference which must be within thirty (30) days of the initial notice. If the meeting(s) and/or telephone conference(s) do not resolve the dispute, either party may pursue mediation in accordance with Section 21.2.

21.2 If the dispute is not resolved pursuant to Section 21.1 above, the Parties shall submit the dispute to mediation in accordance with the Commercial Arbitration Rules and Mediation Procedures (Including Procedures for Large, Complex Commercial Disputes) of the American Arbitration Association unless both Parties agree to waive mediation and proceed directly to arbitration as set forth in Section 21.3. Each party will bear their own costs and fees of the mediation, however, the mediator's fee will be split equally between the Parties.

21.3 If the Parties have not resolved a claim, controversy or dispute by negotiation, mediation, or otherwise (which the Parties will make a diligent effort to do), the Parties agree that all controversies, claims and disputes between them arising out of or relating to this Agreement, the rights and obligations of the Parties hereto, or any other claims or causes of action relating to the performance of either party, and/or the development of the development rights by You shall

be finally resolved by submitting this matter to binding arbitration under the auspices of, and using the commercial arbitration rules of, the American Arbitration Association as such rules are in effect as of the date the demand for arbitration is filed. In accordance with the terms of the Federal Arbitration Act, the Arbitrator shall hear the dispute in the American Arbitration Association offices in Massachusetts or their closest office thereto. The arbitrator shall have no authority to amend or modify the terms of this Agreement. Each party further agrees that, unless a limitation is prohibited by applicable law, the other party shall not be liable for punitive or exemplary damages and the arbitrator shall have no authority to award the same. The decision of the arbitrator shall be final and binding. You know, understand, and agree that it is the intent of the Parties that any arbitration between Franchisor and the Developer shall be of the Developer's individual claims and that the claims subject to arbitration shall not be arbitrated in conjunction with the claims of other Developers or franchisees or on a class-wide basis, and You hereby waive any right You may assert to have Your claims arbitrated in conjunction with the claims of other Developers or franchisees or on a class-wide basis. The costs and expenses of Arbitration, including compensation and expenses of the Arbitrator, shall be borne by the non-prevailing party.

21.4 Notwithstanding any provision contained in this Section 21, We may, at Our sole option, institute an action or actions for temporary or preliminary injunctive relief or seeking any other temporary or permanent equitable relief against You that may be necessary to protect the Marks or other rights or property. However, in Our sole discretion, the final right of determination of the ultimate controversy, claim or dispute shall be decided by arbitration as aforesaid and recourse to the courts shall thereafter be limited to seeking an order to enforce an arbitral award. In no event shall You be entitled to make, shall not make, and hereby waive, any claim for money damages by way of set-off, counterclaim, defense or otherwise based upon any claim or assertion by You that We have unreasonably withheld or unreasonably conditioned or delayed any consent or approval to a proposed act by You under any of the terms of this Agreement. Your sole remedy for any claim shall be an action or proceeding to enforce any provisions, for specific performance or declaratory judgment.

22. MODIFICATION BY FRANCHISOR

We may modify and update Our Operations Manuals, the Marks and the System Standards unilaterally under any conditions and to any extent which We, in the exercise of Our sole discretion, deem necessary to meet competition, protect trademarks or trade name, or improve the quality of the products or services provided through the **btone FITNESS** Franchised Businesses, and You shall exclusively incur the costs of any change in the **btone FITNESS** Franchised Business or the System which has been caused by this modification. In the event that any improvement or addition to the Operations Manuals, the System Standards or the Marks is developed by You, then You agree to assign all right, title, and interest to such improvement or addition or, if such assignment is prohibited by law, to grant to Us an irrevocable, world-wide, exclusive, royalty-free license, with the right to sub-license the improvement or addition.

23. ACKNOWLEDGEMENTS

23.1 You acknowledge and recognize that different terms and conditions, including

different fee structures, may pertain to different multiple unit development agreements and franchise agreements offered in the past, contemporaneously herewith, or in the future, and that We do not represent that all multiple unit developer agreements or franchise agreements are or will be identical.

23.2 You acknowledge that it is not, nor is it intended to be, a third party beneficiary of this Agreement or any other agreement to which We are a party.

23.3 You represent to Us that You have the business acumen, corporate authority, and financial wherewithal to enter into this Agreement and to perform all of Your obligations hereunder and furthermore that the execution of this Agreement is not in contravention of any other written or oral obligation of the Developer.

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

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

23.5 Nothing in the Agreement or in any related agreement is intended to disclaim the representations We made in the Franchise Disclosure Document.

[Signatures on the following page]

IN WITNESS WHEREOF, the Parties hereto have duly signed and delivered this Agreement on the day and year first written above.

"FRANCHISOR": Btone Fitness Development, LLC

BY:_____

OFFICE HELD:

"DEVELOPER":_____

_____
(SIGNATURE AND DESIGNATION OF SOLE PROPRIETOR OR PARTNER AS THE CASE MAY BE)

"BUSINESS ENTITY DEVELOPER, ITS OFFICERS, MEMBERS AND SHAREHOLDERS"

In the event the **Developer** is a corporation, limited liability company or other legal entity then in accordance with this Agreement, the undersigned, who are each either executive officers or shareholders or members, or other equity participants of the **Developer**, each agree to be jointly and severally personally liable for **Developer's** payment and performance of this Agreement and join in this Agreement on behalf of the **Developer**.

BUSINESS ENTITY FRANCHISEE:_____

_____	_____
PRINT NAME	SIGNATURE
_____	_____
OFFICER TITLE/NATURE OF EQUITY INTEREST	DATE

_____	_____
PRINT NAME	SIGNATURE
_____	_____
OFFICER TITLE/NATURE OF EQUITY INTEREST	DATE

MULTIPLE UNIT DEVELOPMENT AGREEMENT

ADDENDUM A

DEVELOPMENT AREA

ADDENDUM A

DEVELOPMENT AREA

btone FITNESS Studios	**DEVELOPMENT AREA INCLUDES THE FOLLOWING DESIGNATED TERRITORIES:**
Studio # 1	Designated Territory # 1:
Studio # 2	Designated Territory # 2:
Studio # 3	Designated Territory # 3:

MULTIPLE UNIT DEVELOPMENT AGREEMENT

ADDENDUM B

DEVELOPMENT SCHEDULE

ADDENDUM B

DEVELOPMENT SCHEDULE

btone FITNESS FRANCHISED BUSINESS	**DEVELOPMENT PERIOD**	**PROJECTED OPENING DATE**
Studio # 1		
Studio # 2		
Studio # 3		

Number of **btone FITNESS** Franchised Businesses to be Developed:

Initial Franchise Fee Paid:

Development Fees Paid:

Completion Date:

MULTIPLE UNIT DEVELOPMENT AGREEMENT

ADDENDUM C

GUARANTY AGREEMENT

ADDENDUM C

GUARANTY AGREEMENT

This guaranty agreement is entered into on this _____ day of _____, 20__, between _____ of _____ ("Guarantor") and Btone Fitness Development, LLC with its principal place of business at 30 Newbury Street, 4th Floor, Boston, Massachusetts 02116 ("Franchisor").

WHEREAS:

A. Franchisor and _____("Developer") have entered into a Multiple Unit Development Agreement dated _____.

B. Guarantor is a shareholder, director, officer, member, manager, owner and/or partner of Developer.

C. In consideration of and as an inducement to Franchisor to enter into the Multiple Unit Development Agreement with Developer, Guarantor hereby covenants and agrees as follows:

1. Guarantor warrants that the facts contained in Recital A and B are correct;

2. Guarantor has read the terms and conditions of the Multiple Unit Development Agreement;

3. Guarantor personally and unconditionally makes all the covenants, representations and agreements of Developer set forth in the Multiple Unit Development Agreement and that the Developer is obligated to perform thereunder;

4. Guarantor personally, unconditionally and irrevocably guarantees to Franchisor and its successors and assigns that all of the Developer's obligations, undertakings, agreements and covenants set forth in the Multiple Unit Development Agreement will be punctually paid and performed during the term of the Multiple Unit Development Agreement and thereafter, as applicable;

5. Guarantor unconditionally and irrevocably agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Multiple Unit Development Agreement by the Developer;

6. Upon default by Developer or notice from Franchisor, Guarantor will immediately make each payment and perform each obligation required of the Developer under the Multiple Unit Development Agreement;

7. Without affecting the obligations of any guarantor under this Guaranty Agreement, Franchisor may, without notice to Guarantor, waive, renew, extend, modify, amend or release any indebtedness or obligation of Developer or any guarantor, or settle, adjust or compromise any claims against the Developer or any guarantor;

8. Guarantor waives all demands and notices of every kind with respect to enforcement of this Guaranty Agreement, including, without limitation, notice of presentment, demand for payment or performance by Developer, any default by Developer or any guarantor, and any release of any guarantor or other security for the Multiple Unit Development Agreement or the obligations of the Developer;

9. Franchisor may pursue its rights against any guarantor without first exhausting its remedies against Developer and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise of such right or remedy shall preclude the further exercise of such right or remedy;

10. Upon receipt by Franchisor of notice of the death of Guarantor, the estate of the deceased Guarantor shall be bound by the foregoing Guaranty Agreement, but only for defaults and obligations under the Multiple Unit Development Agreement existing at the time of death; the obligations of all other guarantors shall continue in full force and effect;

11. This Guaranty Agreement will continue and is irrevocable during the term of the Multiple Unit Development Agreement and, if required by the Multiple Unit Development Agreement, after its termination or expiration;

12. Guarantor's obligations under this Guaranty Agreement are effective on the Effective Date of the Multiple Unit Development Agreement, regardless of the actual date of signature;

13. This Guaranty Agreement is governed by the law of the state in which our principal place of business is located, which is currently Massachusetts and Guarantor irrevocably submits to the jurisdiction and venue of the courts of Massachusetts;

14. If Franchisor is required to enforce this Guaranty Agreement in any judicial or arbitration proceeding or on any appeals, Guarantor must reimburse Franchisor for its enforcement costs. Enforcement costs include reasonable accountants', attorneys', attorneys' assistants', arbitrators', and expert witness fees, costs of investigation and proof of facts, court costs, filing fees, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or

proceeding to enforce this Guaranty Agreement;

15. Guarantor acknowledges that he or she has obtained independent legal advice before signing this Guaranty Agreement.

IN WITNESS WHEREOF Guarantor has signed this Guaranty Agreement under seal.

_____
Signature

_____
Print Name

_____
Address

_____

Signed, sealed and delivered by the above-named Guarantor in the presence of:

_____
Witness Signature

_____
Print Name

_____
Address_____

MULTIPLE UNIT DEVELOPMENT AGREEMENT

ADDENDUM D

PRINCIPAL OWNER'S STATEMENT

This form must be completed by the Developer ("I," "me" or "my") if I have multiple owners or if I, or my business, is owned by a business organization such as a corporation, partnership or limited liability company). Franchisor is relying on the truth and accuracy of this form in awarding the Multiple Unit Development to me.

l. **Form of Owner.** I am a (check one):

(vi) General Partnership ___

(vii) Corporation ___

(viii) Limited Partnership ___

(ix) Limited Liability Company ___

(x) Other ___
Specify:

2. **Business Entity.** I was incorporated or formed on _____, under the laws of _____. I have not conducted business under any name other than my corporate, limited liability company or partnership name. The following is a list of all persons who have management rights and powers (e.g., officers, managers, partners, etc.) and their positions are listed below:

Name of Person	**Position(s) Held**
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

3. **Owners.** The following list includes the full name and mailing address of each person who is an owner and fully describes the nature of each owner's interest. Attach additional sheets if necessary.

Owner's Name and Address	**Description of Interest**
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

4. **Governing Documents.** Attached are copies of the documents and contracts governing the ownership, management and other significant aspects of the business organization

(e.g., articles of incorporation or organization, partnership or shareholder agreements, etc.).

This Statement of Principal Owners is current and complete as of _____, 20__.

OWNER INDIVIDUALS:

_____
(Signature)

_____
(Print Name)

_____
(Signature)

_____
(Print Name)

CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP:

_____
(Name)

By:_____

Title:_____

EXHIBIT G TO THE DISCLOSURE DOCUMENT

BTONE FITNESS DEVELOPMENT, LLC
NON-DISCLOSURE, NON-SOLICITATION AND NON-COMPETITION AGREEMENT

BTONE FITNESS DEVELOPMENT, LLC
NON-DISCLOSURE, NON-SOLICITATION AND NON-COMPETITION AGREEMENT

This Agreement is made and entered into _____, _____ between Btone Fitness Development, LLC, a Massachusetts limited liability company ("Franchisor"), _____ _____ ("Franchisee") and _____ ("Trainee").

RECITALS

WHEREAS, Franchisor has developed, is using and is the licensee of all rights in a unique system (hereinafter "**btone FITNESS** SYSTEM") for the development and operation of a business which provides resistance training with slow, controlled movements under the trade name and mark **btone FITNESS®** (hereinafter "**btone FITNESS**");

WHEREAS, **btone FITNESS** SYSTEM includes but is not limited to certain trade names, trademarks, trade dress and logos including, but not limited to, the mark **btone FITNESS**, service marks, trade symbols, trade dress, signs, slogans, associated logos, designs, emblems, URLs, domain names, website addresses, email addresses, digital cellular addresses, wireless web addresses and the like and copyrights and such other trade names and trademarks as Franchisor may develop in the future for the purposes of identifying **btone FITNESS** SYSTEM, and such other distinguishing characteristics of **btone FITNESS** SYSTEM including, without limitation, distinctive sales and marketing procedures; knowledge and procedures for providing resistance training with slow, controlled movements; inventory, management and financial control methods; and training and assistance, all of which may be changed, improved and further developed by Franchisor from time to time ("Trade Secrets");

WHEREAS, Franchisor's Trade Secrets provide economic advantages to Franchisor and are not generally known to or readily ascertainable by proper means by Franchisor's competitors who could obtain economic value from knowledge and use of Franchisor's Trade Secrets;

WHEREAS, Franchisor has taken and intends to take all reasonable steps to maintain the confidentiality and secrecy of Franchisor's Trade Secrets;

WHEREAS, Franchisor has granted Franchisee a limited right to operate a territory using **btone FITNESS** SYSTEM and Franchisor's Trade Secrets for the period defined in the Franchise Agreement made and entered into on _____**,** _____ between Franchisor and Franchisee ("Franchise Agreement");

WHEREAS, Franchisor and Franchisee have agreed in the Franchise Agreement on the importance to Franchisor and to Franchisee and other licensed users of **btone FITNESS** SYSTEM of restricting use, access and dissemination of Franchisor's Trade Secrets;

WHEREAS, it will be necessary for certain employees and contractors of Franchisee to have access to and to use some or all of Franchisor's Trade Secrets in the development and maintenance of Franchisee's Business using **btone FITNESS** SYSTEM;

WHEREAS, Franchisee has agreed to obtain from certain key employees written agreements protecting Franchisor's Trade Secrets and **btone FITNESS** SYSTEM against unfair competition;

WHEREAS, Trainee wishes to remain, or wishes to become, an employee of Franchisee; and

WHEREAS, Trainee wishes and needs to receive and use Franchisor's Trade Secrets in the course of Trainee's employment in order to effectively perform Trainee's services for Franchisee.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

1. Franchisor and/or Franchisee shall disclose to Trainee some or all of Franchisor's Trade Secrets relating to **btone FITNESS** SYSTEM.

2. Trainee shall receive Franchisor's Trade Secrets in confidence, maintain them in confidence, and use them only in the course of Trainee's employment by Franchisee and then only in connection with the development and/or maintenance by Franchisee of Business using **btone FITNESS** SYSTEM for so long as Franchisee is licensed by Franchisor to use **btone FITNESS** SYSTEM.

3. Trainee shall not at any time make copies of any documents or compilations containing some or all of Franchisor's Trade Secrets without the express written permission of Franchisor.

4. Trainee shall not disclose or permit the disclosure of Franchisor's Trade Secrets except to other employees of Franchisee and only to the limited extent necessary to train or assist other employees of Franchisee who have also signed Non-Disclosure, Non-Solicitation and Non-Competition Agreements or Confidentiality Agreement where appropriate as determined by Franchisor in the development or maintenance of Business using **btone FITNESS** SYSTEM.

5. That all information and materials, including without limitation, specifications, techniques and compilations of data which Franchisor shall designate as confidential shall be deemed Franchisor's Trade Secrets for the purposes of this Agreement.

6. Trainee shall surrender **btone FITNESS** Operations Manual and any other material containing some or all of Franchisor's Trade Secrets to Franchisee or to Franchisor, upon request, or upon termination of employment by Franchisee, or upon conclusion of the use for which the **btone FITNESS** Operations Manual or other information or material may have been furnished to Trainee.

7. Trainee shall not, directly or indirectly, do any act or omit to do any act, which would or would likely to be injurious or prejudicial to the goodwill associated with **btone FITNESS** SYSTEM.

8. In order to protect the goodwill and unique qualities of **btone FITNESS** SYSTEM and the confidentiality and value of Franchisor's Trade Secrets, and in consideration for the disclosure to Trainee of Franchisor's Trade Secrets, Trainee further undertakes and covenants that, during the time Trainee is employed by Franchisee, will not:

(a) Directly or indirectly, for himself or through, on behalf of or in conjunction with any person, partnership or business entity, engage in or acquire any financial or beneficial interest in (including interest in business entities, partnerships, trusts, unincorporated associations or joint ventures), advise, help or make loans to any entity involved in business which is the same as or similar to that conducted by **btone FITNESS** which Business is, or is intended to be located, within the United States; or

(b) Divert or attempt to divert, directly or indirectly, any business, business opportunity or customer of Franchisee's Business(s) to any competitor.

9. Except to the extent prohibited by the laws of the state where the Franchised Business is located or where the employee lives or works, in further consideration for the disclosure to Trainee of Franchisor's Trade Secrets and to protect the uniqueness of **btone FITNESS** SYSTEM, Trainee agrees that for two (2) years following the termination of Trainee's employment with Franchisee, Trainee will not without the prior written consent of Franchisor, divert or attempt to divert, directly or indirectly, any business, business opportunity or customer of Franchisee's Franchised Business(s) to any competitor.

10. Franchisee undertakes to use Franchisee's best efforts to ensure that Trainee acts as required by this Agreement.

11. Trainee agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions thereof, Franchisor shall be entitled to enforce the provisions of this Agreement against Franchisee and Trainee, and may seek, in addition to any other remedies which are made available to it at law or in equity, including the right to terminate the Franchise Agreement, a temporary and /or permanent injunction and a decree for the specific performance of the terms of this Agreement, without being required to furnish a bond or other security.

12. Should legal proceedings have to be brought by Franchisor against Trainee to enforce any Non-Competition Covenant or for Trainee's failure to maintain Confidentiality, the period of restriction shall be deemed to begin running on the date of entry of an order granting Franchisor preliminary injunctive relief and shall continue uninterrupted for the entire period of restriction.

13. This Agreement shall be governed by and construed under the laws of the Commonwealth of Massachusetts.

14. If any Court or other tribunal having jurisdiction to determine the validity or enforceability of this Agreement determines that it would be unenforceable as written, its

provisions shall be determined to be withheld, modified or limited to such extent or in such manner as is necessary for it to be valid and enforceable to the greatest extent possible.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

FRANCHISEE
By:_____
Name:_____
Title:_____
Date:_____

FRANCHISOR
By:_____
Name:_____
Title:_____
Date:_____

TRAINEE
By:_____
Name:_____
Title:_____
Date:_____

EXHIBIT H TO THE DISCLOSURE DOCUMENT

BTONE FITNESS DEVELOPMENT, LLC
EMPLOYEE CONFIDENTIALITY AGREEMENT

BTONE FITNESS DEVELOPMENT, LLC
EMPLOYEE CONFIDENTIALITY AGREEMENT

This Agreement is made and entered into on this ___ day of_____ ,_____ by and between _____ ("Employer") and _____ ("Employee").

RECITALS

WHEREAS, Employer is a franchisee of Btone Fitness Development, LLC (hereinafter "Franchisor') and as such has rights to a unique system (hereinafter the "**btone FITNESS** SYSTEM") for the development and operation of a business which provides resistance training with slow, controlled movements under the trade name and mark **btone FITNESS®** (hereinafter "**btone FITNESS**"); and

WHEREAS, Franchisor's Confidential Information or Materials provide economic advantages to Franchisor and its franchisees including Employer and which are not generally known to nor readily ascertainable by proper means by Franchisor's competitors who could obtain economic value from knowledge and use of Franchisor's Trade Secrets; and

WHEREAS, Employer has promised to take and intends to take all reasonable steps to maintain the confidentiality and secrecy of Franchisor's Confidential Information or Materials; and

WHEREAS, it will be necessary for Employee to have access to and to use some or all of Franchisor's Confidential Information or Materials as an employee of Employer:

WHEREAS, Employee wishes to remain, or wishes to become, an employee of Employer; and

WHEREAS, Employee wishes and needs to receive and use Franchisor's Confidential Information or Materials in the course of Employee's employment in order to effectively perform Employee's services for Employer;

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

1. For purposes of this Agreement, the term "Confidential Information or Materials" means all trade secrets, customer information, inventions, discoveries, processes, formulae, records, computer programs or data, agreements, business and financial systems, and plans and policies, of Employer and Franchisor or regarding administrative, management, contracting, financial, marketing or production activities of Employer, which Employer treats as confidential.

2. Employee acknowledges that during his/her employment, Employee may gain knowledge of proprietary Confidential Information or Materials. Employee recognizes that

Employer and Franchisor have a compelling need to maintain the confidentiality of such Confidential Information and Materials. Accordingly, Employee agrees that:

(i) Employee shall receive Franchisor's Confidential Information or Materials in confidence, maintain them in confidence, and use them only in the course of Employee's employment by Employer.

(ii) Employee will not, during the term of this Agreement or thereafter, directly or indirectly disclose to any other person or entity, or use for Employee's own account, or for other than Employer's business, any Confidential Information or Materials without first obtaining the written consent of Franchisor. Employee shall at all times keep confidential all Confidential Information or Materials of Employer and Franchisor.

(iii) Employee will retain no copies of, and shall promptly deliver to Employer, upon the termination of Employee's services or at any other time Employer may request any and all documentary and other materials (including software) and all copies thereof in whatever form, including electronic versions thereof, made, compiled or otherwise obtained by or delivered or disclosed to Employee concerning any Confidential Information or Materials of Employer or Franchisor.

3. Employee shall not at any time make copies of any documents or compilations containing some or all of Franchisor's Confidential Information or Materials without the express written permission of Employer.

4. Employee shall not disclose or permit the disclosure of Franchisor's Confidential Information or Materials except to other employees of Employer and only to the limited extent necessary to train or assist other employees of Employer who have also signed Confidentiality Agreements.

5. Employee understands and agrees that this Agreement may be enforced by either Employer or by Franchisor.

6. Employee agrees that in the event of a breach of this Agreement, Employer and/or Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions thereof, Employer and/or Franchisor shall be entitled to enforce the provisions of this Agreement against Employee, and may seek, in addition to any other remedies which are made available to it at law or in equity, a temporary and /or permanent injunction and a decree for the specific performance of the terms of this Agreement, without being required to furnish a bond or other security.

7. This Agreement shall be governed by and construed under the laws of _____.

8. If any Court or other tribunal having jurisdiction to determine the validity or enforceability of this Agreement determines that it would be unenforceable as written, its provisions shall be determined to be withheld, modified or limited to such extent or in such manner as is necessary for it to be valid and enforceable to the greatest extent possible.

[signatures on the following page]

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

EMPLOYER

By:_____
Name:_____
Title:_____
Date:_____

EMPLOYEE

By:_____
Name:_____
Title:_____
Date:_____

EXHIBIT I TO THE DISCLOSURE DOCUMENT

BTONE FITNESS DEVELOPMENT, LLC

SPOUSAL NON-DISCLOSURE AND NON-COMPETITION AGREEMENT

SPOUSAL NON-DISCLOSURE AND NON-COMPETITION AGREEMENT

This Agreement is made and entered into _____ between Btone Fitness Development, LLC, a Massachusetts limited liability company, with its principal place of business at 30 Newbury Street, 4th Floor, Boston, Massachusetts 02116 ("Franchisor") and _____, a/an _____ with its principal place of business at _____ ("Franchisee") and _____, the spouse or domestic partner of an owner of Franchisee ("Signer") with a primary residence at _____.

RECITALS

WHEREAS, Franchisor has developed, is using and is the owner of all rights in a unique system (hereinafter "**btone FITNESS** SYSTEM") for the development and operation of a business which provides resistance training with slow, controlled movements under the trade name and mark **btone FITNESS** (hereinafter "**btone FITNESS**");

WHEREAS, **btone FITNESS** SYSTEM includes but is not limited to certain trade names, trademarks, trade dress and logos including, but not limited to, the mark **btone FITNESS**, service marks, trade symbols, trade dress, signs, slogans, associated logos, designs, emblems, URLs, domain names, Website addresses, email addresses, digital cellular addresses, wireless Web addresses and the like and copyrights and such other trade names and trademarks as Franchisor may develop in the future for the purposes of identifying **btone FITNESS** SYSTEM, and such other distinguishing characteristics of **btone FITNESS** SYSTEM including, without limitation, distinctive sales and marketing procedures; knowledge and procedures for providing operational support; management and financial control methods; and training and assistance, all of which may be changed, improved and further developed by Franchisor from time to time ("Trade Secrets");

WHEREAS, Franchisor's Trade Secrets provide economic advantages to Franchisor and are not generally known to or readily ascertainable by proper means by Franchisor's competitors who could obtain economic value from knowledge and use of Franchisor's Trade Secrets;

WHEREAS, Franchisor has taken and intends to take all reasonable steps to maintain the confidentiality and secrecy of Franchisor's Trade Secrets;

WHEREAS, Franchisor and Franchisee desire to enter into a Franchise Agreement which will grant Franchisee a limited right to operate a Franchised Business within a territory using **btone FITNESS** SYSTEM and Franchisor's Trade Secrets for a period defined in the Franchise Agreement ("Franchise Agreement");

WHEREAS, Franchisor and Franchisee have agreed in the Franchise Agreement on the importance to Franchisor and to Franchisee and other licensed users of **btone FITNESS** SYSTEM of restricting use, access and dissemination of Franchisor's Trade Secrets; and

WHEREAS, it is anticipated that Signer may have access to learn Franchisor's Trade Secrets as Franchisee develops and maintains Franchisee's Business using **btone FITNESS** SYSTEM.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

1. Franchisee may disclose to Signer some or all of Franchisor's Trade Secrets relating to **btone FITNESS** SYSTEM.

2. Signer shall receive Franchisor's Trade Secrets in confidence, maintain them in confidence, and shall use them only in connection with the development and/or maintenance by Franchisee of the Franchised Business using **btone FITNESS** SYSTEM for so long as Franchisee is licensed by Franchisor to use **btone FITNESS** SYSTEM.

3. Signer shall not at any time make copies of any documents or compilations containing some or all of Franchisor's Trade Secrets without the express written permission of Franchisor.

4. Signer shall not disclose or permit the disclosure of Franchisor's Trade Secrets to anyone.

5. That all information and materials, including without limitation, specifications, techniques and compilations of data which Franchisor shall designate as confidential shall be deemed Franchisor's Trade Secrets for the purposes of this Agreement.

6. Signer shall not, directly or indirectly, do any act or omit to do any act, which would or would likely to be injurious or prejudicial to the goodwill associated with **btone FITNESS** SYSTEM.

7. In order to protect the goodwill and unique qualities of **btone FITNESS** SYSTEM and the confidentiality and value of Franchisor's Trade Secrets, and in consideration for the disclosure to Signer of Franchisor's Trade Secrets, Signer further undertakes and covenants that, during the time Franchisee is a franchisee of Franchisor and for the two (2) years following the termination or expiration of Franchisee's Franchise Agreement, Signer will not:

(a) Directly or indirectly, for himself/herself or through, on behalf of or in conjunction with any person, partnership or business entity, engage in or acquire any financial or beneficial interest in (including interest in business entities, partnerships, trusts, unincorporated associations or joint ventures), advise, help or make loans to any entity involved in business which is the same as or similar to that conducted by **btone FITNESS** which business is, or is intended to be located, within the United States; or

(b) Divert or attempt to divert, directly or indirectly, any business, business opportunity or client of Franchisee's Franchised Business(s) to any competitor.

8. Franchisee undertakes to use Franchisee's best efforts to ensure that Signer acts as required by this Agreement.

9. Signer agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a

breach, or threatened or attempted breach of any of the provisions thereof, Franchisor shall be entitled to enforce the provisions of this Agreement against Franchisee and Signer, and may seek, in addition to any other remedies which are made available to it at law or in equity, including the right to terminate the Franchise Agreement, a temporary and /or permanent injunction and a decree for the specific performance of the terms of this Agreement, without being required to furnish a bond or other security.

10. Signer agrees that the period during which the post-termination/expiration restrictions above apply shall be extended uninterrupted by the length of any period of time during which Signer was in violation of such restrictions.

11. This Agreement shall be governed by and construed under the laws of Massachusetts.

12. If any Court or other tribunal having jurisdiction to determine the validity or enforceability of this Agreement determines that it would be unenforceable as written, its provisions shall be determined to be withheld, modified or limited to such extent or in such manner as is necessary for it to be valid and enforceable to the greatest extent possible.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

FRANCHISEE

By:_____
Name:_____
Title:_____
Date:_____

FRANCHISOR

By:_____
Name:_____
Title:_____
Date:_____

SIGNER

By:_____
Name:_____
Date:_____

EXHIBIT J TO THE DISCLOSURE DOCUMENT

BTONE FITNESS DEVELOPMENT, LLC

STATE SPECIFIC AMENDMENTS/RIDERS TO THE FRANCHISE AGREEMENT

AMENDMENT TO BTONE FITNESS DEVELOPMENT, LLC
FRANCHISE AGREEMENT AND RELATED FRANCHISE DOCUMENTS

FOR THE STATE OF CALIFORNIA

The btone FITNESS Franchise Agreement between _____ ("Franchisee") and **BTONE FITNESS DEVELOPMENT, LLC**, a Massachusetts limited liability company ("Franchisor"), dated _____ (the "Franchise Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of this Agreement (this "Amendment"):

1. The California Franchise Investment Law requires a copy of all proposed Agreements relating to the sale of the franchise be delivered together with the Disclosure Document.

2. California Business and Professions Code 20000 through 20043 provide rights to franchisees concerning termination or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

3. 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.).

4. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

5. The Franchise Agreement requires binding arbitration. The arbitration will occur in Massachusetts with the costs being borne by the non-prevailing party.

6. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

7. The Franchise Agreement requires application of the laws of the Commonwealth of Massachusetts. This provision may not be enforceable under California law.

8. You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

9. Any condition, stipulation or provision in the Franchise Agreement which would result in your waiver of compliance with any provision of the California Franchise Relations Act is void to the extent that such provision violates such law.

10. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

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

FRANCHISOR:
Btone Fitness Development, LLC

By: _____
Name: _____
Title: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____

RIDER TO THE BTONE FITNESS DEVELOPMENT, LLC
FRANCHISE AGREEMENT AND RELATED FRANCHISE DOCUMENTS

FOR THE STATE OF ILLINOIS

The Franchise Agreement between _____ ("Franchisee") and Btone Fitness Development, LLC, a Massachusetts limited liability company ("Franchisor"), dated _____ (the "Franchise Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of this Franchise Agreement:

Risk Notices:

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

2 You must make minimum advertising contributions regardless of your sales levels. Your inability to make these payments may result in termination of your franchise and loss of your investment.

3 You must purchase all or nearly all inventory & supplies necessary to operate your business from franchisor, its affiliates or from suppliers that franchisor designates at prices that may be higher than you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your business.

4 You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

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

ILLINOIS LAW MODIFICATIONS

Illinois law governs the Franchise Agreement.

The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition. The Franchise Agreement is amended to also provide include the following: "We defer the payment of all initial fees paid by you to us until we have performed all pre-opening obligations and you are open for business.

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.

Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act **or** any other law of Illinois is void.

FRANCHISOR:
Btone Fitness Development, LLC

By: _____
Name: _____
Title: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____

AMENDMENT TO BTONE FITNESS DEVELOPMENT, LLC
FRANCHISE AGREEMENT & RELATED FRANCHISE DOCUMENTS

FOR THE STATE OF RHODE ISLAND

The Franchise Agreement between _____ ("Franchisee") and Btone Fitness Development, LLC, a Massachusetts limited liability company ("Franchisor"), dated _____ (the "Franchise Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of this Agreement (this "Amendment"):

RHODE ISLAND LAW MODIFICATIONS

1. The Rhode Island Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Rhode Island law, including the Franchise Investment Act, R.I. Gen. Law. Ch. 395 Sec. 19-28.1-1 – 19-28.1-34. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. If the Agreement requires litigation to be conducted in a forum other than the State of Rhode Island, the requirement is void under Rhode Island Franchise Investment Act Sec. 19-28.1-14.

b. If the Agreement requires that it be governed by a state's law, other than the State of Rhode Island, to the extent that such law conflicts with Rhode Island Franchise Investment Act it is void under Sec. 19-28.1-14.

c. If the Franchisee is required in this Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule of order under the Act, such release shall exclude claims arising under the Rhode Island Franchise Investment Act, and such acknowledgements shall be void with respect to claims under the Act.

2. Section 19-28.1-8 of the Rhode Island Franchise Investment Act requires a franchisor to give you a copy of the Franchise Disclosure Document at the earlier of: (i) the first personal meeting; (ii) 10 business days before the execution of the Franchise Agreement; or (iii) 10 business days before the payment of any consideration that relates to the franchise relationship.

3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Rhode Island Franchise Investment Act, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

[Signatures on the following page]

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

Btone Fitness Development, LLC

By: _____
Name: _____
Title: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____

EXHIBIT K TO THE DISCLOSURE DOCUMENT

BTONE FITNESS DEVELOPMENT, LLC
LIST OF CURRENT & FORMER FRANCHISEES

Current Franchisees:

CONNECTICUT
West Hartford **KW Operations Inc.** **Adam Kinson & Emily Walsh** **111 Pearl Street** **West Hartford, CT. 06103** **Telephone: (781) 367-4722**
MASSACHUSETTS
Andover **Andover Pilates LLC** **Stacy Weise** **27 Main Street** **Andover, MA 01810** **Telephone: (413) 335-6966**
Hamilton **Andover Pilates LLC** **Stacy Weise** **15 Walnut Road** **Hamilton, MA 01982** **Telephone: (413) 335-6966**
Hanover **KH Fitness, LLC** **Kalie Hanlon** **2053 Washington Street, Ste. 107** **Hanover, Massachusetts 02339** **Telephone: (781) 789-5957**
Kingston **Sandy Bosch Sunrise 7** **Melissa Leone** **160 Summer Street** **Kingston, MA 02364** **Telephone: (617) 529-6444**

Lexington **Morning Coffee LLC** **Jenny Sheehan** **1726 Mass Avenue** **Lexington, MA 02420** **Telephone: (443) 690-0826**
Marblehead **Shape Studios LLC** **Noelle English** **12 Atlantic Avenue** **Marblehead, MA 01945** **Telephone: (617) 719-8181**
Middleton **Morning Coffee LLC** **Jennifer Sheehan** **225 South Main Street** **Middleton, Massachusetts 01949** **Telephone: (443) 690-0826**
Waltham **4th Gen Moody** **Lauren Lacava** **708 Main Street** **Waltham, MA 02451** **Telephone: (781) 953-9364**
Wayland **Just Peachy Fitness** **Suzanne Thornfeldt** **21 Elissa Avenue** **Wayland, MA 01778** **Telephone: (617) 281-3639**
RHODE ISLAND
Providence **Jameson Dempsey** **Kelsey Irish** **Parcel 9, Wickendon & S. Water Street** **Providence, RI 02903** **Telephone: (774) 249-4014** **Signed: Nov. 2022**

Signed Not Opened:

ILLINOIS
Chicago **Sparrow Fitness LLC** **Emily Sparrow** **556 West Diversey** **Chicago, IL 60614** **Telephone: (847) 287-9940**
MASSACHUSETTS
Walpole **HB Fit LLC** **Heidi Boie** **Darlene Hollywood Hale** **7 Cornfield Lane** **Walpole, MA 02081** **Telephone: (781) 264-1511** **(508) 846-5307**
UTAH
Salt Lake City **Metta Ventures LLC** **Janeen McCormick** **425 W 200 N, Unit 461** **Saly Lake City, UT 84103** **Telephone: (857) 445-1250**

Former Franchisees:

MASSACHUSETTS
Waltham **Sage and Hayden, Inc** **Jamie Barry** **708 Main Street** **Waltham, Massachusetts 02451** **Telephone: (781) 801-3000**

EXHIBIT L TO THE DISCLOSURE DOCUMENT

BTONE FITNESS DEVELOPMENT, LLC
CONFIDENTIAL OPERATIONS MANUAL TABLE OF CONTENTS

TABLE OF CONTENTS

Topic	Page
1. INTRODUCTION	5
Welcome to btone FITNESS	5
btone FITNESS Operating Philosophy	6
Client Service Commitment	7
The btone FITNESS Trademark	8
Your Status as a Franchisee	9
Your Function as the Owner/Operator	11
Use of This Operations Manual	12
Initial Training Program	13
New Products or Services	15
Corporate Website	16
Communications	17
Referral Program	18
2. THE INDUSTRY & COMPETITION	19
3. BUSINESS STRUCTURE	20
Professional Advisors	20
Legal Forms of Ownership	23
4. BUSINESS PLANNING	27
5. PRIOR TO OPENING YOUR FRANCHISED BUSINESS	30
Designated Territory	30
What You Need in a Business Location	31
Securing a Location	33
Licenses & Permits	35
Other Regulations	37
Utilities & Other Services	38
Insurance	39
Pre-Opening Checklist	40
6. YOUR ROLE AS A BUSINESS MANAGER	43

Basic Management	43
btone FITNESS Code of Conduct	47
7. YOUR EMPLOYEES	51
Federal Laws Governing Employees	51
Hiring Personnel	59
Payroll Records	63
Proper Attire	65
Training Your Team	66
Recommended Staffing Levels	68
8. BUSINESS SET UP & OPERATIONS	69
Overview of the btone FITNESS System	69
Franchise Program Consultation	72
Required & Recommended Classes/Scheduling	73
Hours of Operation	76
Mariana Tek	78
Setting Up Your Initial Retail Inventory	79
btone FITNESS Forms & Letters	81
btone FITNESS Decor & Signage	87
Equipment Needed to Open for Business	89
Business Supplies	105
Opening Procedures	108
Closing Procedures	109
9. ONGOING TRAINING & ANNUAL CONVENTION	110
10. SALES REPORTING & CONTROLS	112
Business Record Keeping	112
Recommended Accounting System	114
Credit Card Sales	115
Required Reports	116
Royalty Fees	117
11. MAINTENANCE & SAFETY	118
Your Safety Responsibilities as a Franchise Owner	118

Your Employees' Responsibilities	119
btone FITNESS Safety Checklist	120
General Maintenance	121
Equipment Maintenance	124
12. ADVERTISING & MARKETING	125
Internet & Social Media Policies & Guidelines	127
Approved Advertising Materials & Promotional Programs	129
Website & Brandbot	130
Marketing Plan	131
Overview of Included Pre-Opening Marketing Access, Services & Trainings:	132
TOTAL PAGES:	133

EXHIBIT M TO THE DISCLOSURE DOCUMENT

BTONE FITNESS DEVELOPMENT, LLC
FRANCHISE COMPLIANCE QUESTIONNAIRE

BTONE FITNESS DEVELOPMENT, LLC
FRANCHISE COMPLIANCE QUESTIONNAIRE

As you prepare to enter into a Franchise Agreement with Franchisor, it is important to determine whether any statements or promises were made to you, either orally or in writing, which were not authorized by Franchisor and which may be untrue, inaccurate or misleading.

Please provide honest and complete responses to each of the following:

1. Have you received and personally reviewed our Franchise Agreement and all its attachments? Yes ___ No ___

CONSIDER THE FOLLOWING QUESTIONS IN REGARD TO INFORMATION PROVIDED DIRECTLY FROM FRANCHISOR OR ITS REPRESENTATIVES (NOT ITS FRANCHISEES):

2. Has any employee, broker or other person representing Franchisor made any statements or promises concerning the revenues, profits or operating costs of a **btone FITNESS** franchise? Yes ____ No ___

3. Has any employee, broker or other person representing Franchisor made any statements or promises, other than those disclosed at Item 19 of the Disclosure Document, concerning the amount of money you may earn in the operating of a **btone FITNESS** franchise? Yes ____ No ___

4. Has any employee, broker or other person representing Franchisor made any statements or promises concerning the likelihood of success that you should or might expect to achieve from operating a **btone FITNESS** franchise? Yes ____ No ___

5. Has any employee, broker or other person representing Franchisor made any statements or promises concerning the advertising, marketing, training or support service or assistance that we will furnish to you that contradicts any information in the FDD? Yes ____ No ___

6. Has any employee, broker or other person representing Franchisor made any statements or promises concerning the costs you may incur in starting or operating a **btone FITNESS** franchise that contradicts any information in the FDD? Yes ____ No ___

7. Has any employee, broker or other person representing Franchisor made any statements or promises or agreements relating to a **btone FITNESS** franchise that contradicts any information in the FDD? Yes ____ No ___

If you have answered Yes to any of the questions numbered 2 through 7 above, please provide a full explanation ***for each.*** Attach additional pages if necessary.

_____
_____
_____
_____
_____

8. I signed the Franchise Agreement and Addendum (if any) on _____, _____, and acknowledge that no Agreement or Addendum is effective until signed and dated by Franchisor.

Your answers are important to us and we will rely on them; by signing this Questionnaire, you are representing that you have responded truthfully to all of the above questions.

RESIDENTS OF THE STATE OF CALIFORNIA AND FRANCHISEES WITH A BUSINESS TO BE LOCATED IN CALIFORNIA ARE NOT REQUIRED TO COMPLETE THIS QUESTIONNAIRE.

NOTE FOR RESIDENTS OF THE STATE OF MARYLAND AND FRANCHISEES WITH A BUSINESS TO BE LOCATED IN MARYLAND: Any 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.

RESIDENTS OF THE STATE OF WASHINGTON AND FRANCHISEES WITH A BUSINESS TO BE LOCATED IN WASHINGTON ARE NOT REQUIRED TO COMPLETE THIS QUESTIONNAIRE: This Questionnaire does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

Date:_____ Prospective Franchisee:_____

EXHIBIT N TO THE DISCLOSURE DOCUMENT

BTONE FITNESS DEVELOPMENT, LLC
GENERAL RELEASE

FORM OF GENERAL RELEASE

This General Release ("Release") is made and entered into on this day of _____, 20___ by and between Btone Fitness Development, LLC ("Franchisor") and _____ ("Franchisee").

WITNESSETH:

WHEREAS, Franchisor and Franchisee are parties to a **btone FITNESS** Franchise Agreement (the "Franchise Agreement") dated _____, 20__, granting Franchisee the right to operate a **btone FITNESS** business under Franchisor's proprietary marks and system.

NOW THEREFORE, in consideration of the mutual covenants and conditions contained in this Release, and other good and valuable consideration, receipt of which is hereby acknowledged by each of the parties hereto, the parties hereto agree as follows:

Franchisee, for itself and its successors, predecessors, assigns, beneficiaries, executors, trustees, agents, representatives, employees, officers, directors, shareholders, partners, members, subsidiaries and affiliates (jointly and severally, the "Releasors"), irrevocably and absolutely releases and forever discharges Franchisor and its successors, predecessors, assigns, beneficiaries, executors, trustees, agents, representatives, employees, officers, directors, shareholders, partners, members, subsidiaries and affiliates (jointly and severally, the "Releasees"), of and from all claims, obligations, actions or causes of action (however denominated), whether in law or in equity, and whether known or unknown, present or contingent, for any injury, damage, or loss whatsoever arising from any acts or occurrences occurring as of or prior to the date of this Release relating to the Franchise Agreement, the business operated under the Franchise Agreement, and/or any other agreement between any of the Releasees and any of the Releasors. The Releasors, and each of them, also covenant not to sue or otherwise bring a claim against any of the Releasees regarding any of the claims being released under this Release.

This Release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

This General Release shall not apply to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

IN WITNESS WHEREOF, the parties hereto have executed this Release as of the date first above written.

FRANCHISOR	
BTONE FITNESS DEVELOPMENT, LLC	**FRANCHISEE**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

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

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT O TO THE DISCLOSURE DOCUMENT

RECEIPTS

RECEIPT

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

If Btone Fitness Development, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, it or an affiliate in connection with the proposed franchise sale. New York and Rhode Island require that Btone Fitness Development, LLC provide you with this Disclosure Document at the earlier of the first personal meeting or ten business days before you sign a binding agreement with, or make payment to, it or one of its affiliates in connection with the proposed sale. Iowa and Michigan require that Btone Fitness Development, LLC provide you with this Disclosure Document ten business days before you sign a binding agreement with, or make payment to, it or one of its affiliates in connection with the proposed sale.

If Btone Fitness Development, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the State Agency listed in Exhibit A.

The name, principal business address, and telephone number of the franchise seller offering this **btone FITNESS** franchise is: Jody Merrill, 30 Newbury Street, 4th Floor, Boston, Massachusetts 02116, (617) 699-9496.

Issuance Date: April 15, 2024. See Exhibit A for our registered agents authorized to receive service of process. I received a Disclosure Document dated April 15, 2024 that included the following Exhibits:

A. Agent for Service of Process	I. Spousal Non-Disclosure and Non-Competition Agreement
B. Financial Statements	J. State Specific Amendments & Riders to the Franchise Agreement
C. State Specific Addenda	K. List of Current & Former Franchisees
D. Reservation Agreement	L. Confidential Operations Manual Table of Contents
E. Franchise Agreement	M. Franchise Compliance Questionnaire
F. Multiple Unit Development Agreement	N. General Release
G. Non-Disclosure, Non-Solicitation and Non-Competition Agreement	O. Receipts
H. Employee Confidentiality Agreement	

Please return one signed copy of this Receipt to the attention of Jody Merrill at Btone Fitness Development, LLC, 30 Newbury Street, 4th Floor, Boston, Massachusetts 02116 or by electronic transmission (email) to us at franchise@btonefitness.com.

Disclosure Document Received: _____

Date Receipt Signed: _____

By: _____

Print Name: _____

RECEIPT

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

If Btone Fitness Development, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, it or an affiliate in connection with the proposed franchise sale. New York and Rhode Island require that Btone Fitness Development, LLC provide you with this Disclosure Document at the earlier of the first personal meeting or ten business days before you sign a binding agreement with, or make payment to, it or one of its affiliates in connection with the proposed sale. Iowa and Michigan require that Btone Fitness Development, LLC provide you with this Disclosure Document ten business days before you sign a binding agreement with, or make payment to, it or one of its affiliates in connection with the proposed sale.

If Btone Fitness Development, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the State Agency listed in Exhibit A.

The name, principal business address, and telephone number of the franchise seller offering this **btone FITNESS** franchise is: Jody Merrill, 30 Newbury Street, 4th Floor, Boston, Massachusetts 02116, (617) 699-9496.

Issuance Date: April 15, 2024. See Exhibit A for our registered agents authorized to receive service of process. I received a Disclosure Document dated April 15, 2024 that included the following Exhibits:

A. Agent for Service of Process	I. Spousal Non-Disclosure and Non-Competition Agreement
B. Financial Statements	J. State Specific Amendments & Riders to the Franchise Agreement
C. State Specific Addenda	K. List of Current & Former Franchisees
D. Reservation Agreement	L. Confidential Operations Manual Table of Contents
E. Franchise Agreement	M. Franchise Compliance Questionnaire
F. Multiple Unit Development Agreement	N. General Release
G. Non-Disclosure, Non-Solicitation and Non-Competition Agreement	O. Receipts
H. Employee Confidentiality Agreement	

Please return one signed copy of this Receipt to the attention of Jody Merrill at Btone Fitness Development, LLC, 30 Newbury Street, 4th Floor, Boston, Massachusetts 02116 or by electronic transmission (email) to us at franchise@btonefitness.com.

Date Disclosure Document Received: _____

Date Receipt Signed: _____

By: _____

Print Name: _____