FRANCHISE DISCLOSURE DOCUMENT

Bünda Franchising Group LLC
A Delaware limited liability company
15404 Sutton Street
Sherman Oaks, California 91403

Telephone: (610) 517-2648
Email: Kevin@trainBunda.com
URL: www.TrainBunda.com/Franchising

As a Bünda franchisee, you will operate a fitness facility providing fitness training and equipment, related services and sale of nutritional items, exercise apparel and accessories using our patented Bünda station facilities.

The total investment necessary to begin operation of a Bünda Studio franchise ranges from $593,000 to $988,000. This includes an initial franchise fee of $50,000 that must be paid to the franchisor or its affiliate(s).

The total investment necessary to develop between three and five Bünda Facilities ranges from $673,000 to $1,158,000. This includes $130,000 to $210,000 that must be paid to the franchisor or its affiliate(s).

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Bünda Franchising Group LLC at 15404 Sutton Street, Sherman Oaks, California 91403, Telephone: (610) 517-2648, Web address: www.TrainBunda.com/Franchising.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, such as a lawyer or an accountant.

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

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

ISSUANCE DATE: March 12, 2025

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 G (Current Franchisees) and Exhibit H (Former Franchisees).
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 approved vendors and other suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit C 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 Bünda 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 has 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 Bünda franchisee?	Item 20 and Exhibits G and H list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need to Know About Franchising Generally

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

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

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates (approved vendors). 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 that 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 California. 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 California than in your own state.

2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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

4. **General 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. If so, check the "State Specific Addenda" pages (Exhibit I) for your state.

NOTICE REQUIRED
BY
STATE OF MICHIGAN

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

If the Franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000.00 the Franchisee may request the Franchisor to arrange for the escrow of initial investment and other funds paid by the Franchisee until the obligations, if any, of the Franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the Franchisor, a surety bond may be provided in place of escrow.

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

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.

Any questions regarding this notice should be directed to the Department of Attorney General, Consumer Protection Division, Attn: Franchise Department, G. Mennen Williams Building, 1st Floor, 525 W. Ottawa Street, Lansing, MI 48909, (517) 335-7622.

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

NOTICE REQUIRED
BY
STATE OF NORTH CAROLINA

The State of North Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the State. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

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ITEM 1.
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor

The franchisor is Bünda Franchising Group LLC, a Delaware limited liability company ("we" or "us"). We also conduct business under the name "Bünda®." "You" means the individual person or entity that acquires the franchise from us and enters into a Bünda franchise agreement.

We were organized as a limited liability company in Delaware on March 17, 2021, and qualified to do business in California on July 19, 2021. Our principal business address is 15404 Sutton Street, Sherman Oaks, California 91403. The name and address of our registered agents for service of process are disclosed in Exhibit B to this disclosure document.

We have never operated a business of the type being franchised. We have no business other than granting franchises and assisting our franchisees. We have been offering these franchises, and related multi-unit franchises since 2021. We have never offered any other franchise. We have no affiliate that offers franchises in any line of business or that provides products or services to our franchisees, except as described below.

Our Parents, Predecessors and Affiliates

We are a wholly-owned subsidiary of Bünda, Inc., a California corporation, which has operated a Bünda fitness facility in Los Angeles, California since 2018. Bünda, Inc. also has six subsidiaries: (i) Bünda Santa Monica LLC, which has operated a Bünda fitness facility in Santa Monica, California since September 2021, (ii) Bünda Florida LLC, which has operated a Bünda fitness facility in Coral Gables, Florida since January 2022, (iii) Bünda Woodland Hills LLC, which has operated a Bünda fitness facility in Woodland Hills, California since February 2023, (iv) Bünda Doral LLC, which has operated a Bünda fitness facility in Doral, Florida since March 2023, (v) Bünda Manhattan Beach LLC, which opened a Bünda fitness facility in Manhattan Beach, California in May 2024, and (vi) Bünda Chicago LLC, which opened a Bünda fitness facility in Chicago, Illinois in July 2024. The principal business address of Bünda, Inc. is 8231 West 3rd Street, Los Angeles, California.

Except as disclosed in this Item 1, none of our affiliates offer franchises in any line of business or currently provide products or services to our franchisees but certain affiliates may provide certain training and support and promote the Bünda name in non-franchise related endeavors.

Except as described above, we have no parents, predecessors, or other affiliates required to be disclosed in this Item.

Description of Franchise

We offer you the opportunity to open and operate a Bünda brand fitness facility ("Studio" or "Franchised Business") described in your franchise agreement using the word "Bünda" and the stylized letter "B" and any other trade names, service marks, trademarks, logos, and other symbols

we designate (or may later designate) in writing for use in the operation of the Studio (the "Marks").

The Franchise Business is the operation of a Bünda fitness facility, which includes a unique approach to fitness training. The Bünda training method focuses on the body's posterior chain and glute muscles (Portuguese: Bünda). The primary exercise program includes the use of the patented proprietary Bünda Workout Station ("Station(s)") for low impact, high intensity resistance training and the Stairmaster for low impact cardio training, as well as dumbbell workouts and other equipment routines (the "Services"). The Franchised Business also includes the supplemental retail sales of exercise apparel, accessories and related items to the public (the "Products"). You will operate the Franchised Business under the Marks offering the Services and Products and utilizing the our know-how and information; methods for class instruction; the distinctive and identifiable trade dress; a communication strategy that complies with the prescribed standards; strategic placement of the location of a Studio; description of fittings, decoration and equipment, including the Station and our proprietary dumbbell rack ("Bünda Dumbbell Rack(s)"); distinctive exterior and interior design, decor, color scheme, and furnishings; uniform standards, specifications, policies and procedures for operations; management techniques; specialized equipment; quality and uniformity of the Services offered by the Studio; procedures for management and financial control; training and assistance; and advertising, marketing and promotional programs (collectively, the "System"). The market it serves is composed of health-conscious members of the general public, but predominantly female.

We may periodically make changes to the System, including changes to the Services or Products offered by the Facilities and the System's methods, standards, signage, equipment, fittings, décor, and fixture requirements. You may have to make additional investments in the Studio periodically during the term of the Franchise Agreement if those kinds of changes are made or if your Studio's equipment, or facilities wear out or become obsolete, or for other reasons. All Facilities must be developed and operated to our System specifications and standards. Uniformity of Services and Products offered in Facilities is important and you must offer all Services or Products in accordance with our System.

We offer Franchised Businesses to qualified individuals or entities. You must sign our form of Franchise Agreement ("Franchise Agreement"), in the form attached to this Disclosure Document as Exhibit D. The Franchise Agreement grants you the right to establish and operate one (1) Studio at a specified single location (the "Location") at a specific address or within a designated area described on Attachment 1-A to the Franchise Agreement.

The Franchise Agreement requires you to designate an "Operating Principal". Your Operating Principal must be the individual that signs the Franchise Agreement or an owner of equity interest of the entity that signs the Franchise Agreement. Your Operating Principal must have authority to make all decisions on behalf of the Franchise. You must obtain our approval of your Operating Principal. You must also hire at least one (1) full-time studio manager to run the day to day operation of the Studio (the "Studio Manager"). Your Operating Principal and Studio Manager cannot be the same person. Your Operating Principal and Studio Manager must complete our initial training program to our satisfaction. We must approve all Operating Principals and Studio Managers.

We require your current and future owners and principals and any person holding a direct or indirect ownership interest in you, including general partners, limited partners, shareholders and members, companies in which you have a controlling interest, companies in which any person or company owning an interest in you also has a controlling interest along with their respective spouses ("Related Parties") to sign an Owner's Statement attached as Attachment 2 to the Franchise Agreement, an owner's personal guaranty and consent of spouse ("Guaranty") attached as Attachment 3 to the Franchise Agreement, guaranteeing your performance and binding themselves individually to certain provisions of the Franchise Agreement, including the covenants against competition and disclosure of confidential information, restrictions on transfer and dispute resolution procedures.

You must operate the Studio only at the Location and in accordance with the System, standards and procedures designated by us.

Multi-Unit Development Rights

In certain circumstances, we may offer to you the right to sign an area development agreement ("Development Agreement") in the form attached as Exhibit E to this Disclosure Document to develop multiple, franchised Bünda facilities to be located in a specifically described geographic development area where you hold the right to identify, develop, own and operate Bünda franchise locations ("Development Area"). We determine the Development Area before you sign the Development Agreement. Under the Development Agreement, you must establish a certain number of facilities in your Development Area according to a development schedule ("Development Schedule"), and you must sign a separate franchise agreement for each facility established under your Development Agreement. The franchise agreement for the first facility developed under the Development Agreement is in the form attached as Exhibit D to this Disclosure Document. You must sign this franchise agreement for your first facility at the same time you sign your Development Agreement. For each additional facility you develop under the Development Agreement, you must sign our then-current form of new franchise agreement, which may differ from the current franchise agreement included within this Disclosure Document. You must develop, open and begin operating that facility no later than the applicable date specified in your Development Schedule.

Market and Competition

Your principal competitors will be other non-traditional fitness facilities (e.g., facilities that do not principally feature weight-lifting, etc.), such as spin cycling studios, cardio and aerobic centers, Pilates and yoga studios, dance exercise studios, cross fit clubs, etc. The fitness industry is highly competitive and well developed. It can be affected significantly by changes in economic conditions, consumer spending, consumer trends and tastes, proximity and numbers of competing facilities, the availability and cost of suitable sites, state and local regulations and licensing requirements, and the availability of a pool of hourly-wage employees.

Industry Regulations

You must comply with all federal, state and local laws and regulations pertaining, directly or indirectly, to your Studio, including, without limitation, all industry-specific laws related to the

operation of health and fitness clubs; all health and safety laws (including, for example, in some cases, the installation of AEDs in compliance with all legal requirements); the Americans with Disabilities Act and related laws; all environmental laws; all anti-terrorism, money laundering and corrupt practices laws; all anti-competition and business practices laws; and all similar laws. You must strictly follow all laws and relations relating to employment practices, unemployment insurance, workers' compensation insurance, healthcare insurance and withholding and payment of payroll taxes. You must keep current all licenses, permits, bonds and deposits made to or required by any government agency relating to the operation of your Studio.

You must comply with the Payment Card Industry Data Security Standard ("PCI DSS") established by major credit card brands to ensure that merchants securely store, process, and transmit customer credit information.

Consumer protection or unfair trade practices laws in several states regulate the provisions of your membership contract, such as requiring "cooling off" periods or other cancellation rights, limiting the duration of any financing arrangements and mandating prominent disclosures. Member waivers or releases of premises liability in your membership contract may not be enforceable in your state. In some states, you may be required to escrow or post a bond for any pre-opening membership fees you collect. If you rely on pre-opening membership fees to build and equip your Studio, in some states the memberships may be considered to be securities, and you may be required to comply with securities laws. In addition, you must comply with copyright laws regarding the licensing of music played in your Studio. You should consult an attorney who is experienced in the law applicable to health clubs or fitness facilities to advise you about these laws in your state.

ITEM 2.
BUSINESS EXPERIENCE

Katherine (Katie) Lilly, Co-Founder, Manager and Chief Executive Officer

Katherine (Katie) Lilly is our Co-Founder and has been a Manager and our Chief Executive Officer since our inception in March 2021. She is also the Chief Executive Officer of Bünda, Inc. and has held this position since April 2018. Ms. Lilly is also our Master Trainer and Brand Manager and fulfills these positions from our headquarters in Los Angeles, California.

Kevin Lilly, Co-Founder

Kevin Lilly is our Co-Founder and has held this position since our inception in March 2021. Mr. Lilly was the Chief Financial Officer from March 2021 until January 2, 2025. He is also the owner and operator of Heart and Hustle, a personal training business, located in Los Angeles, California and has held these positions since March 2014. Mr. Lilly fulfills these positions from our headquarters in Los Angeles, California.

Emily Langlois Bava, Director of Franchise Development/HR Manager

Emily Langlois Bava has been our Director of Franchise Development/HR Manager since August 2021. She has also been the HR Manager of Bünda, Inc. in Los Angeles, California from August 2021 to the present. Ms. Langlois fulfills these positions from our headquarters in Los Angeles,

California. From October 2018 to July 2021, she was the HR Coordinator at Eisner, LLP in Beverly Hills, California.

John Davidson, Chief Operating Officer

John Davidson has been our Chief Operating Officer since September 10, 2024. From April 2024 to September 2024, he was the Chief Operating Officer at Title Boxing Club International in Los Angeles, California and from February 2015 to October 2023, the Chief Operating Officer at West Coast Fitness in Los Angeles, California.

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

Except as discussed below, all current initial franchise fees are uniformly imposed and collected on all franchisees.

Initial Franchise Fee

You must pay us an initial franchise fee in the amount of $50,000 (the "Initial Franchise Fee") in one lump sum upon execution of the Franchise Agreement. The Initial Franchise Fee is fully earned on payment in consideration of the administrative and other expenses we incurred in granting the Franchise to you, our lost or deferred opportunity to offer the Franchise to others, and training and other services to be rendered to you before opening. The Initial Franchise Fee is currently uniform as to all similarly situated persons currently acquiring a Bünda Franchise as of the date of this Disclosure Document. The Initial Franchise Fee is nonrefundable. Upon your failure to (i) commence operations by the Mandatory Opening Date listed in the Franchise Agreement; or (ii) acquire a lease within ninety (90) days from the Effective Date of the Franchise Agreement; or (iii) otherwise satisfy any pre-opening described in the Franchise Agreement, we may, in our sole discretion, terminate the Franchise Agreement and retain all fees paid by Franchisee.

Development Fee

If you sign a Development Agreement, you pay us in immediately accessible funds an initial development fee equal to $50,000 for the first Studio to be developed under the Development Agreement plus $40,000 multiplied by the total number of additional Bünda facilities you agree to develop under the Development Agreement in accordance with the Development Schedule upon signing the Development Agreement ("Development Fee"). The method of calculating the Development Fee is uniform as to all franchises currently being granted. Since the number of

Bünda franchises to be developed is different under each Development Agreement, the exact Development Fee varies. The Development Fee is not refundable under any circumstances in consideration of the administrative and other expenses we incurred in granting the development rights to you, our lost or deferred opportunity to offer the development rights to others and the allocation of the Development Area to you, and training and other services to be rendered to you before opening. There are no refunds in any amount if you do not open any or all of the Bünda facilities listed on your Development Schedule.

If you open to the public the first Studio on or before the applicable date stated in the Development Schedule, we will apply $40,000 (the "Development Fee Credit") of the Development Fee towards the Initial Franchise Fee of $50,000 that you are required to pay for the first Studio. If you do not open the first Studio to the public by the date stated in your Development Schedule, you will forfeit the Development Fee Credit, and it will not be applied to the Initial Franchise Fee that you must pay under the franchise agreement for that or any other Studio. We also have the right to terminate the Development Agreement.

We will credit you the $10,000 balance of the Initial Franchise Fee for each subsequent Studio you open under the Development Agreement if you open the Studio on time in accordance with the Development Schedule and are otherwise in compliance with the Development Agreement.

We may discount or reduce the Development Fee for (1) friends, family, existing franchisees, and prospective franchisees seeking to operate Bünda facilities in unique, new, or developing markets that we seek to penetrate, (2) our employees, personnel or the personnel of our franchisees or affiliate licensees, and (3) prospective franchisees who in our opinion possess the knowledge and experience to conduct business with minimal assistance from us.

You must pay us the full amount of the Initial Franchise Fee owing for a Studio at the time you sign the Franchise Agreement for that Studio less any Development Fee Credit to which you are entitled.

You will sign your first Franchise Agreement at the same time you sign the Development Agreement. For example, if your Development Agreement permits you to open three Facilities, you will pay a total initial amount of $130,000 (Development Fee of $120,000 (3 x $40,000), plus the $10,000 balance of the Initial Franchise Fee for your first Franchise Agreement).

Initial Management Training and Shadow Training

Your Operating Principal and your Studio Manager must successfully complete our Initial Management Training ("Initial Management Training") prior to opening. The cost of Initial Management Training is included in your Initial Franchise Fee, but you are responsible for your Studio Manager's and any other attendees personnel compensation (wages) and incidental expenses related to attending Initial Management Training

In addition to the Initial Management Training, we provide the opportunity for your Operating Principal and Studio Manager, or both, to observe and "shadow" one or more of our senior managers for up to one week (typically, one week after Initial Management Training, but time and structure is subject to our personnel availability and schedule) ("Shadow Training"). Shadow Training is optional and provided at no fee for your Operating Principal, Studio Manager and up

to two other attendees, but you are responsible for you and your personnel compensation (wages), travel, living and incidental expenses related to attending Shadow Training. Shadow Training for additional owners, principals, managers, or assistant managers may be available upon request and subject to personnel availability and our discretion at a fee of $1,500 per attendee.

Staff Training

Your Operating Principal, Studio Manager, and any initial fitness trainers and staff hired prior to commencing operations must also complete our on-site operational training program ("Staff Training") prior to opening. The tuition cost is $5,000. Staff Training is held at your Studio or at a corporate owned studio or other training facility at our sole discretion. You are also responsible for our trainers' travel, living and incidental expenses if Staff Training is held at your Studio or the travel costs of your personnel if the Staff Training is held at another off-site location. The Staff Training fee is due promptly in a single payment upon your receipt of our invoice prior to the commencement of Staff Training. The Staff Training fee is fully-earned and non-refundable once paid.

Initial Trainer Training

Your Studio Manager, lead fitness trainer ("Lead Trainer") and any initial fitness trainers hired prior to commencing operations must also complete at least one (1) on-site instructional fitness trainings ("Trainer Training") prior to opening. The first two Trainer Trainings must be conducted by our personnel at a cost of $5,000 per Trainer Training for up to six attendees. If seven or more people attend initial Trainer Training, then we reserve the right to charge an additional fee of up to $5,000 for the additional time, expense and personnel involved in training additional attendees. All of your fitness trainers must complete Trainer Training before providing instructional training and related services. After the first two Trainer Trainings, we may allow your Lead Trainer or Studio Manager to conduct future Trainer Training for new fitness trainers hired at your Studio if your Lead Trainer or Studio Manager meets our then current minimum competency and experience requirements and other standards and criteria described in our Manual, which includes teaching a minimum number of fitness classes per week, additional minimum thresholds are reached according to our standards and criteria and as specified in our Manual, and up to the discretion of us. If the Lead Trainer or Studio Manager is not approved by us to conduct additional Trainer Training, then the additional Trainer Training must be conducted by our personnel at a cost of $5,000 for up to six attendees. Trainer Training is held at your Studio or at a corporate owned studio or other training facility at our sole discretion. Trainer Training lasts approximately 6 days. You are also responsible for our trainers' travel, living and incidental expenses if Trainer Training is held at your Studio or the travel costs of your personnel if the Trainer Training is held at another off-site location. The Trainer Training fee is due promptly in a single payment upon your receipt of our invoice prior to the commencement of Trainer Training. If applicable, our Trainer Training trainer expenses are due promptly upon invoice. The Trainer Training fee is fully-earned and non-refundable once paid.

Grand Opening Assistance

If we provide any on-site assistance or support for your Grand Opening program at your Studio, you must reimburse us for the travel, lodging and incidental costs, for any of our staff members

who assist or support you onsite with your Grand Opening program at your Studio, plus our then-current standard Grand Opening assistance fee which is currently $300 to $500 per support person per day depending upon the experience and expertise of the support person ("Opening Assistance Fee"). Our Opening Assistance Fee will not exceed $750 per support person per day during the initial term of the Franchise Agreement. Opening Assistance Fees and expenses are fully-earned and non-refundable once paid.

Social Media Set-up Fee

You must pay us a $500 to $1,500 fee for the set-up of your Bünda webpage and social media pages depending on the number of social media sites ("Social Media Set-Up Fee"). The range of the Social Media Set-Up Fee is uniform for similarly situated franchisees due upon invoice prior to the opening of your Franchised Business. The Social Media Set-Up Fee is fully-earned and non-refundable once paid. We reserve the right to require you pay the Social Media Set-Up Fee directly to our approved vendors or suppliers.

Presale Package

Prior to opening your Studio, you must purchase promotional and marketing materials for use in the marketing of pre-sale memberships (the "Presale Package"), which includes promotional items, tents, tablecloths, and banners, including items branded with the Marks. The cost of the Presale Package ranges from $10,500-$13,000 depending upon the then current contents and costs of the Presale Package. The Presale Package fees are fully-earned and non-refundable once paid.

Inventory Package

Prior to opening your Studio, you must purchase a minimum amount of opening inventory and for resale at your Studio and display fixtures (the "Inventory Package"), which includes, but is not limited to, Bünda branded items, Bünda branded stickers, and other items branded with the Marks along with certain stands and display units. The cost of the Inventory Package is $11,000 to $17,000. The Inventory Package fees are fully-earned and non-refundable once paid.

Studio Equipment Package

Prior to opening your Studio, you must purchase equipment for your Studio (the "Equipment Package"), which includes, but is not limited to, Bünda Workout Stations, stairmasters, sandbags and Bünda Dumbbell Racks. The cost of the Equipment Package ranges from $110,000 to $200,000 depending upon the size of your Franchised Business. The Equipment Package fees are fully-earned and non-refundable once paid.

The Initial Management Training Fee, Shadow Training Fee, Staff Training Fee, Trainer Training Fee, Grand Opening Assistance Fee, Social Media Set-Up Fee, Presale Package Fee, Inventory Package Fee, and Equipment Package Fee are currently uniform as to all similarly situated persons currently acquiring a Bünda Franchise as of the date of this Disclosure Document.

There are no other payments to or purchases from us or our affiliates that you must make before your Studio opens.

ITEM 6.
OTHER FEES

TYPE OF FEE (Note 1)	AMOUNT	DUE DATE	REMARKS
Royalty Fee	6% of your Studio's monthly Gross Revenue. (Note 2)	The Royalty Fee is due on the fifth (5th) day of each month for the prior month's Gross Revenue.	Payable by automatic electronic debit from your account or other manner we designate.
Brand Contribution	2% of monthly Gross Revenue	The Brand Contribution Payable is payable at the same time and in the same manner as the Royalty Fee.	Payable to us or directly to the Brand Fund, as directed, by automatic electronic debit from your account or other manner we designate.
Technology Fee (Note 3)	Currently none, but up to $2,000 per month	At the same time and in the same manner as the Royalty Fee.	The Technology Fee covers the cost of developing, improving, upgrading, modifying changing technology, potential website development, loyalty programs, customer portals, online platforms, mobile applications, software, phone systems, and maintenance, and support of our email system.
Shadow Training upon Renewal or Transfer	$1,500 per attendee, plus travel costs, lodging, meals and incidental expenses for your personnel or our trainers.	Upon invoice.	If you request Shadow Training on transfer, renewal or change in your personnel, then we may charge a fee of up to $1,500 per attendee. The fee is paid to us.
Staff Training upon Renewal or Transfer	$5,000 plus travel costs, lodging, meals and incidental expenses for your personnel or our trainers.	Upon invoice.	We may require additional Staff Training upon renewal or transfer. The fee is paid to us.
Trainer Training after Opening, Renewal or Transfer	$5,000 per Trainer Training plus travel costs, lodging, meals and incidental expenses for your personnel or our trainers.	Upon invoice.	This fee is for any new fitness trainer hires who do not attend initial Trainer Training upon opening and our training fees upon renewal, or transfer. The fee for additional training is paid to us. (Note 4)
Continuing and On-Going Training	Our fee is $500-$800 per day, per trainer for required continued or on-	Upon invoice.	We require you to, at least once every year during the Term, send your

TYPE OF FEE (Note 1)	AMOUNT	DUE DATE	REMARKS
	going trainer raining for the Lead Trainer, plus travel costs, lodging, meals and incidental expenses for your personnel or our trainers, depending upon the location of the Continuing or On-Going Training.		Studio's Lead Trainer to complete our then-current Lead Trainer training program. You are responsible for all payroll, travel, lodging and incidental costs of yours and your employees. The fee for additional training is paid to us.
Additional or Remedial Training	Our fee is $500-$800 per day, per trainer. You are responsible for the cost of travel, lodging, meals and incidental expenses incurred by our trainer(s) for training.	Upon invoice.	Additional Training is training requested by you in addition to Initial Training or Continuing Training or if we determine it is necessary or appropriate in our sole discretion to protect the quality, integrity and reputation of the System (as defined in Item 11). The fee for additional training is paid to us.
Website, Social Media and E-mail Account Support	$120 set up fee for your e-mail accounts, plus approximately $150 per e-mail account per year (varies depending on the number of e-mail accounts you use in your operations). The annual charges are pass-through for e-mail, website and social media support charges with no mark-up.	Upon invoice.	We require you to operate all website, social media presence (in addition to e-mail accounts) related to your business through our system. Currently, these services are supplied by an independent third party to whom you pay directly. In the future, we may require you to purchase computer hardware, software and related services directly through us.
Digital Marketing and Other Fees	If any, based on voluntary marketing and promotional programs we may offer and you participate from time to time.	If due, on or before the third day of each month or any other day we designate	If due, payable by electronic funds transfer or other manner we designate.
Marketing Vendor Fees	Estimated fees and expenses of $15,000 to $30,000.	Upon invoice.	Currently, these services are supplied by an independent third party to whom you pay directly, but we may require you pay us directly for these fees and expenses.

TYPE OF FEE (Note 1)	AMOUNT	DUE DATE	REMARKS
Audit Expenses and Follow-up Inspection Fees	Amount of our costs for conducting the audit; and reimbursement for costs of follow up inspection.	Upon invoice.	Payable if we audit your books and records and we determine that you have failed to report or have misstated any financial information by 2% or more; inspection fee may be charged in an amount to reimburse us for the cost of conducting a follow up inspection, if a prior inspection identifies your non-compliance. (Note 5).
Renewal Fee	25% of the initial franchise fee that we are then charging franchisees who acquire a new Bünda franchise.	When you sign the new franchise agreement for the same type of facility you are currently operating for the renewal term	The renewal fee for a subsequent renewal term for the same type of facility you are currently operating will be set in the new franchise agreement you sign for the renewal term
Transfer Fee	Transfer fee equal to 25% of the initial franchise fee that we are then charging franchisees who acquire a new Bünda franchise.	Transfer fee is payable when we sign the consent to transfer.	Payable to us if you transfer your Franchise or your interest in your Franchise.
Relocation Fee	Our costs and expenses associated with the relocation.	As incurred.	If you relocate your Studio you must pay us any costs we incur in assisting you with the relocation including salary and travel expenses, professional fees, demographic reports and other costs.
Franchisee Convention Registration Fee	No annual convention is currently scheduled but if we schedule future conventions or meetings, you will be responsible for you and your attendees registration fee, which will not exceed $2,000 per attendee during the initial term of the franchise agreement.	Upon invoice prior to the convention or meeting.	You pay all registration fees and travel expenses for your attendees.
Interest on Late Payments	18% per annum or the highest amount allowed by law, whichever is less (Note 6).	Upon invoice or written demand.	Payable monthly on any amount we do not receive when due.
Late Fees	In addition to any interest owed, late fee of $100 is	Upon invoice or written demand.	Late fees and interest are nonrefundable.

TYPE OF FEE (Note 1)	AMOUNT	DUE DATE	REMARKS
	due for each week (or portion thereof) that any payment is delinquent or any report or item is not timely received.		
Local Advertising Expense	You must spend at least 5% of your Gross Revenues each month (based on your prior month's Gross Revenues), but not less than $2,000 per month, on direct advertising, promotions and public relations within the Protected Area.	Upon invoice.	Currently you paid the Local Advertising Expenses to third parties, but we may require that you submit it directly to us to conduct your local advertising. You must submit evidence of these expenditures on a monthly basis. See Item 11.
Insurance	The premium plus 20% of the premium.	When incurred.	If you fail to maintain the required insurance, we have the right, but not the obligation, to procure insurance on your behalf and you must reimburse us the premium payment plus a fee of 20% of the premium to cover our costs.
Testing or Supplier Approval Fee	Our costs and expenses.	When billed.	You must reimburse us for our actual out-of-pocket expenses in order to approve alternative suppliers requested by you.
Costs of Enforcement and Defense	Amount will vary under the circumstances.	Date incurred.	You must pay our costs and attorneys' fees if we must take action to enforce your obligations to us.
Indemnification	All expenses and liabilities from, relating to or connected to the operation of your Studio, including, for example, claims for errors or omissions of you or your employees, contractors, officers, directors, managers, shareholders, members, invitees and vendors.	Upon invoice	If we are made a party to any legal proceeding because of your operation of your Studio, we can hire counsel and bill you for all expenses and fees we incur
Attorney's Fees and Costs	Actual expenses incurred by the prevailing party.	As ordered by the arbitrator or court	The arbitrator or court determinates the amount

1. All fees and other amounts owed are payable to us and are not refundable. Whether payments to third parties are refundable depends on the arrangements you make with them. You must bear the cost of any credit card fees, wire fees and bank charges so that we receive the full payments due. Except as discussed above in the Chart relating to royalties and Brand fees or in other extraordinary arrangements, all current fees are uniformly imposed and collected on all franchisees. We currently require that all fees payable to us be paid through electronic funds transfer.

All fixed fees may be adjusted updated after the end of each calendar year (effective January 1st of each year) by either: (i) the change in the Consumer Price Index ("CPI") as published by the U.S. Government Bureau of Labor Statistics for the preceding year or other index we select; or (ii) the aggregate sum of cumulative CPI changes occurring since the last time we adjusted the amount of the fee, as long as the duration of the aggregation period we use does not exceed 5 consecutive calendar years of CPI changes. We will provide you with written notice before implementing this adjustment.

2. "Gross Revenue" means the total selling price of all Services and Products, other products and all revenue and income of any kind relating to your Studio including, without limitation, from the sale of memberships, classes, merchandise, gift cards, products and tangible personal property of every kind sold by you, in, from or through the Studio, proceeds as a result of any business interruption insurance policy you carry; all income from off-site events and catering or delivery services including delivery fees; income from private parties, and all proceeds from all coin and card operated devices, including but not limited to amusement devices and vending machines, all regardless of whether such sale is conducted in compliance with or in violation of the terms of the Franchise Agreement, or whether such sale is at the Studio or off-site, but exclusive of (i) sales or use tax actually paid to the appropriate taxing authority; and (ii) gratuities and tips paid to employees. Gross Revenue also include the fair market value of any services or products received by you in barter or exchange for your services and Products, other products and payments on credit (whether or not you received payment). No deductions are taken for credit card collection fees or for uncollected or uncollectible credit accounts, employee discounts or in respect of any other matter except as specifically stated. The retail value of all Products and other products sold in connection with the redemption of coupons, gift certificates, gift cards or vouchers is included in Gross Revenue; provided, that at the time such coupons, gift certificates, gift cards or vouchers are purchased, the retail price thereof may be excluded from Gross Revenue for the purpose of determining the amount of Gross Revenue upon which fees are due. You must also grant us unrestricted access at any time to all of your books and records, including all financial records and all club management information reports, both onsite at your Studio and online via a high-speed internet connection and through your POS system directly. We may require you to configure your bookkeeping and financial records and your club management information systems to generate full reports to us automatically each month.

3. We do not currently charge a Technology Fee. Currently, the required software and technology information system is supplied by ClubReady, an independent third party to whom you pay directly and other third-party approved vendors and suppliers and the technology and software fees of approximately $1,000 per month are paid directly to ClubReady. We may require that you pay any amounts due for technology to us directly under a master license agreement or other sub-

license or similar arrangement. We reserve the right to change the technology required to be utilized by your Franchised Business and charge a Technology Fee in exchange for our development, administration, or costs associated with providing the technology. We also reserve the right to implement or increase this fee upon 30 days' notice to you if we develop or introduce new technology, improve, upgrade, modify or change existing technology or if our costs or supplier pricing increases. However, the Technology Fee will not exceed $2,000 per month during the Initial Term.

4. In order to maintain the quality and uniformity of our fitness instruction, all initial fitness trainers at your Studio must complete at least one (1) of our Trainer Training. After the first two Trainer Training, we may allow your Lead Trainer or Studio Manager to conduct future Trainer Training for new fitness trainers hired at your Studio if your Lead Trainer or Studio Manager meets our then current minimum competency and experience requirements and other standards and criteria described in our Manual, which includes teaching a minimum number of fitness classes per week, additional minimum thresholds are reached according to our standards and criteria and as specified in our Manual, and up to the discretion of us. If the Lead Trainer or Studio Manager is not approved by us to conduct additional Trainer Training, then the tuition cost is $5,000 for the additional Trainer Training for up to 6 new attendees to be held at your Studio, plus our trainers' travel, living and incidental expenses.

5. We have the right to examine or audit your books, records, state sales tax returns and accounts. If an audit establishes that your Royalty Fee reports, Brand Fund reports or profit and loss statements have understated Gross Revenue for any period of time by two percent (2%) or more or the audit is required because you failed to submit those reports, then you must pay the audit's cost and our expenses, including the travel, fees, wages, lodging and meal expenses of the persons who conduct the audit. Otherwise, we pay the cost of the audit. You must promptly pay us any Royalty Fee, Brand Fund Contribution or other deficiencies established by an audit, together with interest on all understated or past-due amounts. Interest is the lower of one and one-half percent (1.5%) per month or the highest rate allowed by law. At our request, you must submit to us (or permit us to access directly) additional monthly, quarterly and annual financial statements and other financial information about your operations. This includes detailed expense reports, cash flow and EBITDA analysis and other financial information prepared in a format, and delivered to us in a media, that we require. All other reports (and other financial information) are due 15 days after the close of the respective period. Annual financial statements and related annual financial information are due 45 days after the close of the fiscal year.

6. The maximum interest rate in California is 10% per annum.

ITEM 7.
ESTIMATED INITIAL INVESTMENT

Developing and opening a new Bünda Studio [1]					
TYPE OF EXPENDITURE	**AMOUNT**		**METHOD OF PAYMENT**	**WHEN DUE**	**TO WHOM PAYMENT IS TO BE MADE**
	LOW	**HIGH**			

Initial Franchise Fee [2]	$50,000	$50,000	Lump Sum, Single payment	Upon Signing of Franchise Agreement	Us
Build-out and Leasehold Improvements [3]	$195,000	$390,000	As Arranged	Before Opening	Architect and Contractor
Premises Lease Deposits [4]	$6,000	$20,000	Lump Sum	Upon Signing Lease	Landlord
Initial Inventory [5]	$15,000	$23,500	As Arranged	Before opening	Us, Approved Vendors and Other Suppliers
Fitness equipment, fixtures, other fixed assets, including the Bünda Workout Station [6]	$258,000	$376,000	As Arranged	Before Opening	Us, Approved Vendors and Other Suppliers
Audio/Visual Equipment [7]	$6,000	$10,000	As Arranged	Before Opening	Approved Vendors and Other Suppliers
Furniture and Displays [8]	$1,500	$2,500	As Arranged	Before Opening	Approved Vendors and Other Suppliers
Signs and Branding [9]	$5,000	$10,000	As Arranged	Before Opening	Approved Vendors and Other Suppliers
Office and Computer Equipment, POS System and Supplies [10]	$5,000	$8,000	As Arranged	Before Opening	Approved Vendors and Other Suppliers
Insurance [11]	$4,000	$6,000	Per year; payments can be made monthly	Upon Issuance of policies	Insurance Broker or Insurer
Professional Fees [12]	$5,000	$10,000	As Arranged	As Incurred	Attorneys, Accountants and Consultants

Initial Training and Grand Opening Support [13]	$15,000	$25,000	As Arranged	Upon Invoice	To us for reimbursement of our costs for providing you with initial training and brand opening support and to third parties for travel, lodging and incidental expenses you incur
Licenses and Bonds [14]	$1,000	$5,000	Lump Sum	When Pre-Sales Begin	Government Agencies
Marketing Vendor [15]	$15,000	$30,000	As Arranged	Upon Invoice	Approved Vendors and Other Suppliers
Software/Technology Fees [16]	$1,500	$2,000	As Arranged	Before Opening	Approved Vendors and Other Suppliers
Additional Funds (1st 180 Days after Opening) [17]	$10,000	$20,000	As Arranged	As Incurred	Utilities, Landlord, Employees, Approved Vendors and Other Suppliers, Advertising Agencies, Other Professionals, Us
TOTAL	$593,000	$988,000			

Notes Relating to the Opening of a New Bünda Studio Chart

1. Except for the "Additional Funds" category shown above, the estimated expenses in the table above cover the period until you open a new Studio. None of the expenses shown in the table is refundable, except for insurance and utility deposits, which may be partially refundable under some circumstances. If you were to convert an existing fitness facility, rather than opening a new Studio, your costs could vary significantly from the estimates in this chart.

2. Initial Franchise Fee. The Initial Franchise Fee is described in Item 5. We do not offer direct or indirect financing for the Initial Franchise Fee. We will not guarantee your note, lease or obligation.

3. Build-Out Leasehold and Improvements. These figures include the typical build-out and construction expenses for a Studio of 1,600 to 2,500 square feet, which should include at least 10-foot ceilings (to accommodate StairMaster units) and acoustical baffling materials. Your landlord

may agree to pay a portion of the build-out and construction costs for your Studio. If that happens, your actual build-out and construction costs will be less. However, you should expect the landlord to recover this investment in your Studio by increasing the rent you pay for the premises of your Studio. While amounts of a landlord's contribution to your basic build-out and construction costs will vary from market to market and from landlord to landlord, a typical contribution ranges from $10 to $45 per square foot for tenant improvement allowances and rent abatements. If you finance your build-out and construction costs, your down payment, interest rate, loan term, payment schedule, collateral requirements and other loan terms will vary depending on your creditworthiness and the lender's underwriting standards and credit policies.

4. Lease Deposits. Premises lease deposits vary widely from market to market and from landlord to landlord. However, a deposit equal to the first and last month's rent is not uncommon.

5. Initial Inventory. This category includes the Inventory Package described in Item 5 and your opening inventory of the apparel, food, beverages, supplements and incidental merchandise that you sell to your members.

6. Equipment, Fixtures and Fixed Assets. This category includes the Equipment Package and other fitness equipment, fixtures and other fixed assets that you purchase from us and install at your Studio. This estimate assumes you will purchase all of the equipment, fixtures and other tangible assets. If you lease or finance your fixtures and equipment from other approved suppliers, the initial amounts will be lower. You can expect to pay a down payment of at least 20% to 40%, and your lease terms will vary depending on your creditworthiness, the quantity of the fitness and related equipment you are installing at your Studio, and the lender's underwriting standards, financing charges, and leasing policies. We do not finance or lease to you any components of the Equipment Package. You must purchase the Equipment Package.

7. Audio/Visual Equipment. This category includes the cost of an audio/video system for your Studio.

8. Furniture and Displays. This category includes any additional items need for your Studio lobby, front desk and retail area (i.e. lobby seating, mannequins for display, retail hangers).

9. Signs and Branding. This category includes any required signage for lobby and Studio, wall, door and window decals, and building signage.

10. Computer Equipment and POS System. This category includes the computer equipment, electronic cash registers, multi-function copier/scanner/printer/fax machine and telephone system for your Studio, plus basic website and social media development, set up fees and first year hosting for your Bünda e-mail account(s).

11. Insurance. Your initial insurance payment will vary, depending on the size of your Studio, the coverage and policy limits you select and the geographic location of your Studio. We assume that, in most cases, you will be required to pay the first month's premium in advance when the insurer or the broker issues your policy(s).

12. Professional Fees. This category includes the professional fees you pay to (i) your attorney to review your franchise agreement and any related documents, the premises lease for your Studio

and any loan documents or equipment leases for your Studio; (ii) your accountant to set up your financial books and records to satisfy your state/federal/local tax obligations; and (iii) the cost of any business consulting fees.

13. Initial Training and Grand Opening Support. Before you open your Studio (or as a condition for any renewal or transfer of your franchise agreement), you (or your successor), your Operating Principal and Studio Manager must satisfactorily complete Initial Management Training; your Operating Principal, Studio Manager, Lead Trainer, and staff must satisfactorily complete Staff Training; and your Studio Manager, Lead Trainer, and all other hired instructors leading fitness classes must satisfactorily complete Trainer Training. These amounts include (i) the $5,000 initial Staff Training fee; (ii) the $5,000 Trainer Training fee; and (iiii) the travel costs and expenses for our trainers to provide Staff Training and Trainer Training at your Studio or the travel costs and expenses for your personnel to attend Staff Training and Trainer Training at one of our facilities. The low estimate assumes you will not opt to receive Shadow Training or Grand Opening Assistance and the high estimate assumes your personnel will receive this extra training or assistance.

14. Licenses and Bonds. Some states require that fitness facilities, such as your Studio, be bonded before it can begin to sell memberships to the public. Check your local laws and ordinances. In addition to any deposit you must make to secure the utilities for your Studio, this category includes sales tax deposits or bonds and the cost of any construction or other permits you must obtain for your Studio.

15. Presale Package and Marketing Vendor. This category includes the Presale Package and digital marketing vendor costs for presale memberships conducted at least 90 days prior to opening as well as organic, local marketing costs associated with presale memberships and other grand opening support provided by the approved vendor.

16. Software/Technology Costs. This category includes the startup fees incurred for the installations of ClubReady, the email marketing software and other required software and technology needed to open your Studio.

17. Additional Funds. This category includes the estimated additional funds, including employee wages and benefits, marketing and promotion expenses, operating cash and other miscellaneous expenses that you incur before your Studio opens and during the first 180 days that it is open and operating. We relied on the experience of our subsidiary owned Facilities to compile this estimate. The additional funds required will vary by your area; how much you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for your services; competition; sales levels; and the Gross Revenues and cash flow for the Studio in the first three months.

18. Total. Some items may be financed through the approved vendor and may, therefore, reduce the estimated initial investment. We make no assurances as to the availability of any third-party financing. The estimates in this chart are based on our limited experience in building out and opening two facilities in the Los Angeles, California area and one facility in Coral Gables, Florida. You should consult a business advisor to help you forecast the actual start-up expenses for your Studio.

YOUR ESTIMATED INITIAL INVESTMENT – DEVELOPMENT AGREEMENT FOR NEW FACILITIES (If you are developing and opening multiple, new Bünda Studios)					
TYPE OF EXPENDITURE	**AMOUNT**		**METHOD OF PAYMENT**	**WHEN DUE**	**TO WHOM PAYMENT IS TO BE MADE**
	LOW	**HIGH**			
Development Fee (based on signing a Development Agreement to develop 3 to 5 facilities (Notes 1 and 2)	$130,000	$210,000	Lump Sum, Single Payment	Upon Signing of Development Agreement	Us
Estimated initial investment of between $593,000 to $988,000 for the first facility to be developed (as described in the first Chart above) less the $50,000 credit to be applied to the initial franchise fee (Note 2)	$543,000	$938,000	Lump sum or in Installments	When incurred	Us, Approved Vendors and Other Suppliers
Additional Funds (1st 180 Days after Opening) (Note 3)	$0	$10,000	As needed	When incurred	Various
Total	$673,000	$1,158,000			

Notes

1. The Development Fee is described in Item 5. We do not offer direct or indirect financing for the Development Fee. We will not guarantee your note, lease or obligation.

2. You will sign your first franchise agreement at the same time you sign your Development Agreement. You will also pay the remaining $10,000 due towards the initial franchise fee of $50,000. In addition to the payment of the Development Fee, you will also incur the estimated expenses included in the above charts (based on which type of Studio you will develop) for the development of your first Studio. You will spend a similar amount for each additional facility you open, subject to inflation and other increases over time. Your legal and accounting fees will probably also be higher.

3. This figure covers expenses you may incur during the first 180 days initial phase of your area development that do not include the costs related to the individual Bünda facility under the Development Agreement including additional training, advertising costs, insurance premiums, payroll costs, supplies and gas and expenses to travel from one of your locations to other locations in development. Your costs during this initial phase will depend on factors including how many Bünda facilities you have the right to open under the Development Agreement; how far apart your Bünda facilities are located; and how much personnel you engage to manage and fulfill your obligations under the Development Agreement.

ITEM 8.
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We and our owners and affiliates have spent considerable time, effort and money to develop the System and the training methods associated with the Marks. You must conform to our high and uniform standards of service and product quality, safety, cleanliness, appearance and service. We anticipate that our standards will change over time. You are expected to adhere to these changes. To ensure that you maintain the highest degree of consistency, quality and service, you must operate and develop your Studio in strict conformance with our methods, standards and specifications and obtain certain equipment, inventory, services, supplies, materials, equipment, furnishings, fixtures and other products, including your uniforms, advertising materials, computer hardware, and software, in strict compliance with our specifications and only from us, our affiliate or the authorized manufacturers, distributors, suppliers, vendors, merchants or providers designated or approved by us. Our methods, standards and specifications (the "System Standards") are prescribed in our operations manuals and other written manuals, guides, instructions and communications whether on paper, Internet or in other electronic format (collectively, the "Manual").

Required Purchases from Us

You do not have to buy any products or services from our affiliate or us, except as discussed below.

You must purchase the Presale Package, Inventory Package and Studio Equipment Package from us prior to opening.

You must buy exterior signage and products bearing our Mark(s) according to our standards and criteria and as specified in our Manual. We refer to any products made to our specifications that have our trademarks and/or other commercial symbols we authorize you to use under your franchise agreement as our "Proprietary Products." Our Proprietary Products specifically include the Bünda Workout Station, Bünda Dumbbell Racks and may also include certain apparel, furniture, fixtures, equipment and nutritional supplements, and other inventory, stock, items or products. The Bünda Workout Station is a proprietary patented exercise platform to be used in your Studio. Typically, you will need to purchase 10 to 16 Bünda Workout Stations for your Studio. The price currently is approximately $2,500 per unit, plus shipping and handling that ranges from $250 - $350 per unit. The Bünda Dumbbell Racks is our proprietary rack for storing and organizing dumbbell to be used in your Studio. Typically, you will need to purchase 10 to 16 Bünda Dumbbell Racks for your Studio. The price currently is approximately $650 per unit, plus shipping and handling that ranges from $250 - $350 per unit. These proprietary products are sold

exclusively by us and they must be purchased from us. Currently, we receive no commissions, rebates or compensation for these purchases; but we reserve the right to in the future.

You must exclusively use our website, social media and e-mail hosting services for promotion and communications regarding your business. You must pay us or our supplier a fee of $120 per e-mail account set-up plus approximately $150 per e-mail account per year and $500 to $1,500 for set-up of website and social media pages. Any additional support or other services you request will be subject to additional fees.

Purchases From Approved Vendors.

In either our Manual or otherwise in writing, we will give you the specifications for mandatory equipment and supply purchases, and we will give you the names and addresses of designated approved vendors ("Approved Vendor List") of specified furniture, fixtures, equipment, computer hardware and software, supplies and other products and services (including both start-up and ongoing activities) that you use or sell in your Studio. If we specify that an approved vendor ("Approved Vendor") is mandatory, you must use that Approved Vendor unless you obtain our prior written consent. Some Approved Vendor's provide mandatory or voluntary training in connection with the delivery, installation and ongoing support for any goods, training or services supplied to you. The arrangements and costs for this Approved Vendor training will be determined between you and the approved vendor. You agree to look solely to the manufacturers or approved vendors for the remedy of any defect in the products or services that they provide.

Currently, the majority of your (1) fitness equipment, (2) facility management computer hardware and software, (3) drinks, (4) flooring, (5) free weights, (6) group exercise programs and (6) direct mail marketing and point of purchase materials must be purchased or leased from our Approved Vendor.

If we designate an Approved Vendor with respect to any aspect for the construction, build-out and equipping of any existing fitness center to a facility, you must use such Approved Vendor, unless we consent otherwise in writing.

You must also purchase or lease all of the computer hardware and software, including your POS systems, CRM systems and other facility management systems, to be used in the operation of your Studio from our exclusive Approved Supplier, ClubReady. The upfront installation and set up costs range from $750 to $1,250, and the ongoing monthly fee for service and support is currently approximately $1,000. These fees are payable to ClubReady.

We currently receive no commissions on your purchases.

None of our officers has an interest in any designated or Approved Vendor.

Purchases According to our Specifications

All other Products, inventory, merchandise, supplies, equipment, uniforms, furnishings and other decor, signs and any items bearing the Marks, including our Proprietary Products, that are used in the operation of your Studio must be purchased according to our specifications and meet System Standards. Our list of Approved Vendors and specifications for supplies including brand, model

and type are in our Manual or other instructional materials we may provide to you from time to time.

According to our standards and criteria, applicable laws and your landlord's consent, if required, you must permanently display, at your own expense, Bünda signs at your business premises and on all vehicles you use in your Franchised Business. You must get a written quote from our approved signage vendor for all exterior signage at your Studio, but you do not have to purchase your signage from our signage vendor so long as your sign conforms to all of our signage standards and specifications. You must provide signage drawings to us for guidance and approval before you start the construction of any signs. Your failure to submit your signage drawings to us will be a breach of your franchise agreement, and we may terminate your franchise agreement.

If we change our System Standards or specifications, we will update our Manual and notify you of the changes. You must comply with all mandatory standards and specifications contained in our Manual. Some provisions in our Manual are shown as being suggested. You are encouraged to, but you do not have to, follow the suggested practices. We may change a suggested practice or specification to a mandatory practice or specification upon written notice to you.

Rebates, Material Benefits, Co-op; Revenues from Restricted Purchases

We may collect fees, payments, rebates and other compensation from any approved vendor related to your purchases, whether mandatory or voluntary. We do not have to share or remit any of these amounts to you.

We may receive revenues from your required purchases in the form of rebates by third party vendors. In the last fiscal year, we have received no rebates or commission payments.

We estimate that approximately 75% to 50% of your startup expenses and typically less than 25% of your ongoing expenses, other than fees disclosed in Items 5 and 6, will be for purchases from approved vendors or according to our specifications.

Our existing standards and specifications and criteria evolved through the experience of our predecessor, management and existing franchisees. We communicate our standards and specifications to you in writing, usually in our Manual.

If you want to construct or install any tenant improvements, furnishings, fixtures or equipment or if you propose to offer for sale any items, products or services that are not being sourced from one of our Approved Vendors or that we have not approved us in writing, you must first notify us in writing and submit sufficient information, specifications and samples concerning the product and/or vendor and/or service so that we can determine if the product or vendor or service meets our specifications and standards and/or if the vendor meets our approved vendor criteria. Within 60 days, we will notify you whether or not the proposed product and/or vendor or service is approved, as determined in our discretion. We may from time to time prescribe procedures for the submission of requests for approved products and/or approved vendors or services and obligations that approved vendors must assume (which may be incorporated in a written agreement to be executed by approved vendors). At our request, you must submit to us sufficient information about a proposed supplier and samples of the proposed products or services for our examination so that we can determine whether they meet our quality standards. We also have the right to require our

representatives to be permitted to inspect the proposed supplier's facilities at your expense. We may charge a fee for evaluating alternative suppliers not to exceed the reasonable cost of the inspection plus 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 within 30 days of our receipt of the information, then the application will be deemed rejected by us. We may revoke our approval of a previously approved vendor, product or service when we determine in our discretion that the approved vendor, product or service is not meeting our specifications and standards. If we change our list of approved products, and/or approved vendors and/or services, on our approved vendor list, you cannot, after receipt of the modification, reorder any product or utilize any vendor, product or service that is no longer approved.

Any offer or sale by you of any products or services not approved by us will constitute a material breach of your Franchise Agreement.

We may negotiate purchase arrangements with approved vendors, including advantageous prices and payment terms, for the benefit of all members of our System. In some cases, all facilities must purchase certain items from an approved vendor in return for systemwide benefits. We have the right to receive payments from suppliers on account of their sales to you and other licensees and franchisees and to use all such amounts we receive without restriction (unless instructed otherwise by the supplier) for any purposes we deem appropriate. We do not provide material benefits, such as renewal or granting additional franchises, to you based on your voluntary use of designated or approved sources.

As of September 30, 2024, we have not established purchasing or distribution co-operatives in existence.

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.

In the following table, "FA" refers to the Franchise Agreement, and "DA" refers to the Development Agreement.

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	FA 3.A and 3.B; Attachment 1-A and 1-B; Attachment 5 DA 6.1	7 and 11
b. Pre-opening purchases/leases	FA 3.C - 3.G and 5.D DA 6.1	5 and 8
c. Site development and other pre-opening requirements	FA 3.C DA 6.1	11
d. Initial and ongoing training	FA 4.A – 4.F	11
e. Opening	FA 3.C – 3.F	11
f. Fees	FA 6.1 - 6.12; Addendum 2 DA 3 and 5	5, 6 and 7
g. Compliance with standards and policies/operating manual	FA 5.4 and 7.2.6	11
h. Trademarks and proprietary information	FA 13, 14 and16	13 and 14
i. Restrictions on products/services offered	FA 3.G, 4.D, 6.F and 7.D	8 and 16
j. Warranty and customer service requirements	FA 1.H and 6.H	Not applicable
k. Territorial development and sales quotas	DA 4; Attachments 1 and 2	11
l. Ongoing product/service purchases	FA 3.G, 5.D and 5.E	8
m. Maintenance, appearance and remodeling requirements	FA 2, 6.C and 10.C	17
n. Insurance	FA 19.D	8
o. Advertising	FA 7	11
p. Indemnification	FA 8.5 DA 9.4	6 and 13
q. Owner's participation/management/staffing	FA 7.4.1 and 7.4.2 DA 7.2	15

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
r. Records and reports	FA 5.B and 9.C	17
s. Inspections and audits	FA 9.A – 9.BB	6
t. Transfer	FA 10.A – 10.E DA 7	17
u. Renewal	FA 2.A – 2.D DA 4.4.3 – 4.4	17
v. Post-termination obligations	FA 18.A -18.G Attachment 4 DA 9.3 and 9.4	17
w. Non-competition covenants	FA 14, 15, and Attachment 4 DA 8	17
x. Dispute resolution	FA 20, 21, 22 and 23.A – 23.E DA 10.1 – 10.11	17
y. Related Party and manager agreements	FA 13.A, 13.B; Attachments 2 and 4 DA Attachment 3A	1, 13 and 22
z. Guaranty	FA Attachment 3 DA Attachment 3B	17

ITEM 10.
FINANCING

We do not offer direct or indirect financing. We will 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 Obligations under your Franchise Agreement

We provide the following services to you at the times and places we select as long as you are in good standing under your franchise agreement, any other agreement with us and the Manual. (The term "good standing" means that you and your related parties are in compliance with all provisions of your Franchise Agreement. (For example, you have timely made all payments to us or our affiliates and have timely fulfilled all other obligations to us under your franchise agreement.)):

Site Selection and Lease Approval

You are responsible to identify a suitable site for your Studio within four months after signing your Franchise Agreement. Your failure to find an acceptable site will constitute a breach of your Franchise Agreement entitling us to terminate the Franchise Agreement. The Location for your Studio must be approved by us in writing. Although we do not provide direct site selection services to you, we will provide you with our general site selection criteria, including various demographic characteristics; traffic patterns; parking; character of neighborhood; competition from, proximity to, and nature of other businesses; other commercial characteristics; and the proposed Location's size, appearance and other physical characteristics, including sound dampening characteristics and ceiling height (10 feet to accommodate StairMaster Units). In determining whether to approve or disapprove a proposed location, we also may consider the Location's proximity to both boundaries of your Protected Area and to other existing or proposed Bünda facilities located outside your Protected Area boundaries. (Franchise Agreement, Paragraph 3.A)

Generally, we do not own the real property for your Location. You will typically lease or purchase the property from a third party.

We will use our reasonable efforts to review and approve, or disapprove, a Location you propose within 15 days after receiving the complete Location approval report and other materials we request. If we do not accept the proposed Location within such 15-day period, the proposed Location is deemed rejected. We will not unreasonably withhold our approval.

If appropriate in certain circumstances, we will assist you in obtaining a Location evaluation by a real estate professional. You must pay for all such professional services and reimburse us for all actual costs and expenses we incur for each evaluation. (Franchise Agreement, Paragraph 3.A)

You must give us a letter of intent (the "LOI") for the Location at least 30 days before you intend to sign the lease. After you receive our preliminary approval of the LOI, you may proceed to negotiate for a lease. You must also obtain our written approval of the final terms of the lease before signing the lease. Our approval of your lease relates to compliance with our brand standards and system and compatibility with our network. You are solely responsible, in consultation with your attorneys and real estate advisors, to confirm the appropriate legal, economic and demographic terms of your lease. (Franchise Agreement, Paragraph 3.B)

As a condition of approving the lease, we require that the lease include a Lease Addendum in the form of Attachment 5 to your Franchise Agreement. We will not unreasonably withhold our approval of any proposed lease that includes the Lease Addendum. You must sign and deliver to us a fully-executed copy of the approved lease, sublease or purchase agreement for the Location within four months from the Effective Date of your Franchise Agreement. (Franchise Agreement, Paragraph 3.B)

If you do not begin to operate your Studio under your franchise agreement by the mandatory opening date in the Franchise Agreement (typically 12 months after signing the Franchise Agreement), we may, at our option, terminate your Franchise Agreement. (Franchise Agreement, Paragraphs 3.E and 17.B(2)). You should consult an attorney to review your lease.

Construction and Decor

We will consult with you about both mandatory and recommended plans for tenant improvements, furnishings, equipment and supplies for your Studio, providing you with our standards and specifications. You must hire, at your expense, an architect or engineer and other contractors for the build-out and equipping of your Studio in accordance with our standards and specifications and for compliance with all laws and regulations related to your Studio. (Franchise Agreement, Paragraph 3.C)

You must notify us in writing within forty-eight (48) hours after the build out for your Studio is complete and ready for our inspection. You must notify us again at least 30 days' before you intend to open to the public and obtain our prior written consent before commencing operations as outlined in the Manuals. You may not open to the public until: (1) you secure the minimum required insurance; (2) all required personnel have completed required training; (3) all amounts owed to us have been paid; (4) you have acquired all required permits, licenses, or third-party consents; (5) you have obtained the required opening inventory, equipment and furnishings; and (6) you receive notice from us in writing that you satisfied all pre-opening obligations. You must be prepared to open once we confirm in writing that you met each of these requirements and are permitted to commence opening. (Franchise Agreement, Paragraph 3.E)

Employees

Although we provide you with the criteria for employee staffing levels and training requirements to maintain our brand standards, you are solely responsible for all hiring, firing and employment decisions for all your employees. (Franchise Agreement, Paragraphs 4.C, 6.A and 6.E)

Initial Management Training, Staff Training, Trainer Training, "Shadow Training" and Grand Opening Support

We provide your Operating Principal and Studio Manager with the Initial Management Training Program. We provide your Operating Principal, Studio Manager, Lead Trainer and any initial fitness trainers and staff (up to 6 attendees) our Initial Staff Training. We also provide your Studio Manager, Lead Trainer and any initial fitness instructors our Trainer Training consisting of 2 sessions on-site prior to opening. We will provide you with guidance and suggested standards for training your other employees. (Franchise Agreement, Paragraph 4.C)

In addition to the initial training described above, we provide you the opportunity for you, your Operating Principal or Studio Manager to work with, observe and "shadow" one or more of our senior managers for four days (typically, one week before or after your regularly scheduled initial training). (Franchise Agreement, Paragraph 4.A)

We provide you with guidance and support for your grand opening program. At your expense, we will provide you with staff support at your Studio for your grand opening program. (Franchise Agreement, Paragraph 4.A)

Equipment Purchases and Approved Vendors

We do not directly deliver or install any equipment or supplies related to your Studio. We give you the specifications for mandatory equipment and supply purchases and our approved vendor list of specified furniture, fixtures, equipment, signs, supplies, business, accounting, management, CRM and related software applications and other products and services (including both start-up and ongoing activities) that you use or sell in your Studio. If we specify that an approved vendor is mandatory with respect to any products or services related to your Studio, you must use the approved vendor (unless we consent otherwise in writing). Currently, we are not a direct vendor of any mandatory products used at your Studio, except for the Bünda Workout Station and the Stairmaster Units. These items are purchased directly through us and the approved vendor ships and delivers these items directly to you. (Franchise Agreement, Paragraphs 3.C, 3.G, 6.A)

We do not provide other assistance to you in connection with your acquisition of equipment, signs, fixtures, opening inventory or supplies, and we do not deliver or install any item. You are responsible to arrange for the delivery and installation of all items with third party vendors.

Manual

We will lend you, or make available to you, a hard copy of the Manual or make its contents available to you on our website or via our cloud-based system, branding style guides and other information and materials that we lend to you in any physical or digital format or to which we give you access on our website during the term of your franchise agreement concerning the operation of your Studio. Our Manual contains information, forms and requirements for the establishment and operation of your Studio and for using our trade name and marks, including specific information regarding insurance requirements. We can revise our Manual from time to time to meet the changing needs of our System. We will distribute updated pages containing these revisions to you; or if our Manual has been placed on our website, we will notify you from time to time regarding the updates to our Manual. Most provisions in our Manual are mandatory, with which you must comply, but other provisions in our Manual that are specifically noted as suggested or recommended business practices (for example, employment practices) are not mandatory requirements under your franchise agreement. Your compliance with the mandatory provisions in our Manual is a material obligation under your Franchise Agreement. (Franchise Agreement, Paragraph 3.D)

Time Before Opening

We estimate that the average length of time between signing a franchise agreement and opening a franchised business will be six to twelve months. You must open your Studio by your mandatory opening date, which is either 12 months after signing your Franchise Agreement or another date specified in Attachment 1-A to your Franchise Agreement. We may, in our discretion, extend your opening date for up to three months in writing if you are making your best efforts to open by the mandatory opening date and factors outside your control delay your opening.

Factors that may affect the length of time it takes you to open your Studio include obtaining a satisfactory site (if you have not already obtained one before signing your Franchise Agreement), arranging for any financing, complying with local ordinances, obtaining the appropriate business

and occupational licenses, completing delivery and installation of equipment and signs, branding your Studio, purchasing opening inventory, resolving construction delays or disruptions in supply chains and assuring compliance with any mandatory regulations related to public health matters.

Pre-Opening Obligations under your Development Agreement

We grant you the exclusive right and obligation to develop a certain number of Bünda facilities in your development area. (Development Agreement, Section 4.1) We have the right to designate the "Protected Area" (Franchise Agreement, Section 1.B and Franchise Agreement, Attachments 1-A and 1-B) for each new Studio you open under a separate franchise agreement you sign under your development schedule.

We have the right to approve the site and the proposed lease for each of your facilities, but it is your responsibility to find sites that you and we mutually agree on. (Development Agreement, Section 6)

Our then-current standards for site location and territories will apply at the time you sign a franchise agreement for each new franchised Studio, which standards may differ from our now-current standards. (Development Agreement, Section 6)

Post Opening Obligations under your Franchise Agreement

Administrative, Bookkeeping, Accounting and Inventory Control Procedures

We assist you by providing standards and specifications for establishing and using various administrative, recordkeeping, bookkeeping and accounting procedures, inventory control procedures and recommended pricing. These procedures are described in our Manual and other communications to franchisees. (Franchise Agreement, Paragraphs 6.I and 9.C) You are required to provide us with a monthly profit and loss statement every 5th day of the month for the preceding month's data.

System Standards and Operations

We provide you with guidance and specifications regarding our System Standards in the Manual and other communications. The system standards contain the basic operating procedures for your Studio. We provide you with recommended pricing for various products and services from time to time. Although you must comply with our system standards, you are responsible to independently manage your Studio. (Franchise Agreement, Paragraphs 4.D, 6.A, 6.I and 19.A)

Proprietary Products Availability

We use commercially reasonably efforts to ensure that our approved vendors maintain an adequate supply of our branded products for sale to you on commercially reasonable prices and terms; however, we are not responsible for shortages, disruptions or other problems with our branded products that we do not supply directly to you. (Franchise Agreement, Paragraph 3.G)

Ongoing Training

In addition to initial training, we provide various ongoing training programs, in our discretion. These training program will be mandatory for your senior executives and managers. We charge $500-$800 per day, per trainer, plus travel, lodging and incidental costs. You are responsible for all travel, lodging and incidental costs for your employees to attend. You are also responsible for all training costs for your other employees. (Franchise Agreement, Paragraph 4.E)

Annual Conventions

In the future, we may conduct annual conventions to provide updates, offer continuing education and encourage discussion of topics of importance to our franchisees. Your Studio Manager must attend this convention. We may charge reasonable convention registration fees for future conventions for all franchisees even if any franchisee's representative does not attend the convention. You must pay all expenses incurred by all of your attendees at the convention. (See Item 6.) (Franchise Agreement, Paragraphs 4.E and 5.E)

Inspections and Evaluations

We will conduct periodic quality assurance inspections and evaluations of your Studio and your operations during normal business hours with or without prior notice. You must cooperate with our inspections and evaluations, including completing any corrective actions that we determine to be required. We will conduct a follow-up inspection, if necessary to confirm your compliance. We will charge you a reasonable evaluation fee for a follow-up evaluation. (Franchise Agreement, Paragraph 9.A)

Audits

We may at any time during your business hours upon 30 days' prior written notice to you examine your Studio's business, bookkeeping and accounting records, sales and income tax records and returns, and other records. You must pay any amounts determined to be owing, plus interest within 15 days after receiving notice from us. If any inspection or audit discloses an overstatement of the Studio's Gross Revenues, we will credit you (without interest) for any overpayments you made to us. (Franchise Agreement, Paragraph 9.B)

If an audit is made necessary because of your failure to furnish reports, supporting records or other information as required, or to furnish these items on a timely basis, or if our examination reveals a royalty understatement exceeding 2% of the amount that you actually reported to us for the period examined, you must reimburse us for the cost of our examination, including legal fees and independent accountants' fees, plus the travel expenses, room and board, and compensation of our employees and representatives. (Franchise Agreement, Paragraph 9.B)

Post-Opening Obligations under your Development Agreement

Except for our right to approve the site and proposed lease for, and to designate the "Protected Area" surrounding, each of your facilities, we have no obligations to you during the operation of your business under your Development Agreement.

We have the right to designate the "Protected Area" (Franchise Agreement, Paragraph 1.B and Attachments 1-A and 1-B) for each Franchise Agreement you sign under your Development Schedule.

We have the right to approve the site and the proposed lease for each of your facilities, but it is your responsibility to find sites that you and we mutually agree on. (Development Agreement, Section 6)

Our then-current standards for site location and territories will apply at the time you sign a franchise agreement for each new franchised Studio, which standards may differ from our now-current standards.

We will not unreasonably withhold approval to any site you propose if that site meets our then-current site criteria. We will generally review and approve or disapprove the sites you propose within 15 days after we receive all information and materials we request. If we are not legally able to deliver a current franchise disclosure document to you at the time you are looking for an additional site for a facility because of any lapse or expiration of our franchise registration or because we are in the process of amending our registration, or for any reason beyond our reasonable control, we may delay approving a site for any of your facilities until we are legally able to deliver to you a current franchise disclosure document.

Advertising and Promotional Activities

As of September 30, 2024, we have not yet implemented all of our advertising and promotional initiatives, but we may implement local advertising requirements directly by each franchisee, local and regional Co-op with participating franchisees, national and brand advertising initiatives supported by the Bünda Brand Fund and internet and social media presence.

Promotional Materials (Franchise Agreement, Paragraph 7.B)

As part of our advertising and promotional initiatives, funded by the Bünda Brand Fund described below, we provide various advertising and promotional materials and services to you. These may include social media programs, video and audio materials, forms and templates, copy ready print advertising materials, posters, banners and miscellaneous point of sale items. The artwork is typically made available in digital form. You must pay for printing, production and placement costs. We must approve all advertising and promotional materials before they are distributed or published.

Except for our obligations related to the maintenance and expenditure of monies in the Fund, we are not required or obligated to conduct any advertising. We have the right to modify the source of advertising at any time. We and our affiliates reserve the right to be the exclusive suppliers of the advertising materials used in the System.

We have the right to direct all advertising and promotional programs and activities, and the right to control and approve all the concepts, materials and media used in such programs and activities. Materials that may be provided to all franchisees in the future may include posters, banners and miscellaneous point-of-sale items. We reserve the right to require you to include certain language in your local advertising materials, such as "Franchises Available" and the addresses of our

Website and phone number. You must promptly discontinue use of any advertising, marketing or promotional plans or materials, whether or not previously approved, on notice from us.

Brand Promotion and Bünda Brand Fund (Franchise Agreement, Paragraph 7.D)

We are establishing and once established, will administer the Bünda Brand Fund (the "Fund") for the creation, development and distribution of promotional marketing, advertising, public relations and related programs and materials, including electronic, print and Internet media, social media and other digital media, and including, without limitation, research, creative content creation and media acquisition, convention promotion and organization and the creation, maintenance and upgrade of any Bünda proprietary Internet site. We will administer all programs financed by the Fund, and we determine the creative concepts, materials and endorsements used in all programs and the geographic market and media placement and allocation of the funds. We expect that initially most advertising and promotional programs will be conducted by third party professionals whom we will retain.

Various programs include purchasing direct mail, social media and other media advertising and employing advertising, promotion and marketing agencies to assist with the advertising and supporting public relations, market research and other advertising, promotion and marketing activities and amounts spent.

We do not use any of the advertising funds to directly solicit new franchise sales. We will not use any monies from the Brand Fund for the preparation of franchise sales solicitation materials although we reserve the right to include "*Franchises Available*" or similar language with our contact information on any advertising purchased or created by the Fund and our general Bünda brand advertising supports our ongoing efforts to market Bünda franchises.

We may expend proceeds from the Fund for promotional, marketing, advertising and public relations purposes and for Bünda brand promotion anywhere.

We do not have to use Fund proceeds in direct proportion to the geographic market of Bünda franchisees paying Brand Contribution. We do not have to spend any amount on advertising in your area or territory. We may decide to waive the payment, or elect to pursue the collection of, any Brand Contribution from any Bünda franchisee.

All company-owned and affiliate-owned facilities contribute to the Brand Fund on the same basis other franchisees contribute.

The Fund will be accounted for separately from our other funds and will not be used to pay any of our general operating expenses, except for reasonable salaries, administrative costs, travel expenses and overhead that we spend in activities administering the Fund and its programs. These activities include conducting market research, preparing advertising promotion and marketing materials, creating media campaigns, creating and participating in publicity and media events, attending industry conferences and meetings and collecting and accounting for payments to the Fund. We may spend on behalf of the Fund, in any fiscal year, an amount that is greater or less than the aggregate contribution of all Bünda businesses to the Fund in that year, and the Fund may borrow from us or others to cover deficits, and the Fund may invest any surplus for future use. All interest earned on monies contributed to the Fund will be used to pay advertising costs before other

assets of the Fund are spent. We will prepare an annual, unaudited statement of monies collected and costs incurred by the Fund and furnish the statement to you upon written request. We may incorporate the Fund or operate the Fund through a separate entity if we decide that is appropriate, and this successor entity will have all rights and duties described above.

We may defer or reduce payments of any Bünda franchisee for reasons we decide are appropriate. Upon 30 days' prior written notice to you, we may reduce or suspend your payment of Brand Contribution to the Fund and suspend operations of the Fund for one or more periods of any length and terminate (and if terminated, reinstate) the Fund. If the Fund is terminated, all unspent monies on the date of termination will be distributed to our franchisees in proportion to their respective contributions to the Fund during the preceding three-month period, and amounts required to be paid above will be added to amounts required to be spent for any Brand Co-op discussed below.

As of September 30, 2024, we have not yet created a Fund. Therefore, we have collected no Brand Contributions and have had no expenditures from the Fund.

Currently, there is no advertising council composed of franchisees, although under the terms of our standard franchise agreement, we have the right to organize such a council. (Franchise Agreement, Paragraphs 8.A and 8.B)

Promotional Co-op (Franchise Agreement, Paragraph 7.C)

In the future, we may establish or approve local and/or regional promotional Co-op for Bünda businesses (the "Co-op") in your local or regional areas, covering geographical areas as we decide from time to time. If a Co-op is established, you must participate in its programs and abide by its bylaws. If your Studio is within the territory of an existing Co-op at the time your Studio opens for business, you must immediately become a member of the Co-op. If a Co-op applicable to your Studio is established during the term of your franchise agreement, you must become a member no later than 30 days after the date we approve for the Co-op to start operation.

Each Co-op will be organized and governed in a form and manner, and will commence operations on a date, we approve in writing. No changes in the bylaws or other governing documents of a Co-op will be made without our prior written consent. Each Co-op will be organized only for the purpose of administering promotional and advertising programs and developing (with our approval) promotional materials and content for use by the members in the Co-op. No advertising or promotional plans or materials may be used by a Co-op or furnished to its members without our prior approval.

Any Bünda businesses owned by us or any of our affiliates located in a designated local or regional area will contribute to the Co-op on the same basis as other Bünda franchisees. We will not set the amount of those contributions.

Your contributions to any local and/or regional Co-op will be credited towards your "Local Advertising Expense" discussed below. (Franchise Agreement, Paragraph 7.C)

Local Advertising (Franchise Agreement, Paragraph 7.A)

You must spend at least 5% of your Gross Revenue each month (based on your prior month's Gross Revenue), but not less than $2,000 per month, on direct advertising, promotions and public relations within your Protected Area (the "Local Advertising Expense"), commencing with your opening date. Such expenditures will be made directly by you, subject to our prior approval.

Upon our request, you must submit to us monthly advertising expenditure reports accurately reflecting all local advertising expenses for the preceding month and year to date. If any report or inspection reveals that you did not incur the minimum required local advertising expenses, we may require that you pay the amount of any deficiency (i.e., the difference between what you actually paid and what you should have paid) as an additional fee to us, which we will not be obligated to refund or to use for any purpose.

We may establish an online marketing program to be administered by an Approved Vendor. You must participate in any online advertising program and pay reasonable fees and charges by the Approved Vendor. The amounts you pay for any online marketing plan will be credited towards your minimum obligation for local advertising expenses, as referenced above.

Internet Website, Digital Site or Other Online Communications (Franchise Agreement, Paragraph 7.E)

We may maintain one or more proprietary Internet sites. If established, we will provide you with a subpage that references your Studio or otherwise list your Studio on our webpage. You must give us your information, and update us regularly, to develop, update and modify such subpage. We have final approval rights over all information being published. We own all intellectual property and other rights in the proprietary Internet site, your webpage, and all information they contain (including the domain name or URL for such webpage, the log of "hits" by visitors, and any personal or business data that visitors supply).

We may restrict, limit, control or designate nearly every aspect of your use of websites, the Internet, intranets, worldwide web home pages or e-mail, and require you to participate in a centralized website.

If you are in default under your Franchise Agreement or our System Standards, then we may, in addition to our other remedies, temporarily remove your subpage until you fully cure the default. We will permanently remove your webpage upon the expiration or termination of your franchise agreement. We also may, at our option, discontinue any or all proprietary Internet sites at any time.

We also may maintain one or more mobile media locations or social media (e.g., Facebook, Twitter, LinkedIn, Instagram, Pinterest, Snapchat, Tik Tok and similar sites) (collectively, the "Social Media Approved Sites"). You may not establish or maintain any Social Media Approved Sites utilizing any usernames, or otherwise associating with our Marks, without our consent. We may designate regional or "protected area" specific usernames/handles that you must maintain. You must adhere to any Social Media Approved Sites policies that we establish. The current fee of our Approved Vendor is $500 to $1,500 to provide set-up assistance and is paid to us or our Approved Vendor, as directed.

Electronic Cash Registers and Computer Systems

You must have a computer system that meets our standards and specifications, including sales and membership information, and revenue and expense information, as well as electronic funds transfer and billing functions. You must have an electronic cash register that records the sale of apparel, accessories, and food and beverage items. Your computer system must be able to receive and send e-mails and access our Intranet, if we establish one.

Currently, we require that you use a computer system with POS capabilities, including hardware and software, exclusively from ClubReady.

We estimate that the total initial cost of your computer system and point-of-sale system ranges from $750 to $1,250. Neither we nor any other third party is obligated to provide ongoing maintenance, repairs, upgrades or updates. You will look solely to ClubReady for all support, maintenance and updates. Currently, ClubReady charges a monthly service fee of approximately $600 per month and a technology fee of approximately $330 per month for a total current fee of under $1,000. ClubReady manages returns, chargebacks and reconciliations and also charges transactional fees as follows:

2.5% on all swiped card transactions
2.9% on all online or card not presented transactions
3% on all credit card drafted monies
2% on all ACH drafted monies

There are no optional or required maintenance, updating, upgrading or support contracts for your computer or point-of-sale system, but you must keep your computer hardware and software current.

We have independent access to the information generated and stored in your systems, and we may access and copy the data on your point of sale system and computer system upon reasonable advance notice. At our request, you must give us online access to your point of sale and computer system by high-speed Internet connection at your own expense. There are no contractual limitations on our right to access this information and data.

CoAssemble is our virtual training platform which is included in the ClubReady monthly service fee.

Manual

The Table of Contents of our operating manual as of the issuance date of this franchise disclosure document is attached as Exhibit F. Our Manual has 252 pages.

Gift Card, Loyalty Programs, Surveys and Marketing Tests

You must participate in, and comply with the requirements of, any gift card, gift certificate, customer loyalty or retention, or special promotional program that we implement for all or part of the System and sign the forms and take the other action we require for you to participate in these

programs. You are obligated to offer all customers participation in our loyalty program and register all participants as described in the Manual.

You may be asked to participate in marketing tests and surveys. In the event that you are approved to participate, you may be required to enter into an agreement that outlines all the requirements for marketing tests and surveys. All test and survey requirements, processes and procedures must be adhered to and any applicable costs will be our responsibility. You must provide complete data statistics on the tests or surveys for our review and evaluation.

Credit Cards

It is your responsibility to maintain and report your PCI (Payment Card Industry) compliance, which encompasses operational policies and practices as well as networks and POS System, and other hardware/software used to process credit card transactions, as well as attesting that you are abiding by (i) the PCI Data Security Standards enacted by the applicable Card Associations (as they may be modified from time to time or as successor standards are adopted); and (ii) all other security standards and guidelines that may be published from time to time by payment card companies and/or enacted by law, and are applicable to customer credit card and debit card information. If you know or suspect a security breach, you must immediately notify both your credit card transaction acquirer and us. You assume all responsibility for providing notice of breach or compromise, along with duties and costs associated with fraudulent transactions, penalties, and ongoing fees for monitoring customer credit card histories and/or transactions for affected customers of your Studio. If we determine, in our sole discretion, that any breach or compromise may impact multiple franchisees or our System or brand, then we have the right to control the data breach response. You remain financially responsible for the breach.

We reserve the right to terminate your Franchise Agreement and suspend credit card processing, or both, at any Location which does not comply with the current PCI compliance requirements. We recommend consulting a local information technology professional with a full understanding of the PCI DSS and networking configuration to advise you on specific setup and maintenance requirements.

Initial Training Program

Our planned, new franchisee initial four-day Initial Management Training program is summarized below:

TRAINING PROGRAM

Initial Management Training

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Overview of Franchising, the Fitness Industry & Bünda Concept	.75	0	Virtual
Foundations of Business	.75	0	Virtual

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Master Trainer Class + Q&A	1.25	0	Virtual
Introduction to Business Plan Development	.5	0	Virtual
"Staff - Your Greatest Asset"	1.25	0	Virtual
Bünda Class Broken Down – WHY Behind the WHAT Q & A	2.25	0	Virtual
Welcome Reception and Networking	1.5	0	Virtual
Recruiting and Staff Retention – Creating and Implementing a Plan	.5	0	Virtual
Bünda Class - Full Body Program	1.25	0	Virtual
Studio Operations	1.5	0	Virtual
Human Resources Workshop	.75	0	Virtual
Marketing/Advertising	1.25	0	Virtual
Dinner and Networking	1.0	0	Virtual
Computer and POS Systems	2.0	0	Virtual
Retail Sales, Branded Apparel, Equipment and Vendors	1.0	0	Virtual
Bünda Class - Arms and Abs Class Q & A	1.0	0	Virtual
Customer Service Workshop	1.0	0	Virtual
Lunch/Studio Visits	2.25	0	Virtual
Protecting the Brand - Franchise Development	1.0	0	Virtual
Founders Q & A Session	.5	0	Virtual
Visual Merchandising/Studio Image	.5	0	Virtual
Summary - Maximizing Your Retail Sales	.5	0	Virtual
Dinner/ Business Plan Workshop	1.25	0	Virtual
Closing Comments/ Commencement	1.0	0	Virtual
Trainer Training			
Fitness training instruction	0	18-24	Your Studio, Bünda affiliate facility or other location
Staff Training			
Staff Training	0	25-30	Your Studio

In conducting the Initial Management Training, the Staff Training and Trainer Training our trainers will reference the Manual and other materials used in the operation of a Bünda facility, as well as other materials from various vendors.

The Initial Management Training is provided by one or more of the following senior staff members: Katherine (Katie) Lilly, Kevin Lilly, Emily Langlois Bava and John Davidson who have a combined 52 years' experience in the health and fitness industry. (See Item 2 for further biographical information.) Additional training will be provided, as needed, by various consultants and vendor representatives.

Katherine (Katie) Lilly has more than 15 years of experience in the health and fitness industry. She is one of our founders and has been our Chief Executive Officer and one of our trainers since our inception in March 2021. She provides training and expertise in program design, training trainers and delivering a first-class workout.

Kevin Lilly has more than 23 years of experience in the health and fitness industry. He is our Co-Founder and has been one of our trainers since our inception in March 2021. He provides training and expertise in turning profits, teaching incredible classes and homing in on "THE JOURNEY."

John Davidson has more than 10 years of experience in health and fitness industry. He is our Chief Operating Officer and has been one of our trainers since our inception in March 2021. He provides training and expertise in the day-to-day operations of Bünda facility.

Emily Langlois Bava has more than 4 years of experience in health and fitness industry. She is our Director of Franchise Development/HR Manager and has been one of our trainers since our inception in August 2021. She provides training and expertise in the hiring and recruiting, studio development through the opening and day-to-day operations.

Before you open your Studio, we will conduct our Initial Management Training in the operation of your Studio under our System for your Operating Principal and your Studio Manager. This initial training cost is included in the Initial Franchise Fee, and your Operating Principal and your Studio Manager must participate in the Initial Management Training. You must pay all payroll/compensation expenses and other incidental expenses for your attendees. Initial Management Training is virtual.

Before you open your Studio, we will conduct Staff Training to your Operating Principal, Studio Manager, Lead Trainer and staff. The Staff Training is designed to equip your employees with the skills, knowledge, and behaviors necessary to ensure consistent performance and uphold the System's standards across all locations. The key elements typically included in Staff Training are introduction to the System, operating systems, standard operation procedures (SOPs), compliance, polices, product and service knowledge, and customer service excellence. The initial Staff Training will be conducted at your Studio, at one of our affiliated Bünda facilities or at another location we determine in our discretion. The initial Staff Training costs $5,000. You must pay all travel, accommodations, meals, incidental expenses and payroll expenses for you and your employees who attend the Initial Staff Training program. If any training or assistance is provided to you at your Studio, you must also reimburse our trainers' travel, lodging, meals and incidental expenses.

Before you open your Studio, we will conduct Trainer Training. Trainer Training is typically taught over 6 days. We provide Trainer Training to your Studio Manager, Lead Trainer and up to four other initial fitness trainers on providing fitness instruction to members. The Trainer Training will be conducted at your Studio, at one of our affiliated Bünda facilities, or at another location we

determine in our discretion. The first two Trainer Trainings will be conducted by our personnel at a cost of $5,000 per Training for up to six (6) people. If seven (7) or more people attend initial Trainer Training, we may charge you an additional fee of up to $5,000 depending upon the number of additional attendees and our additional time and costs associated with the extra training. You must pay all travel, accommodations, meals, incidental expenses and payroll expenses for you and your employees who attend the Trainer Training program. If any training or assistance is provided to you at your Studio, you must also reimburse us for the travel, lodging, meals and incidental expenses of our trainer(s), plus our standard training fees. (Franchise Agreement, Paragraphs 4.A - 4.C)

You must train all of your employees and contractors to assure that they comply with our system standards and the standards of professional conduct you must maintain under your Franchise Agreement. After the first two Trainer Trainings are complete, we may allow your Lead Trainer or Studio Manager to conduct any additional Trainer Training required for new fitness trainers hired at your Studio, if the Lead Trainer or Studio Manager meets our standards and criteria and as specified in our Manual. If the Lead Trainer or Studio Manager is not approved by us to conduct additional Trainer Training, then the tuition cost is $5,000 for additional Trainer Trainings to be held at your Studio for new hires, plus our trainers' travel, living and incidental expenses.

Your Operating Principal and Studio Manager must successfully complete the Initial Management Training Program within 12 months of the signing of your Franchise Agreement. Your failure will constitute a breach of your Franchise Agreement.

Your Operating Principal, Studio Manager and personnel hired before opening must successfully complete Staff Training within 12 months of the signing of your Franchise Agreement. Your failure will constitute a breach of your Franchise Agreement.

Your Studio Manager, Lead Trainer and any other initial staff who will provide fitness instruction must successfully complete the Trainer Training within 12 months of the signing of your franchise agreement. Your failure will constitute a breach of your Franchise Agreement.

We provide training on an as needed basis and generally, hold training sessions at least quarterly to be conducted primarily at one of our affiliate-owned facilities in the Los Angeles, California area, and eventually also in Miami, Florida.

Currently, "Classroom Training," as referenced in the table above, generally refers to training that is conducted by a trainer or team of trainers online or by virtual lecture, workshop, seminar or tutorial, Zoom, Teams meeting, telephone, during a web conference or via an Internet-based training module or other webinar. Initial Management Training is conducted virtually.

In addition to the Initial Management Training, we will provide optional Shadow Training and provided at no fee for your Operating Principal, Studio Manager and up to two other attendees, but you are responsible for you and your personnel compensation (wages), travel, living and incidental expenses related to attending Shadow Training. Shadow Training for additional owners, principals, managers, or assistant managers may be available upon request and subject to personnel availability and our discretion at a fee of $1,500 per attendee.

All Trainer Training and Staff Training is "On-the-job" training and is typically hands-on training in which the trainee practices, in your Studio or our designated training facility, or at one of our affiliate, franchise or corporate-owned studios, the skills taught in the training program. "On-the-job" training also includes coaching, personal instruction and consultation that we deliver to you and your personnel.

In the future, we may offer additional training programs, which will be either voluntary or mandatory, as determined in our discretion. These courses will be conducted at locations selected by us or virtually via Teams, Zoom, WebEx, Skype, or other conference calls. Your Operating Principal and Studio Manager and Lead Trainer must attend all mandatory training programs. We may charge reasonable fees for future training sessions, and if travelling to your Studio, for our employees' travel related expenses.

For all other training we offer, you must reimburse us for all reasonable training and certification fees and for reasonable expenses of travel, lodging, meals and other incidental expenses that our trainer incurs in traveling to your location. If you or your employees incur any expenses during training, you must pay for the expenses.

If we advise you that participation in an additional ongoing or remedial training program covering various aspects of the operation of your Studio is mandatory, you and your personnel must participate and complete the program, at your own expense, to our reasonable satisfaction. Please see Item 6 regarding fees and expenses of additional training.

Some approved vendors provide mandatory or voluntary training in connection with the delivery, installation and ongoing support for any goods or services supplied to you. The arrangements and the costs of approved vendor training will be decided between you and the approved vendor.

We may also conduct seminars or hold annual meetings or conferences from time-to-time for the benefit of all franchisees. There is currently no registration fee, but we may institute a registration fee not to exceed $2,000 per attendee during the initial term of the Franchise Agreement. You must also pay for all of your associated expenses, including the expense of salaries, travel, meals, lodging, and miscellaneous expenses of your personnel attending such seminars, meetings or conferences. Your failure to attend mandatory seminars, meetings or conferences will be treated as a default under the Franchise Agreement.

ITEM 12.
TERRITORY

Franchise Agreement

Your Franchise Agreement will grant you the right to open a Studio at a specified Location within a designated Protected Area (defined below), which is the area within which we agree not to locate another franchised or company or affiliate-owned Bünda Studio. The Protected Area is not an "exclusive territory" because we reserve the right to locate a Bünda Studio in a Reserved Venue in your Protected Area. Your Location will be identified on Attachment 1-A to the Franchise Agreement once determined and your Protected Area will be identified on Attachment 1-B to the Franchise Agreement after the Location is approved. If you receive our consent for a Location

before or at the signing of the Franchise Agreement, Attachment 1-B to the Franchise Agreement will be completed at that time. You are not granted any other rights.

We and/or our affiliates reserve the right to sell another Studio or open a business anywhere outside of your Protected Area, regardless of proximity to your Location, and authorize these other franchisees and businesses to provide the same Products that you provide outside your Protected Area.

The Protected Area is typically defined as a circular area radiating from your Studio. The Protected Area will have a minimum population of 75,000 and a median household income of $75,000 ("Protected Area") and generally be composed of a 2 mile radius in non-urban or non-metropolitan areas. The Protected Area will be no less than a 1-mile radius around your Studio, unless your Studio is located in a metropolitan area. In every case, the Protected Area is designated by the radius from the front entrance of the approved location. The circular Protected Area of one franchisee may intersect with that of another franchisee.

If the population of your Protected Area subsequently grows by more than 50%, we have the right to reduce the size of your Protected Area to a geographic area that contains a population that is not less than the original population of your Protected Area as of the execution date of your franchise agreement.

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

Relocation

You may relocate your Studio only with our prior written consent, which we grant only if the following conditions are fulfilled:

(a) You and your related parties are in good standing under the Franchise Agreement, all other agreements between us or any of our affiliates and you, and the Manual;

(b) You agree to plan, construct, equip and furnish your new Studio so that the premises meet our then current standards of appearance and function and location criteria applicable to the premises of a new facility at the time you relocate;

(c) We have given our prior written approval in our sole discretion to the new site and the provisions of the lease for the new premises;

(d) The new location is not located in the Protected Area of another Bünda franchisee or otherwise in too close proximity to another facility, as we determine in our sole discretion;

(e) You reimburse us for our costs and expenses included in connection with any relocation request; and

(f) aside from cases of force majeure, the new Studio location must be open and operating prior to the closure of your current Location.

No Options and Rights of First Refusal

You do not have any option or right of first refusal to acquire additional franchises.

Performance Requirements or Quotas

You are responsible for selling a certain number of presales for your Studio prior to you opening your Studio to the public. The presale requirements will be determined based on population, competition in the Protected Area, the size of the Protected Area and other factors but will generally range between 350 to 550 presales, depending upon the size of your Franchised Business ("Minimum Pre-Sale Requirement"). If you do not meet the Minimum Pre-Sale Requirement, then we may (1) delay your opening until you meet the Minimum Pre-Sale Requirement; (2) modify the size of your Protected Area as described in the Attachment 1-A and 1-B to your Franchise Agreement; and/or (3) designate your Protected Area as non-exclusive.

You do not have any other contingency to keep your Protected Area.

Restrictions And Reservation of Rights

We reserve all rights not expressly granted to you in your Franchise Agreement. We also reserve the right, for ourselves or through authorized third parties and affiliates, to:

(1) Establish and operate and grant to other franchisees or licensees the right to establish and operate, Bünda facilities or any other business using the marks, the system or any variation of the marks and the system, in any location outside your Protected Area, as we decide is appropriate.

(2) Develop or become associated with other concepts (including dual branding programs and/or other franchise or chain programs), whether or not using the Bünda system and/or the marks, and/or award franchises under such other concepts for locations anywhere; provided that if any such new franchise opportunity involves a license to use the Bünda marks at a location inside your Protected Area for the distribution of competitive, fitness-related products or services ("other business model"), we will provide you with a right of first refusal for such new physical units or outlets located within your Protected Area, as noted below;

(3) A right of first refusal regarding another business model (as described above) will be processed as follows: So long as you are in compliance with the terms of the Franchise Agreement, the Operations Manual, and meet our then current standards for new franchisees, we will provide you written notice of another business model expected to be physically located in your Protected Area. You will have 60 days in which to advise us in writing that you wish to participate in the other business model. If you do not notify us within such period, then we may pursue such other business model and/or grant any other person/entity the right to participate in such other business model without any liability to you. If you timely notify us in writing that you do wish to participate in the other business model, then we may subject your participation upon your compliance with such terms and conditions as we consider appropriate to the particular other business model, in our reasonable business judgment. These conditions may include your execution of agreements and related documents as are then generally used by us in connection with the award of the applicable other business model; payment of all initial fees and any other

applicable fees; meeting any eligibility requirements as are then generally applied by us to candidates for the applicable other business model; completing any additional training requirements; meeting any additional capital requirements; and the execution by you (and your owners) of a general release, in a form prescribed by us, of any and all claims against us and our related parties, and our and their respective owners, officers, directors, employees, agents, successors and assigns. If you do not meet the conditions applicable to the award of the other business model and/or any opening requirements that may be included in any other business model agreements, then we may pursue the other business model and/or grant any other person/entity the right to participate in it, without any liability or obligation to you.

(4) Acquire, be acquired by, merge or affiliate with, or engage in any transaction with other businesses (whether competitive or not), with units located anywhere, including within your Protected Area. These transactions may include arrangements involving competing outlets and brand conversions (to or from the Bünda marks and system). If we consummate any of the above-described transactions, you may either elect to participate at your expense in any such conversion as may be required by us or you may request a mutual termination of your Franchise Agreement in a form we approve, under which you would sign a release in our favor; satisfy all of your current financial and operational obligations under your Franchise Agreement through the termination date and all of your post-termination obligations under your Franchise Agreement (except you would be excused from only the post-termination, non-competition covenants); and confirm that you have no rights to receive any payment or compensation in connection with the termination of your Franchise Agreement.

(5) Manufacture, distribute, market, ship, sell and provide products and services identified by the Bünda marks or other trademarks, service marks, commercial symbols or emblems to customers located in your Protected Area through any distribution channel or method, including catalogs, mail order, Internet (or any other existing or future form of electronic commerce), kiosks or other retail distribution channels, irrespective however, that such sales will not be made from a Bünda facility located in the Protected Area; in our discretion, establish one or more revenue sharing programs with participating franchisees in good standing for merchandise purchases from franchisees' respective members and customers, based on sales leads generated from franchisees, respectively;

(6) The right to establish within the Protected Area, another Studio on the premises of any "Reserved Venue." Reserved Venues include any self-contained facility (such as a shopping mall, hospital, military base, state or national park, stadium, airport, public transportation facility, toll booth plaza, corporate facility, medical center, spa, health club, YMCA, hotel, amusement park, fair ground, school or university campus or sports arena) as well as special events like street fairs, parades, sporting events and similar occasions. We or our affiliate may operate at any Reserved Venue on a temporary, seasonal or permanent basis.

Despite clauses (1) through (6) above, we may acquire or merge with any existing business located inside or outside your Protected Area and operate that business using the Marks and System. There are no restrictions on our right to solicit or accept business from consumers inside the Protected Area without paying any compensation to you.

Without limitation and without considering how close to your facility, we may control and set standards and limitations for all advertising, marketing, promotional and public relations activities, including control over all Internet and social media and other digital, electronic or physical media.

You may not use the Internet, social media, catalog sales, telemarketing or direct mail to solicit members outside your Protected Area without our prior written approval. We may establish various procedures to control access to the websites and other media you maintain.

We make no guarantees, promises, representations, statements or warranties that other franchisees will not advertise or market to customers within your Protected Area. We, in our sole discretion, may enforce the advertising and marketing restrictions indicated in this Item, but we are under no obligation to do so. Under no circumstances will we be liable to you if other franchisees market or advertise to customers within your Protected Area. Other franchisees may advertise and market within your Protected Area if the advertising or marketing is not specific to your Protected Area (for example, advertising in a newspaper with general circulation). Neither we nor our affiliates have a plan to operate a franchise under a different trademark that offers services and products similar to the Products, but we reserve the right to do so in the future.

Competition

Except as discussed above, we do not franchise or operate, and have no current plans to franchise or operate, any business under a different trademark that will sell products or services similar to those sold by your Studio inside and outside of your Protected Area.

Development Agreement

We grant you an exclusive territory in which to develop and operate the number of Bünda facilities in your Development Area that is specified in your development schedule, which is an attachment to your Development Agreement, if you comply with the terms of your Development Agreement.

The Development Area is typically described in terms of zip codes, metropolitan statistical areas, geographic boundaries, political boundaries, a map depicting the Development Area or another well-defined means of designation. The actual size of your Development Area will vary depending upon the availability of contiguous markets, our long-range development plans, your financial and operational resources, population and market conditions and the number of Bünda facilities to be developed. Our designation of a particular Development Area is not an assurance or warranty that there is a sufficient number of suitable sites for Bünda facilities in the development area for you to meet your Development Schedule.

It is your responsibility to locate and prepare a sufficient number of suitable sites, and we have no obligation to approve sites that do not meet our then-current site criteria at the time you present a proposed site so you can meet your Development Schedule.

We have the right to designate the "Protected Area" (Franchise Agreement, Paragraph 1.B and Attachments 1-A and 1-B) for each Franchise Agreement you sign under your Development Agreement.

We have the right to approve the site and the proposed lease for each of your facilities, but it is your responsibility to find sites that you and we mutually agree on (Development Agreement, Article 6).

Our then-current standards for site location and territories will apply at the time you sign a franchise agreement for each new franchised Studio, which standards may differ from our now-current standards.

Except as described below, during the term of your Development Agreement, we and our affiliates will not operate or grant a franchise for the operation of Bünda facilities in your Development Area. However, we have the right to terminate or modify your Development Agreement if you are not in full compliance with all of the terms and conditions of your Development Agreement and with all of the franchise agreements you sign under it.

If you comply with your obligations under your Development Agreement, your Development Area may not be altered unless we and you mutually agree to do so. There are no minimum sales goals, market penetration or other contingency that you must meet to keep the exclusivity of your Development Area, except that you must meet your Development Schedule.

To maintain your rights under your Development Agreement, you must have open and in operation the cumulative number of Bünda facilities stated in your Development Schedule by the dates you agreed to in your Development Schedule. If you do not meet your Development Schedule, then, at our option, we may terminate your Development Agreement and your right to develop additional Bünda facilities in your Development Area.

The termination of your Development Agreement does not automatically terminate the franchise agreements you have signed up to that date or the operation of any facilities you are then operating under your franchise agreements.

The termination of any franchise agreement you have signed will be a breach of your Development Agreement and may result in the termination of your Development Agreement.

If you cannot meet your Development Schedule because of an event beyond your reasonable control (for example, a strike, lock-out, labor trouble, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrections, terrorist attacks or war), your Development Schedule will be extended by the amount of time during which the event or force of law exists, except that these causes will not excuse payment of any amounts owed at the time of the occurrence or payment.

When your Development Agreement expires or terminates, your exclusive rights for your Development Area terminate. If you and we do not enter into another Development Agreement, then we and our affiliates have the right to operate and to grant to others development rights and franchises to develop and operate Bünda facilities in your Development Area, subject to your rights to any "Protected Area" specified in each of your franchise agreements then in effect. If you do not sign another Development Agreement and if you are in good standing, your rights under any of your currently effective franchise agreements will not be changed, and you can still renew any of your franchise agreements. Any new Development Agreement that you sign may contain very different terms than your current Development Agreement.

ITEM 13.
TRADEMARKS

Under your franchise agreement and in our Manual, we grant you the right to use two principal identifying marks, including: the word "Bünda" and the stylized letter "B."

Our co-founder and co-owner Katherine (Katie) Lilly has the following registered marks with the Supplemental Register of the United States Patent and Trademark Office (the "USPTO").

MARK	REGISTER	REGISTRATION DATE	U.S. TRADEMARK REGISTRATION NUMBER
Bünda	Supplemental	September 1, 2020	6,143,826
	Principal	May 3, 2022	6,719,258
	Principal	May 2, 2023	7,044,530

There are also several additional applications for the registration of the "Bünda" word mark and the "B" logo mark in other classifications. No registrations for the additional marks have been issued.

We also may develop other incidental marks and logotypes that we may authorize you in writing to use in your business in accordance with our requirements.

You may not use any other trade name or marks or use any prefix, suffix or other qualifier to your trade name or our marks for your Studio without our prior written consent. You may not use any part of our trade name or marks as part of your legal name (corporate, limited liability company or partnership name) although you may use the trade name, as described in the Manual, as part of your fictitious business name. You must promptly register at the office as provided for by the laws of the state in which your Studio is located and/or if required at the office of the county in which your Studio is located, as doing business under such assumed business name. You may only use our designated marks associated with specific programs only with our written approval. You have no other rights in our Marks. You must use our Marks in the manner we direct. You cannot use our Marks for any other purpose. You may not use the Marks in connection with the offer or sale of any services or Products which we have not authorized for use in connection with the System.

All required affidavits have been filed for these marks, and the registrations have been renewed or extended, as required by law.

All of the Marks, trade secrets, patents, copyrighted works and other proprietary information (collectively, the "Bünda Intellectual Property") that we may license to you under your franchise agreement are owned by our co-founder and co-owner Katherine (Katie) Lilly. She has granted

us the license to use the Bünda Intellectual Property worldwide pursuant to a Trademark and Intellectual Property License Agreement (the "IP License Agreement").

The key terms of the IP License Agreement include the following:

Our license is non-exclusive. Ms. Lilly may use the Bünda trademarks and other intellectual property anywhere, except within the "protected areas" and "development territories" granted to our franchisees and area developers, respectively.

The term of the IP License Agreement, dated December 1, 2021, is for ten years, with options to renew for consecutive five-year terms.

The IP License Agreement may be terminated by either party following an uncured material breach by the other party. Ms. Lilly may also terminate the IP License Agreement if we become insolvent or if we file for bankruptcy or if a receiver is appointed over our business.

Upon the termination of the IP License Agreement, we and all of our sublicensees/franchisees must cease using the Bünda trademarks and all other related intellectual property, including patents, copyrighted materials and trade secrets. There is a six month "sell-off" period following the termination in which to complete a transition to another brand and business model.

Other than the registration of the "Bünda" word mark on the Supplemental Register, rather than on the Principal Register (because "Bünda" is descriptive of the word "butt."), there is no currently effective material determination of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court, or any pending infringement, opposition, or cancellation proceeding that affects our ownership, use or licensing of our principal marks.

Except as noted above, there is no pending material federal or state court litigation regarding our use or ownership rights in our principal mark.

There is no other currently effective agreement that significantly limits our right to use or license the use of our marks in a manner material to the franchise.

You must notify us promptly in writing if you become aware of any unauthorized use of our trade name, marks or system. We do not have to take affirmative action when we are informed of infringing uses.

You must promptly notify us in writing of any claim, demand or suit against you or against your principals relating to your use of the trade name, marks or system. In any action or proceeding arising from or relating to any such claim, demand or suit, we may select legal counsel, and we have the right to control the proceedings.

We must indemnify and hold you harmless from all direct expenses and damages of third parties arising only from any third-party claim that your use of our Marks or our intellectual property in the operation of your Studio in strict compliance with your Franchise Agreement and System Standards infringes upon the trademarks or intellectual property of the third-party claimant. If you are made a party to a legal proceeding only because of a claim of your alleged infringement upon the trademarks or intellectual property of a third party, and if you cooperate with us fully and

timely (which may include you signing a waiver of conflict of interest for any counsel representing both you and us), we will hire counsel to protect our interests and will defend you at our own expense. Any settlement we negotiate will bind you, but we will reimburse you for your direct cost of compliance with the settlement agreement. We may control all aspects of any such legal proceeding. Otherwise, we have the right to change our trade name and marks and the specifications for each at any time if we believe, in our reasonable discretion, that the changes will benefit the System. You must promptly conform, at your own expense, to any such changes.

We and Ms. Lilly are aware of a claim to a mark similar to the word mark "Bünda." On November 24, 2020, Clayton Alexander Cuteri filed an intent to use application with the USPTO on the word mark "BUNDA BUILDER" in class 025 for t-shirts, sweatshirts, workout apparel, and hats. Ms. Lilly has a date of first use of the word mark "Bünda" at least as early as August 10, 2020. We and Ms. Lilly will continue to monitor this matter. No immediate legal action is currently planned.

Except as noted above, we do not know of any superior rights or infringing uses that could materially affect your use of the marks.

We or our affiliates are the lawful and sole owner of the domain names: www.trainbunda.com. You cannot register any of the Marks now or in the future owned by us or any abbreviation, acronym or variation of the Marks, or any other name that could be deemed confusingly similar, as Internet domain names. We retain the sole right to advertise the System on the Internet and to create, operate, maintain and modify, or discontinue use of a website, including the Website, using the Marks. Except as we may authorize in writing in advance, you cannot: (i) link or frame our website, (ii) conduct any business or offer to sell or advertise any Products on the worldwide web, or (iii) create or register any Internet domain name in connection with your Studio.

ITEM 14.
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

Under your Franchise Agreement and in our Manual, we grant you the right to use the Bünda "Workout Station" (exercise training equipment) in the operation of your Studio.

On February 21, 2020, Katherine Lilly filed a utility patent application with the USPTO, which was assigned patent application number 16/798,192 and was titled "Workout Station."

The patent application discloses the mechanical apparatus of the Workout Station, as well as the process of performing a workout exercise with the Workout Station.

The patent was registered on November 29, 2022 under Patent Number US 11,511,147 B2.

You are required to purchase or lease a number of Workout Stations for use in your Studio. The Workout Station is material to your franchise. It is a key piece of exercise equipment regularly used in exercise classes to be conducted at your Studio.

We have the right to license you the right to use the Workout Station in your Studio under your Franchise Agreement.

Our rights to license the use of the Workout Station are included under the IP License Agreement from Ms. Lilly, as discussed above in Item 13 of this disclosure document. Our license rights to the Workout Station are subject to the same terms and conditions as is the use of the Bünda marks discussed in Item 13.

Except for the patents to the Bünda "Workout Station," we have no patent or copyright registrations or any pending patent applications, or any licensed rights related thereto, that are material to the franchise.

Confidential Information

Our confidential information will include all non-public information about us, or affiliate, our franchisees, our suppliers and the System, including but not limited to, the Operations Manuals; System Standards; services; methods for operating, managing, developing or coordinating services, marketing, distribution, performance, provision or rendering of methods, techniques, equipment or supplies; recruitment, training, marketing or compensation methods; techniques; advertising, marketing, promotion, recruitment, human resourcing, training, sales and merchandising strategies, techniques and initiatives; any related underlying materials, analyses, compilation, forecasts, research or market studies; our prototype and layout of a Studio; proprietary software (if applicable); customer lists and Customer Data (as defined in the Franchise Agreement); referral sources; training materials and class instruction, including, without limitation, additional training provided through webinars or online training videos; billing and collection methods; financial information; and other information about us and information about our Approved Vendors, including the pricing and other preferential terms we obtain for you from vendors; and strategic partners, business plans, employees and independent contractors (collectively, the "Confidential Information").

You may never – during the initial term, any renewal term, or after the Franchise Agreement expires or is terminated – reveal any of our Confidential Information to another person or use it for any purpose other than to operate your Studio. You may not copy any of our Confidential Information or give it to a third party except as we authorize. All persons affiliated with or employed by you and to whom you grant access to Confidential Information or who attend training must sign a confidentiality agreement as well as all officers, directors and equity holders.

All ideas, courses, instructions, techniques and other newly developed information or materials relating to a Studio, whether or not constituting protectable intellectual property, and whether created by or on behalf of you or your owners, managers or employees, must be promptly disclosed to us, will be considered our property and part of the System and will be considered to be works made-for-hire for us. You, your owners, managers and your employees must sign whatever documents we request to evidence our ownership or to assist us in securing intellectual property rights in these ideas, concepts, techniques or materials. You will not receive any form of compensation or consideration in exchange for ideas, concepts, techniques, recipes and other newly developed information or materials relating to a Studio which you develop.

Customer Data

All information, mailing lists, membership rosters, class compositions, and databases of Customer Data (as defined in the Franchise Agreement) from whatever source derived, will, at our request, and in any event when provided by you to us, be our property. You agree not to use such information, except in connection with your Studio in accordance with the Franchise Agreement. You agree not to use, process, copy, display, publish, store or transfer the Customer Data without our approval. You agree to comply with all applicable laws with respect to Customer Data; in addition, you agree to comply with all data privacy and security requirements we may establish from time to time and to exert commercially reasonable efforts to prevent the unauthorized use, dissemination, or publication of Customer Data, subject in all instances to applicable laws. You will promptly notify us if you become aware of or suspect any unauthorized access to the Customer Data, or if you become the subject of any governmental, regulatory or other enforcement or private proceeding relating to your data handling practices of Customer Data. You agree to indemnify us for all third-party claims related to your use of Customer Data.

Copyrights

We (directly or through Ms. Lilly or other affiliates) claim common law copyrights in our Manual and related materials, including templates for social media and websites, marketing materials and other creative assets ("Copyrighted Materials"). We do not regard any single one of these copyrights to be material to the operation of your franchised business. Our rights and your sublicense rights are governed by the IP License Agreement discussed above in Item 13.

We may further register, develop, change, cancel, enhance or modify Copyrighted Materials at any time. If the IP License Agreement is terminated or if we add, modify or discontinue the use of an item covered by a copyright or our intellectual property, you must also do so at your expense.

Except as to the IP License Agreement, there are no agreements currently in effect that significantly limit your right to use any of our Copyrighted Materials. There are no presently effective determinations of the United States Copyright Office or any court involving the are no agreements currently in effect that significantly limit your right to use any of our Copyrighted Materials that are relevant to your use.

You must notify us immediately in writing if you become aware of any unauthorized use of our Copyrighted Materials or other intellectual property. We do not have to take affirmative action when we are informed of infringing uses.

You must promptly notify us in writing of any claim, demand or suit against you or against your principals relating to your use of our copyrights. In any action or proceeding arising from or relating to any such claim, demand or suit, we may select legal counsel, and we have the right to control the proceedings.

If we decide to add, modify or discontinue the use of a Copyrighted Material, you must also do so. We are not obligated to reimburse you for any costs of complying with this obligation. You do not have the right to take any action to enforce or defend any rights associated with the Copyrighted Materials. However, you must promptly notify us in writing if you become aware of any infringement of our copyrights, or if any infringement claims are made against you in connection

with your use of the Copyrighted Materials or for expenses, costs and damages in actions involving Copyrighted Materials. We will then decide, in our sole discretion, what action, if any, will be taken. In the event that we engage in any litigation in the defense or prosecution of the Copyrighted Materials, we will bear all costs and expenses incident to such litigation, unless the litigation involves your violation of the Franchise Agreement's restrictions on the use of the Copyrighted Materials. Except for the costs and expenses incident to litigation just described, we have no obligation under the Franchise Agreement to protect you against, participate in your defense of, or reimburse you for, any damages for which you are held liable in any proceeding arising out of your use of the Copyrighted Materials. You agree to execute any and all documents and do such acts and things as may be necessary or desirable, in the sole opinion of our legal counsel, to carry out such defense or prosecution. You are not entitled to any compensation as a result of the discontinuation or modification of any of the Copyrighted Materials as a result of any proceeding or settlement. If you elect to be represented by personal legal counsel in connection with any proceeding involving the Copyrighted Materials, you will bear the fees, expenses, and other costs associated with such personal legal counsel.

We do not know of any superior rights or infringing uses that could materially affect your use of our copyrights.

ITEM 15.
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

Your Operating Principal and your Studio Manager cannot be the same person. You must appoint a Studio Manager. The Studio Manager has overall control of your Studio and the ultimate responsibility for its operation.

At all times during the term of your Franchise Agreement, your Studio must be managed by a full-time Studio Manager who must be trained in accordance with our standards and whose credentials must be approved by us in writing. Your Studio Manager must devote his or her full-time best efforts to the management of your Studio and must directly supervise all aspects of its finances and operations. We may address all communications with you through your Studio Manager, and your Studio Manager must be authorized to make agreements with us on your behalf.

There are no restrictions on whom you can hire as your on-premises supervisors. Your Studio Manager and each of your Related Parties and each of your Related Parties' spouses must sign a written nondisclosure and noncompetition agreement in the form of Attachment 4 to the franchise agreement.

You must always employ a sufficient number of properly trained and qualified employees, including a Lead Trainer, to operate your Studio according to our standards. At the time you hire each new employee or contractor, you must obtain a written employee acknowledgement from each employee or contractor in a form we approve, which confirms the employee's agreement and understanding that neither we nor any of our affiliates is that person's employer. We restrict all employees and Studio personnel from disclosing Confidential Information, and you must have all staff of the Studio sign a confidentiality agreement to protect the Marks, the Manuals and other information concerning the System.

If you are opening a new Studio or converting an existing fitness center and as a condition for any renewal or transfer of your Franchise Agreement, you (or your successor), your Operating Principal and Studio Manager, must successfully complete our initial training program for the type of facility you operate and be certified by us. If your Operating Principal and Studio Manager leaves, you must promptly (not more than 30 days) appoint a qualified successor who must be trained, if necessary, and certified as the Operating Principal and Studio Manager, as applicable, in writing by us.

ITEM 16.
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

There are no restrictions on the types of adult customers to whom you may offer services and products. You may offer to your members and the public those products and services only at your Studio as provided in the franchise agreement and our Manual or as we otherwise approve in writing. We may change the authorized products and services. The types of services include various membership programs, such as monthly memberships, multi-class packages, and daily and guest passes. All products and services must be fitness and health maintenance related, be consistent with the Bünda brand and be approved by us in writing. If we designate a particular vendor (for example, an approved vendor identified on our approved vendor list) as the sole source for products or services you use or sell in your Studio, you may buy only from that approved vendor.

All products sold and all fitness training and other services must be provided solely at your Studio.

ITEM 17.
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	1.E	The Initial term is 10 years.
b. Renewal or extension of the term	2.A – 2.D	One additional 10-year term.
c. Requirements for franchisee to renew or extend	2.A – 2.D	(1) You (and each of your owners) are then in full compliance with your franchise agreement and all other related agreements;

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		(2) You (or your owners), managers and senior employees satisfactorily complete, at your expense, training we require; (3) You agree to our redefinition of your Protected Area (which may be smaller than your current Protected Area) based on changes in population density and other demographic factors, as reflected in our then current criteria; (4) You demonstrate to our satisfaction that you meet our then-current financial and operational criteria for new Bünda facility franchisees; and (5) You either (a) maintain possession of, and agree to remodel, the Studio, add or replace improvements, equipment, fixtures, furnishings and signs, and otherwise modify the Studio as we require to bring it into compliance with specifications and standards then applicable for new Bünda facilities at your sole expense; or (b) you: (i) secure a substitute approved location we approve; (ii) develop the substitute approved location in compliance with specifications and standards then applicable for new facilities; and (iii) continue to operate the Studio at the original approved location as is reasonable until operations are transferred to the substitute approved location. You must give us 6 months written notice of your election to acquire a renewal franchise before the expiration of the term. Within 90 days after our receipt of your notice, we will give you written notice: (1) of our determination whether or not we will grant you a renewal franchise (and, if applicable, stating the reasons for a refusal to grant you a renewal franchise); (2) advising you of any deficiencies that must be corrected by you before we will grant you a renewal franchise, stating what actions you must take to correct the deficiencies and specifying the time period in which the deficiencies must be corrected.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		You pay a renewal fee equal to 25% of the initial franchise fee that we are then charging franchisees who acquire new Bünda franchises. You and your owners must execute and return to us within 30 days our current form of franchise agreement and all required ancillary agreements, including, without limitation, any owner guaranty and nondisclosure and noncompetition agreement and a general release of all claims. The then-current standard Franchise Agreement may contain materially different terms and conditions than your original Franchise Agreement. Thereafter, you will have no further renewal or extension rights.
d. Termination by franchisee	17.A	If we violate a material and substantial provision of the Franchise Agreement and we fail to remedy or to make substantial progress toward curing the violation within thirty (30) days after receiving written notice from Franchisee detailing our alleged default, Franchisee may terminate the Franchise Agreement if so permitted under applicable law.
e. Termination by franchisor without cause	N/A	We may not terminate without legal cause; we and you may terminate the franchise agreement by mutual written consent; termination of your Development Agreement, if any, does not automatically terminate the franchise agreements you have signed up to that date or the operation of any facilities you are then operating under your separate franchise agreements; termination of any franchise agreement you have signed is a breach of your Development Agreement and may result in your Development Agreement being terminated.
f. Termination by franchisor with cause	17.B	We may terminate for cause with written notice to you; termination is immediate for non-curable defaults; termination may result in 5-30 days after notice and an opportunity to

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		cure for curable defaults; the circumstances and type of the default determine the cure period, subject to state law; termination of your Development Agreement does not automatically terminate the franchise agreements you have signed up to that date or the operation of any facilities you are then operating under your separate franchise agreements; termination of any franchise agreement you have signed is a breach of your Development Agreement and may result in your Development Agreement being terminated.
g. "Cause" defined curable defaults	17.B	Failure to submit financial statements or reports; failure to open by start date; failure to operate according to franchise agreement and Manual; failure to obtain insurance and late or non-payment; failure to correct any deficiency found during an inspection within a reasonable time period (ranging from immediately to 30 days depending on the nature of the deficiency); attachments, seizures, or levies not vacated within 60 days; repeated breaches of other agreements; termination of your Development Agreement does not automatically terminate the franchise agreements you have signed up to that date or the operation of any facilities you are then operating under your separate franchise agreements; termination of any franchise agreement you have signed is a breach of your Development Agreement and may result in your Development Agreement being terminated.
h. "Cause" defined non curable defaults	17.B	Failure to complete training; intentional misuse of marks; failure to sign nondisclosure and noncompetition agreement; misrepresentation; keeping false books; failure to pay taxes; unapproved transfer of franchise; abandonment of business; conviction of felony or serious crime; lender foreclosures; non-compliance with legal requirements; bankruptcy or insolvency proceedings; termination upon your bankruptcy may not be enforceable under federal bankruptcy law;

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		termination of your Development Agreement does not automatically terminate the franchise agreements you have signed up to that date or the operation of any facilities you are then operating under your separate franchise agreements; termination of any franchise agreement you have signed is a breach of your Development Agreement and may result in your Development Agreement being terminated.
i. Franchisee's obligations on termination/non-renewal	18	Give final accounting; pay all amounts due; return Manual; stop using marks, confidential information and system and any materials bearing our marks or colors; comply with non-competition obligations; delete or assign to us telephone listings, websites and social media pages; maintain records for three years; if terminated for any reason other than our material default, pay anticipated royalties and Brand fees for lesser of 2 years or remainder of term; return all Bünda Stations and Bünda Dumbbell Racks to us, for which we will pay you the depreciated value, and sell us your Studio, including lease rights, if we elect to purchase it.
j. Assignment of contract by franchisor	10.A	We may assign your franchise agreement without your consent.
k. "Transfer" by franchisee – defined	10.B and 24	Includes your (or your owners') voluntary, involuntary, direct, or indirect assignment, sale, gift, encumbering, pledge, delegation, or other disposition of any rights or interests in the franchise agreement, any ownership interest or other interest in you, or in the Studio or any of its assets (including the equipment of the Studio).
l. Franchisor approval of transfer by franchisee	10.C	Must obtain our prior written consent.
m. Conditions for franchisor approval of transfer	10.C	Give advance notice, you first offer to sell your interest to us and we have declined to exercise our right of first refusal, complete our franchise purchase application, provide us with copies of all proposed agreements and

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		documents, proposed change in your ownership or management structure and/or transferee meets all of our criteria, payment of debts, cure of defaults, transferee signs new agreements, transferee completes training, you sign a general release and you or the transferee pays the transfer fee and the transferee training expenses.
n. Franchisor's right of first refusal to acquire franchisee's business	10.E	We may match any offer to buy your Franchised Business.
o. Franchisor's option to purchase franchisee's business	17.F and 17.G	We may exercise a call option to purchase your Franchised Business (a) upon termination of the Franchise Agreement without cause at a purchase price of its book value and (b) at any time during the Term of your Franchise Agreement at a purchase price of (i) 4 times adjusted EBITDA based on your most recent audited financial statements if your Franchised Business is open and operating for more than 12 months or (ii) costs for an unopened Studio if your Franchised Business has not been open and operating for 12 months.
p. Death or disability of franchisee	11	Your heirs must qualify to operate your Studio or have 6 months to sell Studio
q. Non-competition covenants during the term of the franchise	14.B, 15 and Attachment 4	Subject to state law, it is a material breach of the franchise agreement if either you or any of your related parties own or operate a competitive business or solicit members from any other Bünda facility
r. Non-competition covenants after the franchise is terminated or expires	18.D and Attachment 4	Subject to state law, neither you nor your related parties may operate a competing business in the Protected Area surrounding the former facility or within 10 miles of any Bünda facility or solicit the members of any other Bünda facility within 3 years of disaffiliating.
s. Modification of the agreement	20.B	Must be signed by both parties, except we may unilaterally change the system standards or the Manual

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
t. Integration/merger clause	20.B and 23.F	Only the terms of the franchise agreement are binding (subject to state law); nothing in your franchise agreement or in any related agreement, however, is intended to disclaim any of the representations we made in this franchise disclosure document; any representations or promises made outside the disclosure document and franchise agreement may not be enforceable
u. Dispute resolution by arbitration or mediation	21 and 22	Must first attempt to settle disputes by direct negotiation and then by mediation by the AAA; if unsuccessful, disputes will be decided by binding arbitration by the AAA
v. Choice of forum	22 and 23.B	Subject to state law, County of Los Angeles, California
w. Choice of law	23	Subject to applicable state law, federal law applies to arbitration and trademark issues; otherwise, governed by laws of California

THE AREA DEVELOPMENT FRANCHISE RELATIONSHIP

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

PROVISION	SECTION IN AGREEMENT	SUMMARY
a. Length of the development term	4.4.1	Terminates on the earlier to occur of the date that your Development Schedule is completed or the date that your Development Agreement is terminated as provided in the Development Agreement
b. Renewal or extension of the term	4.4.3	No right to renew, but you can apply for a new Development Agreement for the same Development Area or another Development Area between 6 – 12 months before your current Development Agreement terminates

PROVISION	SECTION IN AGREEMENT	SUMMARY
c. Requirements for area developer to renew or extend	4.4.5	Your Development Agreement is not renewable. If you want to enter into a new Development Agreement, you must have fully performed all obligations under your current Development Agreement and other agreements with us, be financially capable to meet new Development Schedule and must be operating at least the number of facilities required under your current Development Schedule. The then-current standard Development Agreement may contain materially different terms and conditions than your original Development Agreement.
d. Termination by developer	N/A	Subject to state law, none
e. Termination by franchisor without cause	N/A	None. We will not terminate your Development Agreement without cause as defined in the Development Agreement. Termination of the Development Agreement does not automatically terminate the Franchise Agreements for the any facilities you are then operating under your separate Franchise Agreements. However, the termination of the Franchise Agreement is a default under the Development Agreement and may result in your Development Agreement being terminated
f. Termination by franchisor with cause	9	We may terminate without notice or opportunity to cure, except for any notice required by law if you commit a material breach of the Development Agreement or material breach of any other agreement with us, including Franchise Agreements executed under the Development Agreement. Material Breaches include: (i) any attempt by you to Transfer or encumber, in whole or in part, any or all rights and obligations under the Development Agreement in violation of the terms of the Development Agreement or without our prior written consent; (ii) your failure to meet the Development Schedule within 90 days after written notice that you have failed to fulfill any of your obligations; or (iii) your failure to make any required payment

PROVISION	SECTION IN AGREEMENT	SUMMARY
		within ten days after written notice that it is past due. Termination of the Development Agreement does not automatically terminate the Franchise Agreements for the any facilities you are then operating under your separate Franchise Agreements unless you are in default of those Franchise Agreements.
g. "Cause" defined curable defaults	9.1.B and 9.1.C	Failure to meet your development obligations (90 days to cure); failure to make any payment due (10 days to cure). Termination of the Development Agreement does not automatically terminate the Franchise Agreements for the any facilities you are then operating under your separate Franchise Agreements. However, the termination of the Franchise Agreement is a default under the Development Agreement and may result in your Development Agreement being terminated if it remains uncured or is uncurable under the terms of the applicable franchise agreement.
h. "Cause" defined non curable defaults	9.1.A and 9.2	Attempt to transfer or encumber without our prior approval; material breach of one of your Franchise Agreements or other agreement with us; termination upon your bankruptcy may not be enforceable under federal bankruptcy law. Termination of the Development Agreement does not automatically terminate the Franchise Agreements for the any facilities you are then operating under your separate Franchise Agreements. However, the termination of the Franchise Agreement is a default under the Development Agreement and may result in your Development Agreement being terminated if it remains uncured or is uncurable under the terms of the applicable Franchise Agreement.
i. Franchisee's obligations on termination/non-renewal	9.3	No right to further development; continue to comply with the terms of your existing Franchise Agreements

PROVISION	SECTION IN AGREEMENT	SUMMARY
j. Assignment of contract by franchisor	7.1	We may assign if assignee is financially responsible, capable of performing our obligations and agrees in writing to assume our obligations to you
k. "Transfer" by developer defined	7.3.4	Death or legal incapacity of any shareholder; withdrawal, death or legal incapacity of general partner or managing member or of any partner or member holding 25% or more of voting power; you issuing any securities; transfer of any of your capital stock or voting power; any merger, acquisition, reorganization, etc.
l. Franchisor approval of transfer by developer	7.3.2	Must get our prior written approval before subfranchise, subdivide, assign, transfer, hypothecate or collateralize any rights or interests under Development Agreement
m. Conditions for franchisor approval of transfer	7.3.3	You are in compliance with your obligations and you sign a release; assignee has skills, qualifications and economic resources to own and operate facilities, assumes in writing your rights and obligations, completes our training and is not in default of any obligations to us if already a franchisee
n. Franchisor's right of first refusal to acquire developer's business	7.4	We have right of first refusal based on written offer from a bona fide purchaser
o. Franchisor's option to purchase developer's business	7.4	You give us notice and information we request; we have 30 days to determine if we want to purchase on same terms as offered
p. Death or disability of developer	7.3.4	Death or legal incapacity of any shareholder; withdrawal, death or legal incapacity of general partner or managing member or of any partner or member holding 25% or more of voting power triggers a transfer
q. Non-competition covenants during the term of the Development Agreement	8.1 and 8.3	Subject to state law, cannot own, operate, advise, be employed by or have any interest in any business that owns, operates or manages any type of health or fitness facility or offers any type of physical training, exercise or sporting activities

PROVISION	SECTION IN AGREEMENT	SUMMARY
r. Non-competition covenants after the Development Agreement is terminated or expires	8.2 and 8.3	Subject to state law, for two years, cannot own, operate, advise, be employed by or have any interest in any business that owns, operates or manages any type of health or fitness facility or offers any type of physical training, exercise or sporting activities in your Development Area without our prior consent
s. Modification of the agreement	10.5	Must be signed by both parties
t. Integration/merger clause	10.7	Only the terms of the Development Agreement and all addenda and attachments are binding (subject to state law); nothing in your Area Development Agreement or in any related agreement, however, is intended to disclaim any of the representations we made in this franchise disclosure document; any representations or promises made outside the disclosure document and Development Agreement may not be enforceable
u. Dispute resolution by arbitration or mediation	10.8 and 10.9	Must first attempt to settle disputes by direct negotiation and then by mediation by the AAA; if unsuccessful, disputes will be decided by binding arbitration by the AAA
v. Choice of forum	10.3	County of Los Angeles, California (subject to applicable state law)
w. Choice of law	10.2	Federal law applies to arbitration and trademark issues; otherwise, governed by laws of your state

Note: Please see "Specific State Disclosures" (Exhibit I) for important information concerning your rights under certain laws of various states, including your rights regarding choice of law, choice of forum, termination and renewal.

ITEM 18.
PUBLIC FIGURES

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

ITEM 19.
FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Katherine (Katie) Lilly, our Chief Executive Officer and manager or Kevin Lilly, our Chief Financial Officer and manager of our franchise program at: 15404 Sutton Street, Sherman Oaks, California 91403, Telephone: 610-517-2648, Email: Katie@trainbunda.com or Kevin@trainBunda.com, or the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20.
OUTLETS AND FRANCHISEE INFORMATION

ITEM 20
TABLES

TABLE 1

SYSTEMWIDE OUTLET SUMMARY
FOR FISCAL YEARS ENDING
September 30, 2022, 2023 and 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	0	0	0
	2023	0	0	0
	2024	0	4	+4
Company-Owned [1]	2022	2	3	+1
	2023	3	5	+2
	2024	5	7	+2
Total Outlets	2022	2	3	+1
	2023	3	5	+2
	2024	5	11	+6

[1] Company-owned facilities include facilities owned by our affiliates.

TABLE 2

TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS OTHER THAN THE FRANCHISOR FOR FISCAL YEARS ENDING September 30, 2022, 2023 and 2024

State	Year	Number of Transfers
Total	2022	0
	2023	0
	2024	0

TABLE 3
STATUS OF FRANCHISED OUTLETS
September 30, 2022, 2023 and 2024

State	Year	Outlets At Start Of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets At End Of the Year
CA	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	3	0	0	0	0	3
TX	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Total	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	4	0	0	0	0	4

TABLE 4
STATUS OF COMPANY-OWNED OUTLETS [1]
FOR FISCAL YEARS ENDING
September 30, 2022, 2023 and 2024

	Year	**Outlets at Start of the Year**	**Outlets Opened**	**Outlets Reacquired From Franchisee**	**Outlets Closed**	**Outlets Sold to Franchisee**	**Outlets at End of the Year**
California	2022	2	0	0	0	0	2
	2023	2	1	0	0	0	3
	2024	3	1	0	0	0	4
Florida	2022	0	1	0	0	0	1
	2023	1	1	0	0	0	2
	2024	2	0	0	0	0	2
Illinois	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	1	0	0	0	1

Totals	2022	1	1	0	0	0	2
	2023	3	2	0	0	0	5
	2024	5	2	0	0	0	7

[1] Company-owned facilities include facilities owned by our affiliates.

TABLE 5

PROJECTED OPENINGS
As Of Fiscal Year Ending
September 30, 2024

State	Franchise Agreements Signed But Outlets Not Opened As Of September 30, 2024	Projected New Franchised Outlets in the Next Fiscal Year Ending September 30, 2025	Projected New Company-Owned Outlets [1] in the Next Fiscal Year Ending September 30, 2025
California	4	5	5
Florida	1	0	1
Illinois	0	0	2
New York	0	0	0
Texas	1	1	0
Totals	6	6	8

[1] Company-owned facilities include facilities owned by our affiliates.

Notes to the Tables

Exhibit G includes the names, addresses and telephone numbers of all current franchisees.

Exhibit H includes the names, cities and states and current business telephone numbers (or if unknown, last known home telephone numbers) of each franchisee who has had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who has not communicated with us within ten weeks of the disclosure document issuance date. There were none as of the Issuance Date.

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

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

Currently, there is no Bünda franchisee organization associated with the Bünda franchise system being offered.

ITEM 21.
FINANCIAL STATEMENTS

Our fiscal year end is September 30, 2024. Attached to this disclosure document as Exhibit C is our audited financial statements dated March 10, 2025, for the years ended September 30, 2024, September 30, 2023, and September 30, 2022.

ITEM 22.
CONTRACTS

We use the following agreements for this franchise offering:

Title of Agreement	Exhibit/Schedule/ Attachment No.	Parties Signing the Agreement
Franchise Agreement	Exhibit D	You and we
State Specific Addendum to Franchise Agreement	Addendum 1 to Franchise Agreement	You and we (depending on applicable state law)
Agreement for Credit Card or Debit Card Payment Authorization	Attachment 6 to Franchise Agreement	You
Authorization Agreement for Prearranged Payment (Direct Debit)	Attachment 7 to Franchise Agreement	You
Employee Acknowledgement	Attachment 9 to Franchise Agreement	Your employees
Purchase Receipt	Attachment 10 to the Franchise Agreement	California franchisees only and we
Designation of Location and Protected Area and Opening Date; and Map of the Protected Area	Attachment 1-A and Attachment 1-B to Franchise Agreement	You and we
Owner's Statement	Attachment 2 to Franchise Agreement	You and your owners must complete
Owner's Guaranty And Consent of Spouse	Attachment 3 to Franchise Agreement	All owners of 25% or more; all general partners or all managing members All spouses of Guarantors sign the Consent of Spouse
Nondisclosure and Noncompetition Agreement	Attachment 4 to Franchise Agreement	You or your designated manager and your related parties
Lease Provisions	Attachment 5 to Franchise Agreement	You and your landlord must add to lease
Area Development Agreement	Exhibit E	You and we if you want to develop multiple facilities

Title of Agreement	Exhibit/Schedule/ Attachment No.	Parties Signing the Agreement
State Specific Addendum to Area Development Agreement	Addendum 1 to Area Development Agreement	You and we if you sign an Area Development Agreement
Development Area	Attachment 1 to Area Development Agreement	Not required to be signed
Development Schedule	Attachment 2 to Area Development Agreement	Not required to be signed
Complete List of Owners of Developer	Attachment 3A to Area Development Agreement	You and your owners must complete
Personal Guaranty and Subordination Agreement	Attachment 3B to Area Development Agreement	All officers and 25% shareholders, all general partners or all managing members
Consent of Spouse	Attachment 3B to Area Development Agreement	All spouses of Guarantors to Area Development Agreement
Washington Development Agreement Addendum	Attachment 4 to the Area Development Agreement	You and we
Purchase Receipt	Attachment 5 to Area Development Agreement	California franchisees only and we
State Specific Addendum to Franchise Disclosure Document	Exhibit I	You and we
Statement by Prospective Franchisee	Exhibit K	You
Receipt	Exhibit L	You

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.

ITEM 23.
RECEIPTS

Exhibit L contains detachable documents acknowledging your receipt of this disclosure document. Two copies of the receipt are attached. You must sign both copies, keep one copy for your records, and return one copy to us by U.S. Postal Service addressed to either Katherine (Katie) Lilly, Chief Executive Officer or Kevin Lilly, Chief Financial Officer, Bünda Franchising Group LLC at 15404 Sutton Street, Sherman Oaks, California 91403; or by e-mail to: Katie@trainbunda.com or Kevin@trainBunda.com.

EXHIBIT A TO FRANCHISE DISCLOSURE DOCUMENT

STATE ADMINISTRATORS

California Department of Financial Protection and Innovation 320 West 4th St., Suite 750 Los Angeles, CA 90013-2344 (213) 736-2741 Toll Free: 1-866-275-2677	Michigan Consumer Protection Division Michigan Department of Attorney General 525 W. Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	Division of Insurance Securities Regulation 124 S. Euclid Avenue, Suite 104 Pierre, SD 57501 (605) 773-3563
Connecticut Department of Banking, Securities and Business Investment Division 260 Constitution Plaza Hartford, CT 06103	Minnesota Minnesota Dept. of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-3165 (651) 296-4026	Texas Secretary of State Statutory Documents Section P.O. Box 12887 Austin, TX 78711-2887
Florida Florida Department of Agriculture and Consumer Services P.O. Box 6700 Tallahassee, FL 32399-6700	New York Office of the New York State Attorney General Investor Protection Bureau Franchise Section 120 Broadway, 23rd Floor New York, NY 10271-0332 (212) 416-8236 Phone (212) 416-6042 Fax	Utah Department of Commerce 160 East 300 South SM Box 146704 Salt Lake City, UT 84114-6704
Hawaii Business Registration Div. Dept. of Commerce & Consumer Affairs 335 Merchant Street, Room 205 Honolulu, HI 96813 (808) 586-2722	Nebraska Department of Banking and Finance 1230 “O” Street Suite 400 P.O. Box 95006 Lincoln, NE 68509-5009	Virginia State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, Richmond, VA 23219 (804) 371-9051
Illinois Chief, Franchise Division Office of Attorney General 500 South Second Street Springfield, IL 62707 (217) 782-4465	North Dakota Securities Department 600 East Boulevard Avenue 5th Floor, Dept 414 Bismarck, ND 58505-0510 (701) 328-4712	Washington Department of Financial Institutions Securities Division 150 Israel Road, SW Tumwater, Washington 98501 (206) 753-6928
Indiana Deputy Commissioner, Franchise Division Indiana Securities Commission Secretary of State 302 W. Washington St, Room E-111 Indianapolis, IN 46204 (317) 232-6681	Oregon Department of Insurance & Finance Corporate Securities Section Labor and Industries Building Salem, OR 97310 (503) 378-4387	Wisconsin Securities and Franchise Registration Wisconsin Securities Commission 201 W. Washington Avenue, 4th Floor Madison, WI 53703 (608) 266-8559
Maryland Office of the Attorney General, Securities Division, 200 St. Paul Place, Baltimore, MD 21202-2020 (410) 576-6360	Rhode Island Department of Business Regulation Securities Division Franchise Section 1511 Pontiac Avenue John O. Pastore Complex, Building 69-1 Cranston, RI 02920 (401) 462-9500	

EXHIBIT B TO FRANCHISE DISCLOSURE DOCUMENT

AGENTS FOR SERVICE OF PROCESS

We will designate the following state offices or officials as our agents for service of process:

CALIFORNIA Kevin Lilly 15404 Sutton Street Sherman Oaks, California 91403 Commissioner of Financial Protection and Innovation California Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013-2244 (213) 576-7500	**MARYLAND** Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360
CONNECTICUT Connecticut Department of Banking, Securities and Business Investment Division 260 Constitution Plaza Hartford, CT 06103	**MICHIGAN** Dept. of Commerce, Corp'ns & Securities Bur. 525 W. Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117
HAWAII Comm'r Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	**MINNESOTA** Commissioner of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (612) 296-4026
ILLINOIS Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	**NEW YORK** NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8222
INDIANA Indiana Secretary of State 302 West Washington Street Room E-111 Indianapolis, IN 46204 (317) 232-6681	**VIRGINIA** Clerk of the State Corporation Commission 1300 East Main Street Richmond, Virginia 23219 (804) 371-9733
NORTH DAKOTA North Dakota Securities Commissioner 600 Boulevard Avenue, State Capital Fifth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712	**WASHINGTON** Director of Depart. of Financial Institutions General Administration Building Securities Division – 3rd Floor 150 Israel Road, S. W. Tumwater, Washington 98501 (360) 902-8760
RHODE ISLAND Director of Depart. of Business Regulation 1511 Pontiac Avenue John O. Pastore Complex, Building 69-1 Cranston, RI 02920 (401) 462-9500	**WISCONSIN** Commissioner of Securities 201 West Washington Avenue Fourth Floor Madison, Wisconsin 53703 (608) 261-9555
SOUTH DAKOTA Division of Insurance Securities Regulation 124 S. Euclid Avenue, Suite 104 Pierre, SD 57501 (605) 773-3563	

EXHIBIT C TO FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

BUNDA FRANCHISING GROUP LLC

FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED SEPTEMBER 30, 2024, 2023 AND 2022

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DNJ & ASSOCIATES
Certified Public Accountants
601 Las Tunas Drive, #108,
Arcadia, CA 91007
310-989-8507
www.dnjassociates.com

Independent Auditor's Report

To the Members
Bunda Franchising Group LLC
Sherman Oaks, California

Opinion

We have audited the accompanying financial statements of Bunda Franchising Group LLC, (the "Company") (a Delaware limited liability company), which comprise the balance sheets as of September 30, 2024, 2023, and 2022, and the related statements of operations and members' equity, and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of September 30, 2024, 2023 and 2022, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of 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 the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Arcadia, California
March 10, 2025

BUNDA FRANCHISING GROUP LLC
BALANCE SHEETS
SEPTEMBER 30, 2024, 2023, AND 2022

ASSETS

	2024	2023	2022
Current assets			
Cash and cash equivalents	$ 1,010,879	$ 446,095	$ 99,200
Accounts receivable	201,166	-	-
Royalty receivables	22,265	-	-
Deferred commissions, current portion	1,288	-	-
Due from related party	95,839	-	-
Total current assets	1,331,437	446,095	99,200
Deferred commissions, net of current portion	22,086	18,750	-
Total assets	$ 1,353,523	$ 464,845	$ 99,200

LIABILITIES AND MEMBERS' EQUITY

Current liabilities:			
Accounts payable and accrued expenses	$ 314,851	$ 3,668	$ -
Sales tax payable	12,368	-	-
Due to affiliate	-	68,603	-
Deferred franchise fees, current portion	23,042	-	-
Total current liabilities	350,261	72,271	-
Deferred franchise fees, net of current portion	361,083	340,000	-
Total liabilities	711,344	412,271	-
Members' equity			
Members' equity	642,179	52,574	99,200
Total members' equity	642,179	52,574	99,200
Total liabilities and members' equity	$ 1,353,523	$ 464,845	$ 99,200

The accompanying notes are an integral part of these financial statements

BUNDA FRANCHISING GROUP LLC
STATEMENTS OF OPERATIONS AND CHANGES IN MEMBERS' EQUITY
FOR THE YEARS ENDED SEPTEMBER 30, 2024, 2023 AND 2022

	2024	2023	2022
Revenue:			
Franchise fees	$ 5,875	$ -	$ -
Royalty fees	78,743	-	-
Advertising fees	27,901	-	-
Technology fees	11,497	-	-
Training fees	17,802	-	-
Service fees	572,065	-	-
Total revenue	713,883	-	-
Operating expenses:			
Selling, General and administrative	123,478	45,826	-
Total operating expenses	123,478	45,826	-
Income (loss) before income tax provision	590,405	(45,826)	-
Provision for Income tax expenses	800	800	800
Net income (loss)	589,605	(46,626)	(800)
Members' equity, beginning of year	52,574	99,200	100,000
Members' equity, end of year	$ 642,179	$ 52,574	$ 99,200

The accompanying notes are an integral part of these financial statements

BUNDA FRANCHISING GROUP LLC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2024, 2023 AND 2022

	2024	2023	2022
Cash Flows from Operating Activities			
Net income (loss)	$ 589,605	$ (46,626)	(800)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
(Increase) decrease in operating assets:			
Accounts receivable	(201,166)	-	-
Royalty receivables	(22,265)	-	-
Deferred commissions	(4,624)	(18,750)	-
Due from related party	(164,442)	-	-
Increase (decrease) in operating liabilities:			
Accounts payable and accrued expenses	323,551	3,668	-
Due to affiliate	-	68,603	-
Deferred franchise fees	44,125	340,000	-
Net cash provided by (used in) operating activities	564,784	346,895	(800)
Net increase (decrease) in cash and cash equivalents	564,784	346,895	(800)
Cash and cash equivalents, beginning of year	446,095	99,200	100,000
Cash and cash equivalents, end of year	$ 1,010,879	$ 446,095	$ 99,200
Supplemental Disclosure of Cash Flow Information:			
Cash paid during the year for:			
Interest	$ -	$ -	-
Income taxes	$ 800	$ 800	$ 800

The accompanying notes are an integral part of these financial statements

1. Nature of Operations

Bunda Franchising Group LLC, (the "Company"), a Delaware limited liability company, was formed on March 17, 2021 ("Inception") for the purpose of offering to sell Bunda franchises. The Bunda functional strength program concept is guided by the mission to provide a program that utilizes the glutes to stabilize the lower back and knee joints, strengthening them lowers the risk of injury. The Bunda program has been supported by years of research. The workout classes are programmed by master level trainers.

2. Summary of Significant Accounting Policies

Fiscal year

The Company's fiscal year is September 30.

Basis of accounting and financial statement presentation

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements as well as related disclosures. On an ongoing basis, the Company evaluates its estimates and assumptions based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents.

Concentrations

The Company holds cash and cash equivalents at times may exceed federal insurance limits; however, the Company believes this credit risk is mitigated by the stability of the financial institution.

Accounts Receivable and Allowance for Credit Losses

The balance in accounts receivable consists of royalties and other fees due from franchisees, and less allowance for doubtful accounts.

In June 2016, the Financial Accounting Standards Board ("FASB") issued guidance FASB Accounting Standards Codification ("ASC") 326 which changed how entities measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses.

2. Summary of Significant Accounting Policies (Continued)

Accounts Receivable and Allowance for Credit Losses (Continued)

Financial assets held by the Company that are subject to the guidance in FASB ASC 326 are trade accounts receivable. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only.

The Company's allowance for expected credit losses is Management's best estimate of the amount of probable credit losses in its existing accounts receivable. The Company reviews its allowance for expected credit losses periodically. Management determines an allowance based on historical experience and then analyzes individual past due balances for collectibility based on current conditions and reasonable and supportable forecasts. In addition, if management believes it is probable that the receivable will not be recovered, it is charged off against the allowance. For the years ended September 30, 2024, 2023, and 2022, management believes all amounts will be collected, thus no allowance for credit losses for accounts receivable is considered necessary.

Revenue Recognition

Accounting Standards Update ('ASU") 2014-09 requires entities to assess the products or services promised in contracts with customers at contract inception to determine the appropriate amount at which to record revenue which is referred to as a performance obligation. Revenue is recognized when control of the promised products or services is transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for the products or services.

Revenue from contracts with customers is recognized using the following five steps:

- Identify the contract(s) with a customer;
- Identity the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognize revenue when (or as) the Company satisfies a performance obligation.

In accordance with ASU 2014-09, franchise fees are recognized as deferred revenue at the time a franchise agreement is executed or when a location commences operations. The deferred revenue is then recognized as revenue pro-rata over the term of the agreement. For area development agreements, the development fees are recognized as deferred revenue at the time an area development agreement is executed. The deferred revenue is recognized pro-rata over the term of the agreement or when the required number of franchises in the area development agreement are satisfied, whichever occurs earlier.

Deferred commissions for sales of franchises are recorded at the time of sale and recognized as commission expense over the term of the franchise agreement.

Advertising

The Company expenses advertising costs as incurred. Advertising expenses are included in selling, general and administrative expense for the years ended September 30, 2024, 2023, and 2022 amounted to approximately $20,000, $0, and $0, respectively.

2. Summary of Significant Accounting Policies (Continued)

Income Taxes

The Company is a limited liability company ("LLC") and reports income for federal and state income tax purposes as a partnership under the Internal Revenue Code. Pursuant to the LLC status, the income or loss of the LLC is included in the income tax returns of its member.

Consequently, no provision for federal income taxes is recorded in the accompanying financial statements. However, under the Delaware law, the LLC is subject to a flat fee. The Company is also subject to a minimum California state tax and franchise fee based on gross receipt, which has been provided for in the accompanying financial statements.

As of September 30, 2024, 2023 and 2022, the Company's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

3. Contingencies

From time to time, the Company is party to legal actions arising out of the ordinary course of business. The Company does not believe that these legal actions will have a material adverse effect on the Company's financial position, results of operations and cash flows.

4. Franchising

The Company executes franchise agreements as described in the Company's Franchise Disclosure Document ("FDD") that sets the terms of its arrangement with each franchisee as follows:

Franchise Agreements

The franchise agreements require the franchisees to pay a non-refundable franchise fee of $50,000 for the right to open a single Bunda studio at a location. The franchise agreement grants the franchisee an agreed-upon, non-exclusive, site selection area within which the location will be established. The term of the Franchise begins on the Effective Date and expires ten years from such date, unless sooner terminated. Franchise Agreements may be renewed for one additional ten-year term if the franchisee meets certain specified conditions and pays a renewal fee equal to 25% of the then current initial franchise fee. The franchise agreements are cancellable for cause, as defined in the agreement, by either party. The Company also grants qualified parties the right to open multiple locations under area development agreements.

As of the date of these financial statements, there are 8 franchise agreements, and 1 area development agreement executed or initial franchise fees earned. 5, 0, and 0 locations were opened as of September 30, 2024, 2023, and 2022, respectively.

The Company plans to recognize revenue and the associated direct costs relative to the franchise agreements as each of the locations under the agreements is opened. The Company is not required to contribute capital as part of these agreements.

4. Franchising (Continued)

Franchise Agreement Terms and Continuing Fees

Upon executing a franchise agreement (herein after referred to as the "Agreement"), the Company agrees to provide certain services to the franchisee, including assistance with training, store opening, pre-opening consultation advice, maintenance of a central website, and other ongoing assistance.

Continuing fees for each franchised location are comprised of monthly royalty fees based on 6% of each studio's gross revenue during each month, a software fee that comprises of an initial set-up fee of $750 to $1,250 and currently $309 monthly fee for the purchase (or license) and use of all software and related equipment and hardware, and initial training fees totaling $10,000.

The Company also receives promotional fund fees from its franchisees. Franchisees pay a monthly Promotional Fee equal to two percent (2%) of gross revenue once the studio commences operation and continues for the term of the Franchise Agreement to a Promotional Fund ("Fund"). These activities conducted by the Fund may include conducting market research, preparing advertising promotion and marketing materials, creating media campaigns, creating and participating in publicity and media events, attending industry conferences and meetings and collecting and accounting for payments to the Fund. The Company may spend, on behalf of the Fund, in any fiscal year, an amount that is greater or less than the aggregate contribution of all Bünda businesses to the Fund in that year, the Fund may borrow from the Company or others to cover deficits, and the Fund may invest any surplus for future use. All interest earned on monies contributed to the Fund will be used to pay advertising costs before other assets of the Fund are spent. The Company will prepare an annual, unaudited statement of monies collected and costs incurred by the Fund and furnish the statement to the franchisees. The Fund may be separately incorporated and operated through a separate entity at Company's discretion.

5. Related Party Transactions

Due from/to related parties

Affiliates frequently advance funds and pay expenses on behalf of one another for payment of general and administrative expenses.

Amount due from related party consisted of the following:

	2024	2023	2022
Bunda Inc.	$ 95,829	$ -	$ -

Amount due to affiliate consisted of the following:

	2024	2023	2022
Franchisee	$ -	$ 68,603	$ -

The due from/to affiliates are unsecured, bear no interest, and are due on demand.

6. Subsequent Events

The Company has evaluated subsequent events through March 10, 2025, the date these financial statements were issued. The Company determined there were no events that required disclosure or recognition in these financial statements.

EXHIBIT D TO FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

BÜNDA FRANCHISE AGREEMENT

Name of Franchisee: _____

Date: _____

BÜNDA FRANCHISE AGREEMENT

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ADDENDUM AND ATTACHMENTS

No.	Addendum And Attachment Name
Addendum 1:	State Specific Addendum to Franchise Agreement
Attachment 1-A	Location; Protected Area; and Opening Date
Attachment 1-B:	Map of the Protected Area
Attachment 2:	Owner's Statement
Attachment 3:	Owner's Guaranty; and Consent of Spouse
Attachment 4:	Nondisclosure and Non-Competition Agreement
Attachment 5:	Lease Addendum
Attachment 6:	Agreement for Credit Card or Debit Card Payment Authorization
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Attachment 8:	Washington Law
Attachment 9:	Employee Acknowledgement
Attachment 10:	Purchase Receipt (California Only)

BÜNDA FRANCHISE AGREEMENT

This Bünda Franchise Agreement (the "Agreement") is executed between Bünda Franchising Group LLC ("we" or "us"), a Delaware limited liability company, with its at principal office 15404 Sutton St., Sherman Oaks California 91403 and _____ ("you"), a _____, residing or headquartered at _____ [insert address, including State], on this __ day of _____ 20__ (the "Effective Date"), with reference to the following facts:

RECITALS

A. Katherine (Katie) Lilly, has developed and owns valuable and proprietary business formats, operating methodologies, trade secrets, copyrights, systems and equipment, including the patented proprietary Bünda Workout Station (the "Station(s)"), for low impact, high intensity resistance training and the Stairmaster for low impact cardio training, as well as dumbbell workouts and other equipment routines (the "Services"). The Franchise also includes the supplemental retail sales of exercise apparel, accessories and related items to the public (the "Products"). You will operate the Franchise using the word "Bünda" and the stylized letter "B" and any other trade names, service marks, trademarks, logos, and other symbols we designate (or may later designate) in writing for use in the operation of the Franchise (defined below as "Marks") offering the Services and Products and utilizing the our know-how and information; methods for class instruction; the Stations; the distinctive and identifiable trade dress; a communication strategy that complies with the prescribed standards; strategic placement of the location of a Franchise; description of fittings, decoration and equipment, including the Station and our proprietary dumbbell rack; distinctive exterior and interior design, decor, color scheme, and furnishings; uniform standards, specifications, policies and procedures for operations; management techniques; specialized equipment; quality and uniformity of the Services offered by the Franchise; procedures for management and financial control; training and assistance; and advertising, marketing and promotional programs (collectively, the "System"). Ms. Lilly has licensed us to use the System and Marks to develop the Bünda franchise network.

B. We grant franchises to qualified franchisees to operate one or more Bünda branded franchise studios pursuant to the Marks and System within defined territories (defined below as "Franchise(s)").

C. You desire to acquire from us, and we desire to grant you, a franchise to operate a Bünda fitness studio pursuant to the terms and conditions set forth in this Agreement.

D. As used in this Agreement, all words and phrases that are capitalized shall have the meanings as defined in the Glossary of Defined Terms and Phrases Used In This Agreement, set forth in Section 24 of this Agreement (except for words or phrases otherwise defined in this Agreement).

E. You understand 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.

Therefore, in consideration of the foregoing recitals, of the mutual promises and other terms and conditions set forth in this Agreement and of other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. FRANCHISED RIGHTS

A. **Grant**. We grant to you, and you accept from us, the right, license and obligation to operate one Bünda brand fitness facility ("Studio" or "Franchise") at an approved Location under the Marks and System for the term of this Agreement under the terms and conditions set forth herein. (If the Location has not been determined as of the Effective Date, it will be determined in accordance with Sections 3.A and 3.B and listed on an Amended and Restated Attachment 1-A.)

B. **Protected Area**.

(1) (a) Your Location will be within a Protected Area described in Attachments 1-A and 1-B attached to this Agreement. If following the date this Agreement is executed, the population of your Protected Area grows by more than 50%, we have the right to reduce the size of your Protected Area to a geographic area that contains a population that is not less than the original population of your Protected Area as of the execution date of this Agreement. We will consult with you prior to any change in your Protected Area.

(b) Except as otherwise stated in this Agreement, we will not authorize any other traditional Bünda studio to locate or relocate a studio using the Marks or System to a site within your Protected Area.

(2) Your Protected Area excludes all studios that are located in self-contained facility (such as a shopping mall, hospital, military base, state or national park, stadium, airport, public transportation facility, toll booth plaza, corporate facility, medical center, spa, health club, YMCA, hotel, amusement park, fair ground, school or university campus or sports arena) as well as special events like street fairs, parades, sporting events and similar occasions, located within the Protected Area borders. We or our affiliate may operate at any Reserved Venue on a temporary, seasonal or permanent basis.

C. **Reservation of Rights**. We reserve all rights not expressly granted to you in this Agreement. Without limitation and without regard to proximity to the Studio, We reserve the right, on such terms and conditions as we deem appropriate, ourselves or through authorized third parties, to:

(1) Establish and operate, and grant to other franchisees or licensees the right to establish and operate, Bünda studios or any other business using the Marks, the System or any variation of the Marks and the System, in any location outside the Protected Area, on such terms and conditions as we deem appropriate;

(2) Develop or become associated with other concepts (including, without limitation, dual branding programs and/or other franchise or chain programs), whether or not using the System and/or the Marks, and/or award franchises under such other concepts for locations anywhere; provided that if any such new franchise opportunity involves a license to use the Marks at a location inside the Protected Area for the distribution of competitive, fitness-related products or services (the "Other Business Model") and you are in compliance with this Agreement, we will provide you with a right of first refusal for such new physical units or outlets located within your Protected Area, in accordance with Section 1.C.(6) below;

(3) Acquire, be acquired by, merge or affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere, including within your Protected Area. Such transactions may include, without limitation, arrangements involving competing outlets and brand conversions (to or from the Bünda Marks and System). If we consummate any of the above-described transactions, you may either elect to participate at your expense in any such conversion as may be required by us or you may request a mutual termination of this Agreement in a form we approve, under which you would sign a release in our favor; satisfy all of your current financial and operational obligations under this Agreement through the termination date and all of your post-termination obligations under this Agreement (except you would be excused from only the post-termination, non-competition covenants); and confirm that you have no rights to receive any payment or compensation in connection with the termination of this Agreement.

(4) Manufacture, distribute, market, ship, sell and provide products and services identified by the Marks or other trademarks, service marks, commercial symbols or emblems to customers located in the Protected Area through any distribution channel or method, including catalogs, mail order, Internet (or any other existing or future form of electronic commerce), kiosks or other retail distribution channel, irrespective however, that such sales will not be made from a Bünda studio located in the Protected Area; in our discretion, establish one or more revenue sharing programs with participating franchisees in good standing for merchandise purchases from franchisees' respective members and customers, based on sales leads generated from franchisees, respectively;

(5) Engage in any other activity, action or undertaking that we are not expressly prohibited from taking under this Agreement;

(6) A right of first refusal regarding an Other Business Model (as described in Subsection 1.C(2) above) will be processed as follows: So long as you are in compliance with the terms of this Agreement, the Operations Manual, and meet our then current standards for new franchisees, we will provide you written notice of an Other Business Model expected to be physically located in your Protected Area. You will have 60 days in which to advise us in writing that you wish to participate in the Other Business Model. If you do not notify us within such period, then we may pursue such Other Business Model and/or grant any other person/entity the right to participate in such Other Business Model without any liability to you. If you timely notify us in writing that you do wish to participate in the Other Business Model, then we may subject your participation upon your compliance with such terms and conditions as we consider appropriate to the particular Other Business Model, in our reasonable business judgment. Such

conditions may include, without limitation, your execution of such agreements and related documents as are then generally used by us in connection with the award of the applicable Other Business Model; payment of all initial fees and any other applicable fees; meeting any eligibility requirements as are then generally applied by us to candidates for the applicable Other Business Model; completing any additional training requirements; meeting any additional capital requirements; and the execution by you (and your Operating Principal or your Studio Manager) of a general release, in a form prescribed by us, of any and all claims against us or our affiliates, and our and their respective owners, officers, directors, employees agents, successors and assigns. If you do not meet the conditions applicable to the award of the Other Business Model and/or any opening requirements that may be included in any Other Business Model agreements, then we may pursue such Other Business Model and/or grant any other person/entity the right to participate in it, without any liability or obligation to you.

D. **Relocation**. You may relocate your Studio only with our prior written consent, which we will grant only if the following conditions are fulfilled:

(1) You and your Related Parties are in Good Standing under this Agreement, all other agreements between us or other affiliates and you and/or any of your Related Parties, and the Manual;

(2) You agree to locate, plan, construct, equip and furnish your new Studio so that the premises meet our then current standards of appearance and function and location criteria applicable to the premises of a new studio at the time you relocate, and

(3) We have given our prior written approval of the new site and the provisions of the lease for the new premises;

(4) The new location is not located in the protected area of another Bünda franchisee or otherwise in too close proximity to another studio, as we determine in our sole discretion.

(5) You reimburse us for our costs and expenses included in connection with any relocation request; and

(6) aside from cases of force majeure, the new Studio location must be open and operating prior to the closure of your current Location.

E. **Term**. The initial term of the Franchise (the "Initial Term") begins on the Effective Date and expires ten years from such date, unless sooner terminated. If you and we agree to the terms of a Renewal Franchise pursuant to Section 2, then the "Term" will include the Initial Term and the term of any Renewal Franchise.

F. **Your Representations**. You represent and warrant that:

(1) You have read this Agreement and our Franchise Disclosure Document;

(2) You agree that the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain our high standards of quality and service and the

uniformity of those standards at each Bünda studio and to protect and preserve the goodwill of the Marks;

(3) You have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that the nature of the business conducted by a Bünda studio may evolve and change over time;

(4) An investment in a Bünda studio involves business risks;

(5) Your personal business abilities and efforts are vital to the success of the venture;

(6) Any information you acquire from other Bünda franchisees relating to their sales, profits or cash flows does not constitute information obtained from us, and we do not make any representation as to the accuracy of any such information;

(7) In all of their dealings with you, our officers, directors, managers, employees and agents act only in a representative, and not in an individual, capacity. All business dealings between you and such persons as a result of this Agreement are solely between you and us; and

(8) We have advised you to have this Agreement reviewed and explained to you by an attorney.

G. **Additional Representations and Warranties**. You represent to us, as an inducement to our entry into this Agreement, that all statements you have made and all materials you have submitted to us in connection with your purchase of the Franchise are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the Franchise. We have agreed to grant you a Franchise in reliance on all of your representations.

H. **No Warranties By Us**. We expressly disclaim the making of, and you acknowledge that you have not received or relied upon, any warranty or guaranty, express or implied, as to the revenues, sales, profits or success of the business venture contemplated by this Agreement or the extent to which we will continue to develop and expand the Franchise Network. You acknowledge and understand the following:

(1) Any statement regarding the potential or probable revenues, sales or profits of the business venture is made solely in the Franchise Disclosure Document delivered to you prior to signing this Agreement;

(2) Any statement regarding the potential or probable revenues, sales or profits of the business venture or statistical information regarding any existing Bünda studio owned by us or our affiliates or that is not contained in our Franchise Disclosure Document is unauthorized, unwarranted and unreliable; should not be used in your decision to acquire a franchise; and should be reported to us immediately; and

(3) You have not received or relied on any representations about us or our franchising program or policies made by us, or our officers, directors, managers, employees or agents, that are contrary to the statements made in our Franchise Disclosure Document or to the terms of this

Agreement. If there are any exceptions to any of the foregoing, you must: (a) immediately notify our chief executive officer; and (b) note such exceptions by attaching a statement of exceptions to this Agreement prior to signing it.

I. **Business Entity**. If you are a Business Entity at the time you sign this Agreement or any time thereafter, you agree and represent that:

(1) You agree that we have the right to approve in writing the form of the Business Entity and all of the organizational documents and agreements that relate to the Business Entity, including, without limitation, all articles of incorporation; articles of organization; bylaws; partnership agreements; joint venture agreements; operating agreements; management agreements; shareholder agreements; stock or membership or other ownership purchase, subscription or option agreements; buy-sell agreements; proxy agreements; and other agreements pertaining to the ownership, control or management of the Business Entity, as well as all amendments or addenda hereto or modifications thereof.

(2) You agree to provide us with complete copies of all of the foregoing agreements and documents before you sign any of them for our written approval, none of which agreements or documents will be binding on us unless and until we provide our approval in writing.

(3) You have the authority to execute, deliver and perform your obligations under this Agreement, and you are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation.

(4) Your organizational or governing documents will recite that the issuance and transfer of any direct or indirect ownership interests in you (including, without limitation, any transfers of any ownership interest in any parent company or other legal entity that has an ownership interest in you) are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests in you will bear a legend referring to the restrictions of this Agreement.

(5) Concurrent with the execution of this Agreement and prior to any changes in any of the direct or indirect ownership interests in you, you and all of your owners will complete and sign an "Owner's Statement" in a form we approve (The current form of which is attached to this Agreement as Attachment 2). The Owner's Statement will completely and accurately describe all of your Owners and their interests in you.

(6) You and your Owners agree to revise the Owner's Statement as may be necessary to reflect any ownership changes and to furnish such other information about your organization or formation as we may request. You acknowledge and agree that no direct or indirect ownership changes may be made without our prior, written approval.

(7) Each of your Owners owning, directly or indirectly, at any time during the Term of this Agreement, 25% or more of the legal or beneficial interests in the Business Entity, including general partners, limited partners, shareholders and members, companies in which you have a controlling interest, companies in which any person or company owning an interest in you also has

a controlling interest along with their respective spouses ("Related Parties") must sign and deliver to us our standard form of Owner's Guaranty, undertaking to be bound, jointly and severally, by all provisions of this Agreement and any other agreements between you and us. At our option, we may require the spouses of such Owners to also sign the Owner's Guaranty. A copy of our current form of Owner's Guaranty is attached to this Agreement as Attachment 3. All Owners will be required to sign a Nondisclosure and Noncompetition Agreement in substantially the form attached hereto as Attachment 4; and

(8) You must designate an "Operating Principal". Your Operating Principal must be the individual that signs this Agreement or an owner of equity interest of the entity that signs this Agreement. Your Operating Principal must have authority to make all decisions on behalf of the Franchise and have responsibility in directing any action necessary to ensure your compliance with this Agreement. You must obtain our approval of your Operating Principal. You must also designate at least one (1) full-time Studio Manager to run the day-to-day operations of the Studio (the "Studio Manager"). Your Operating Principal and Studio Manager cannot be the same person. Any decision made by the Operating Principal will be final and binding upon Franchisee, and we will be entitled to rely solely upon the decision of the Operating Principal in any such dealings without the necessity of any discussions with any other party named in this Agreement. We will not be held liable for any actions taken by you or otherwise, based upon any decision or actions of the Operating Principal. Your Operating Principal and Studio Manager must also complete our initial training program to our satisfaction. We must approve all Operating Principals and Studio Managers.

2. GRANT OF RENEWAL FRANCHISE

A. **Your Right to Acquire A Renewal Franchise**. If we are still offering and selling Bünda studios and operating the System at the expiration of your initial term in the United States and the state in which you are operating your Studio, then we will renew your right to the Franchise and the Intellectual Property in order to continue to operate a Studio, upon the expiration of the Term, provided you have met the following conditions and satisfied each of the requirements set forth below:

(1) You are then in full compliance with this Agreement and all other agreements between you and us throughout the Term;

(2) You and any other personnel we require, including your Operating Principal, Studio Manager and your Lead Trainer for your Studio satisfactorily complete, at your expense, such new and refresher training programs, as we may reasonably require;

(3) You agree to our redefinition of the Protected Area (which may be smaller than your current Protected Area based on changes in population density and other demographic factors, as reflected in our then current criteria for granting protected areas), which will apply during the term of the Renewal Franchise;

(4) You have completed and sent us the forms and other information we then require and demonstrate to our satisfaction that you meet our then-current financial and operational criteria for new Bünda studio franchisees; and

(5) You either (a) maintain possession of, and agree to remodel, the Studio, add or replace improvements, equipment, fixtures, furnishings and signs, and otherwise modify, renovate, modernize the Studio as we require to bring it into compliance with specifications and standards then applicable for new Bünda studios at your sole expense (notwithstanding the limitations concerning Capital Modifications set forth in Section 6.B); or (b) if you are unable to maintain possession of the Location, or if, in our reasonable judgment based on changed market and economic conditions then in effect in your local market, the Studio should be relocated, you: (i) secure a substitute Location we approve; (ii) develop the substitute Location in compliance with specifications and standards then applicable for new studios; and (iii) continue to operate the Studio at the original Location as is reasonable until operations are transferred to the substitute Location, then, subject to the terms and conditions set forth in Sections 2.B and 2.C below, you will have the right to acquire a Renewal Franchise to operate the Studio at the Location or such substitute Location for one additional, consecutive term of ten years. Notwithstanding our right in Subsection 2.A.(5) above to require you to relocate the Studio, we will not require you to relocate the Studio in connection with your acquisition of a Renewal Franchise until the then-current term of the lease or sublease for your Studio expires (in the case where this Agreement expires before your then-current lease term expires). However, you must comply with your obligations in Subsection 2.A.(5) above and, if appropriate, commence preparation to relocate the Studio to a new location before the then-current term of your lease or sublease expires in order to minimize as reasonably as practicable the time period during which you do not have the Studio open for business.

B. **Grant of a Renewal Franchise**. You must give us written notice of your election to acquire a Renewal Franchise at least six months prior to the expiration of the Term. We may require you to provide certain financial information relating to you, your Operating Principal or your Studio Manager and the Studio's operation along with your notice. If you fail to give us your notice by the required deadline, we will interpret that to be your election not to acquire a Renewal Franchise, and we will take action in reliance on that election. Within 90 days after our receipt of your notice, we will give you written notice: (1) of our determination whether or not we will grant you a Renewal Franchise (and, if applicable, stating the reasons for a refusal to grant you a Renewal Franchise); (2) advising you of any deficiencies that must be corrected by you before we will grant you a Renewal Franchise, stating what actions you must take to correct the deficiencies and specifying the time period in which such deficiencies must be corrected; and/or (3) advising you of any changes that we propose to make to the Protected Area during the term of the Renewal Franchise, as set forth in Section 2.C below.

C. **Agreements; Releases; Renewal Fee**. To obtain a Renewal Franchise, you and your Owners must execute and return to us the form of Franchise Agreement and ancillary agreements, including, without limitation, any Owner Guaranty and Nondisclosure and Noncompetition Agreement, which shall be in a form substantially similar to those forms that we then currently require new franchisees to execute, which may differ materially from this

Agreement (including, without limitation, Protected Area definition, territorial rights and fees, and such franchise agreement, "Renewal Franchise Agreement"); provided, however, in lieu of an initial franchise fee, you will pay a renewal fee equal to 25% of the initial franchise fee that we are then charging franchisees who acquire a new Bünda franchise, and you will have no further renewal or extension rights. As a further condition to the grant of a Renewal Franchise, you and your Owners must also execute and deliver to us, to the extent permitted by applicable law, general releases, in a form prescribed by us, of any and all claims against us and our affiliates, and our and their respective owners, officers, directors, members, managers, employees, agents, successors and assigns. Failure by you and your Owners to sign and deliver to us such agreements and releases within 30 days after delivery thereof to you will be deemed an election by you not to obtain a Renewal Franchise.

D. **Subsequent Renewal Franchises**. The fees and other conditions for any later granting of subsequent Renewal Franchises will be governed by the Renewal Franchise Agreement (as described above).

3. YOUR OBLIGATIONS TO DEVELOP THE STUDIO

You have the following Development Obligations:

A. **Location Selection; Deadline for Obtaining Location Approval**. If you have not yet located a Location as of the Effective Date, then promptly after the Effective Date, you must deliver to us for our review and approval a complete Location approval report and other materials and information we request for a suitable Location within the Protected Area. Your proposed Location, which must meet our then-current Location selection criteria for Bünda studios, must be available for lease or purchase in time for you to develop and open the Studio at that Location on or before the Mandatory Opening Date. You will have the exclusive right to locate a Location for a Bünda Studio within the designated Protected Area.

Subject to your obligation to develop and open the Studio on or before the Mandatory Opening Date, you must obtain our written approval of a proposed Location within four months after the Effective Date. We will not unreasonably withhold our approval of a Location that meets our criteria for demographic characteristics; traffic patterns; parking; character of neighborhood; competition from, proximity to, and nature of other businesses; other commercial characteristics; and the proposed Location's size, appearance, and other physical characteristics. In determining whether to approve or disapprove a proposed Location, we also may consider the Location's proximity to both boundaries of the Protected Area as outlined on Attachment 1-A and Attachment 1-B and to other existing or proposed Bünda studios located outside the Protected Area boundaries.

We will use our reasonable efforts to review and approve, or disapprove, a Location you propose within 15 days after receiving the complete Location approval report and other materials we request. If we do not accept the proposed Location within such 15-day period, the proposed Location is deemed rejected. We will furnish to you general Location selection guidelines, as we consider necessary and appropriate as part of our evaluation of your request for acceptance of the proposed Location. We will spend the time and effort and incur the expense reasonably required to consider any Locations you propose. If we determine that an Location evaluation by a

commercial real estate professional is necessary (on our own initiative or at your request), we will assist you in obtaining a professional Location evaluation, and you agree to pay for all such professional services and to reimburse us for all reasonable costs and expenses incurred by us in relation to each such evaluation, including, without limitation, the cost of travel, lodging and meals for our employees and agents. We will not provide a Location evaluation for any proposed Location prior to our receipt of all information and materials required by this Section.

You acknowledge that if we recommend or give you information regarding the Location, it is not a representation or warranty of any kind, express or implied, of the Location's suitability for a Bünda Studio. Our recommendation or approval indicates only that we believe the Location meets our then acceptable criteria. However, demographic and/or other factors included in or excluded from our criteria could change, altering the Location's potential. The uncertainty and instability of these criteria are beyond our control, and we are not responsible if the Location we recommend or approve fails to meet your expectations. You acknowledge and agree that your acceptance of the Franchise and selection of the Location is based on YOUR own independent investigation of, or agreement in the future to investigate, the Location's suitability for a Studio.

B. **Lease Approval**. You must present to us for our review and approval, which we will not unreasonably withhold, each Letter of Intent (the "LOI"), lease, sublease, or purchase agreement (and any renewals and amendments thereof) that will govern your acquisition, occupancy and/or lawful possession of the Location at least 30 days before you intend to sign it. If you intend to premarket memberships, the LOI, lease or sublease must include the approval by the landlord for you to have a kiosk or table placed outside the Studio prior to opening (or such other period as may be prescribed by us in the Manuals) for pre-sales activities, including gift card sales, or, in the alternative, the ability to rent space adjacent to or near the Location or place a trailer in the parking lot for the purpose of conducting such activities prior to opening the Studio. You acknowledge that any premarketing activities are strictly subject to your compliance with applicable laws regarding premarketing activities. In addition, the lease or sublease must either (i) include a lease addendum in substantially the same form as attached to this Agreement as Attachment 5; or (ii) provide in the body of the lease or sublease, as applicable, the terms and conditions found in our standard form of lease addendum. If you or your Related Party will purchase and own the premises for your Studio, you agree to sign an Agreement to Lease, in form acceptable to us, which requires you or your Related Party, at our option, to lease the Location to us upon any expiration, termination or transfer of this Agreement. You may not sign any LOI, lease, sublease or purchase agreement (or any renewal or amendment thereof) unless it contains the terms that we require in accordance with this Section and we have approved it in writing (including via e-mail). We may (but have no obligation to) provide you guidance or assistance relating to the LOI, lease, sublease or purchase agreement, as applicable, and its negotiation. If we have not approved the LOI, lease, sublease or purchase agreement in writing within ten Business Days after we receive a complete clean copy of the LOI, lease, sublease or purchase agreement from you (containing all negotiated terms and in signature-ready form), then it will be deemed disapproved. You cannot sign the lease, sublease or purchase agreement until you have received a written approval from us. You acknowledge that our guidance and assistance (if we choose to provide it) and approval of the LOI, lease/sublease (or renewal or amendment), or purchase agreement, as applicable, do not constitute a guarantee or warranty, express or implied, of the success or profitability of a Bünda Studio to be

operated at the Location or of the suitability of the terms of the LOI, lease, sublease or purchase agreement for your business purposes. You are solely responsible for your decision to select any site and execute any lease or purchase agreement for your Studio and for all lease related costs, including, without limitation, rent, common area charges, security deposits, brokerage commissions, consulting fees and all related charges.

Subject to your obligation to develop and open the Studio on or before the Mandatory Opening Date, you must sign and deliver to us a fully-executed copy of the approved lease, sublease or purchase agreement for the Location within four months from the Effective Date of this Agreement.

C. **Development of Studio**. (1) Notwithstanding any other deadline with respect to obtaining our approval of the Location or signing an approved lease or sublease, on or before the Mandatory Opening Date, you must (i) secure all financing you require to develop and operate the Studio; (ii) obtain all permits and licenses required to construct and operate the Studio; (iii) construct all required improvements to the Location and decorate the Studio in compliance with our approved plans, trade dress and specifications; (iv) purchase or lease and install all required equipment (including, without limitation, components of the Computer System), fixtures, furnishings, and signs for the Studio according to the requirements in Sections 6.F and 6.K; (v) purchase an opening inventory of required, authorized, and approved products, materials, and supplies; (vi) obtain a certificate of occupancy from the city/county/state, as required by your jurisdiction; and (vii) open your Studio in accordance with all other requirements of this Agreement.

(2) Unless we consent otherwise, you must purchase all equipment and fixtures, including installation services, furnishings, signs and start-up supplies from us or our approved supplier. All Branded Materials, including, without limitation, the Bünda Station, the Stairmaster, Bünda Dumbbell Racks, the Computer System and all other Computer and POS Systems and software and all security equipment must be purchased from us or our approved supplier. Subject to the other terms and conditions set forth in this Agreement, we will not unreasonably withhold our consent to an alternative supplier for Non-Branded Materials so long as the supplier and the products and services provided meet our standards and specifications and you reimburse us for all of our costs and expenses, including, without limitation, all of our personnel time to evaluate, inspect and monitor the installation or delivery of any alternative Non-Branded Materials.

(3) It is your responsibility to prepare all required construction plans and specifications for the Studio only in accordance with our approved plans and specifications, and to make sure that these plans and specifications comply with the ADA and similar rules governing public accommodations for persons with disabilities, other applicable ordinances, building codes, permit requirements, and lease requirements and restrictions. We do not require you to use architects and construction designated or approved by us. You must send us initial space plans for our approval during your Location approval and LOI process. Once we approve the initial space plans in writing (including via e-mail), you must provide us with complete space plans, architectural drawings, construction plans and specifications for review and receive our written approval of them (including via e-mail) before you begin construction of the Studio. You must also send us all revised plans and specifications, including any additions or substitutions, for our review and

written approval of them (including via e-mail) as we determine necessary or appropriate, in our sole discretion. You may not begin construction of your Studio without a written certification from us that the final plans and specifications have been approved. Upon completion of construction, you must provide us with "as built" plans for your Studio. We may inspect the Location while you are developing the Studio. Any review of your construction plans and specifications will be limited to ensuring your compliance with our design and other requirements for Bünda studios. We will not assess compliance with federal, state or local laws and regulations. Compliance with those laws is your sole responsibility. Any changes that you make to the space plans, architectural drawings, construction plans or specifications to comply with applicable laws must be provided to us for our prior review and written approval (including via e-mail).

D. **Presale of Memberships**. Before you commence to offer or sell memberships prior to the opening of your Studio, you must have obtained all necessary bonds and otherwise have complied, and will comply, with all applicable laws relating to your presale of memberships, and you must certify in writing with appropriate substantiating documents that you have complied with the foregoing requirements.

You are solely responsible for ensuring that your membership agreements and presale of memberships, if any, comply with all applicable legal requirements, including, without limitation, laws pertaining to bonding and escrow requirements. You will be liable to the applicable legal authorities if you fail to do so; and also, will be liable to us, and you must indemnify and defend us from any liability, loss or damage caused by your Studio's failure to comply with all legal requirements. Your failure to comply with such laws also constitutes a material default under this Agreement.

You will be responsible for selling a certain number of memberships prior to the opening of your Studio based on your Location. The minimum number of memberships you must sell prior to opening shall be set forth in the Manuals, but shall not be less than 350 presales ("Minimum Pre-Sale Requirement"). If you do not meet the Minimum Pre-Sale Requirement, then we may (1) delay your opening until you meet the Minimum Pre-Sale Requirement; (2) modify the size of your Protected Area described in Attachments 1-A and 1-B attached to this Agreement; and/or (3) designate your Protected Area as non-exclusive.

E. **Opening**. On or before the Mandatory Opening Date, you must open the Studio for business utilizing the System; provided, however, you may not open the Studio for business until:

(1) You have complied with all laws and all of our policies, as may be set forth in our System Standards, in the Manuals or otherwise in writing pertaining to the pre-opening sale of memberships and you must meet the Minimum Pre-Sale Requirement.

(2) We have inspected and approved in writing the Studio as having been developed in accordance with our specifications and standards. As an alternative, or in addition, to our physical inspection of the Studio, we may require you to send us videotapes and/or photographs of the Studio. You must notify us in writing within forty-eight (48) hours after the build out for your Studio is complete and ready for our inspection. You must notify us again at least 30 days' before

you intend to open to the public and obtain our prior written consent before commencing operations as outlined in the Manuals.

If we do not inspect the Studio within ten (10) Business Days after your delivery of notice that the Studio is ready for inspection, or if we do not deliver written comments to you within five (5) Business Days after our inspection, then the Studio is deemed approved for opening. Our inspection and approval are limited to ensuring your compliance with our standards and specifications, although our approval is not a representation that the Studio complies with our standards and specifications or a waiver of our right to enforce any provision of this Agreement. Our inspection and approval are not designed to assess compliance with federal, state or local laws or regulations, including the ADA, as compliance with such laws is your sole responsibility. We will not unreasonably withhold our approval of the Studio, provided you have complied in all material respects with all applicable provisions of this Agreement relating to the development of your Studio;

(3) Your personnel have completed the pre-opening training described in Section 4 to our satisfaction;

(4) You have satisfied all bonding, licensing, and other legal requirements for the operation of your Studio, including, without limitation, by ensuring that your planned membership offerings following the Studio's opening and your forms of membership agreement comply with applicable law, and you have delivered to us copies of all business registrations, permits and approvals for your Studio required by applicable laws in your jurisdiction;

(5) You have paid all amounts due to us and/or our affiliates;

(6) We have received certificates of coverage evidencing the insurance policies and amounts required by this Agreement and the Manuals; and

(7) Upon our request, you must sign and deliver to us a completed opening checklist/request for opening, in the form we specify, certifying to us that all of the requirements in Subsections (1) through (6) above have been satisfied.

If you fail to do so, or if you fail to send us a completed request for opening form or to obtain our written approval before you open the Studio, then, in addition to our other rights and remedies, you will not be authorized to open or begin operating the Studio. We will work with you to identify the Studio's Opening Date at least 15 days before the Opening Date.

F. **Grand Opening Program**. You agree to conduct a grand opening advertising and promotional program for the Studio, as approved by us in our reasonable discretion, for such purpose. You must submit a written grand opening plan and budget to us at least 90 days prior to opening your Studio. In planning your grand opening program, we and you will establish the actual budget, including amounts payable to us and to third party suppliers. The grand opening program must be conducted during the period that is 12 weeks before and 30 days following the opening of your Studio to the public (or such other period as may be prescribed by us in the Manuals). Such advertising and promotion will utilize the marketing and public relations

programs and media and advertising materials we may have developed or approved, including, without limitation, a variety of meetings with potential members and participation in local events to promote your Studio. If you elect to have any of our staff members assist you onsite in conducting your grand opening programs at your Studio, you must reimburse us for the travel, lodging, incidental costs and payroll costs associated with our staff member(s) assisting you onsite at your Studio. Any support is subject to our personnel availability and scheduling and not guaranteed. Our current opening assistance fee is $300-$500 per support person per day ("Opening Assistance Fee"). You agree to pay the Opening Assistance Fee and any incidental and travel costs within 5 days of invoice.

G. **Branded Products**. Prior to opening your Studio and during the Term, you must purchase Branded Products and prominently display them and offer them for sale at your Studio and in the manner we designate from time to time. You agree to buy Branded Products (subject to Section 6.F) only from suppliers that we designate or approve (which may include or even be limited to us, our affiliates, or our or their licensees). You must reorder and stock such Branded Products as may be necessary to meet reasonably expected consumer demand at the Studio throughout the Term. Neither you nor we will have any obligation to the other on account of the temporary unavailability of any Branded Products, whether from us or authorized licensees.

4. TRAINING AND GUIDANCE

A. **Initial Training**.

(1) **Initial Virtual Management Training**. We will furnish, virtually, an Initial Virtual Management Training program on the operation of a Studio for your Operating Principal and your Studio Manager (the "Initial Virtual Management Training"). We do not charge an Initial Virtual Management Training fee. You are responsible for you and your personnel compensation (wages), travel, living and incidental expenses related to attending Initial Virtual Management Training.

(2) **Staff Training**. We will furnish, at your Studio, our corporate headquarters and/or a designated corporate training studio, in our sole discretion, an operational training program for your Operating Principal, Studio Manager, and any initial fitness trainers and staff hired prior to commencing operations (the "Staff Training"). We charge a Staff Trainer fee of $5,000. You are also responsible for our trainers' travel, living and incidental expenses if Staff Training is held at your Studio or the travel costs of your personnel if the Staff Training is held at another off-site location.

(3) **Initial Trainer Training**.

(a) We will furnish, at your Studio, our corporate headquarters and/or a designated corporate training studio, in our sole discretion, an initial trainer training program on the fitness training program for your Studio Manager, lead fitness trainer ("Lead Trainer") and any initial fitness trainers (up to six persons) hired prior to commencing operations of the Studio (the "Trainer Training"). We charge a Trainer Training fee of $5,000 for up to six (6) trainees. If we are required to hold additional Trainer Training session before opening for additional initial fitness

trainers, then we may charge up to an additional $5,000 for additional Trainer Training of up to six attendees. You are also responsible for our trainers' travel, living and incidental expenses if Trainer Training is held at your Studio or the travel costs of your personnel if the Trainer Training is held at another off-site location.

(b) All of your fitness trainers must complete Trainer Training before providing instructional training and related services. Your first 2 Trainer Trainings must be conducted by our personnel at a cost of $5,000 per Trainer Training as described in subsection (a) above. After we have provided 2 Trainer Trainings for your Studio, then we may allow your Lead Trainer or Studio Manager to conduct future Trainer Training for new fitness trainers hired at your Studio if your Lead Trainer or Studio Manager meets our then current minimum competency and experience requirements and other standards and criteria described in our Manual, which includes teaching a minimum number of fitness classes per week, additional minimum thresholds are reached according to our standards and criteria and as specified in our Manual, and up to the discretion of us. If the Lead Trainer or Studio Manager is not approved by us to conduct additional Trainer Training, then the tuition cost is $5,000 for the additional Trainer Training for up to 6 new attendees to be held at your Studio, plus our trainers' travel, living and incidental expenses.

(4) **Shadow Training.** In addition to the initial training described above, we may provide you the opportunity for your Operating Principal or your Studio Manager, (at our discretion and subject to availability) to work with, observe and "shadow" one or more of our (or affiliate) senior managers in their daily management routines at a Bünda studio we designate. We will schedule this training in our discretion for a period of approximately one week, typically immediately before or after your regularly scheduled initial training. We do not charge any fee for such optional training for up to four trainees. Shadow training for additional owners or managers or assistant managers may be available upon request and subject to personnel availability and our discretion at a fee of $1,500 per attendee. You are responsible for you and your personnel compensation (wages), travel, living and incidental expenses related to attending shadow training.

(5) **Conditions and Format of Training.** Before you sell any memberships (including, without limitation, through presale), advertise the Studio, or open the Studio to the public: (i) your Operating Principal and your Studio Manager must complete the Initial Virtual Management Training to our satisfaction, (ii) your Operating Principal, Studio Manager, and all initial fitness trainers and staff must satisfactorily complete initial Staff Training, and (iii) your Studio Manager, Lead Trainer, and all initial fitness trainers must satisfactorily complete initial Trainer Training.

We may provide portions of the Staff Training or Trainer Training via online "e-learning" modules that we develop from time to time. Your trainers must complete training to our satisfaction, teach the minimum amount of fitness training classes per week, and any additional minimum thresholds according to our standards and criteria, as specified in the Manual, before they can participate as a trainer at your Studio. Additional persons from your Studio may attend our training programs after the Studio opens for business on a space available basis, as scheduled by us and for which you will reimburse us on the same basis as provided above. You will be responsible for the compensation, travel, living and incidental expenses of you, your owners and your employees during any and all training.

B. **Lead Trainer**. You must immediately replace any Lead Trainer who does not satisfactorily complete the Trainer Training program, and all new trainers must satisfactorily complete Trainer Training before they begin their employment duties. These Trainer Training programs will be conducted by us at our designated training studios, your Studio, or at a location determined by us. You must pay our then-current fee for any additional training that we provide. We reserve the right to change our fees from time to time. In addition, at least once every year during the Term, you must send the Studio's Lead Trainer to complete our then-current Lead Trainer training program. We will charge up to $5,000 per Trainer Training session, and you must pay your Lead Trainer's wages, travel and living expenses or our trainers' travel and incidental expenses if we conduct Trainer Training at your facility.

C. **Employee Training**. You must implement a training program for all your employees using training standards and procedures we prescribe and staff the Studio at all times with a sufficient number of trained employees, including at least one sales manager who has satisfactorily completed our Initial Virtual Management Training program.

D. **Manuals and System Standards**. We will provide you access during the Term to our Manuals. The Manuals, bulletins and other written and electronic materials provided to you from time to time contain System Standards and information relating to your other obligations under this Agreement. The Manuals may be modified from time to time to reflect changes in System Standards, and we will communicate any required changes to you. If there ever is any conflict between the copy of the Manuals you possess and our master copy of the Manuals, our master copy controls. You agree to keep your copy of the Manuals current and in a secure location at the Studio. We are the sole owner of the copyright in and all other rights to the Manuals, and you may not reproduce or use them for any purpose other than in connection with your performance under this Agreement.

At our option, we may post the Manuals and certain other bulletins and other written materials containing System Standards on a special purpose Proprietary Internet Site to which you will have access. If we do so, you must periodically monitor such Proprietary Internet Site for any updates to the Manuals or System Standards. You must keep confidential any passwords and other digital identifications necessary to access the Manuals on such a Proprietary Internet Site.

E. **Supplemental Training and Conventions**. During the Term, we periodically may require your Operating Principal or your Studio Manager, or both and your Studio's most senior executives, including your Lead Trainer to attend and complete to our satisfaction any supplemental or refresher training programs on operating studios that we choose to provide. If you own at least one other Studio operating under the Marks, then you (or your Operating Principal or your Studio Manager) and most senior executives, including your Lead Trainer from one of your studios may attend such training programs on behalf of all of your Studios, although you will be responsible for training all of your managers and other employees at all of your Studios on the subjects taught at the supplemental or refresher training programs to ensure that all such Studios are operated in accordance with System Standards. We may charge fees for these programs up to an amount equal to $500-$800 per day, per trainer, and you will be responsible for your and your employees' or our trainers' wages, travel, living and incidental expenses, as applicable. We may require you (or your Operating Principal or your Studio Manager), most senior executives,

including your Lead Trainer to attend an annual Bünda convention (although none has currently been scheduled). You will be responsible for the registration fees and travel, living and incidental expenses for such convention, provided that the registration fee shall not exceed $2,000 per attendee during the Initial Term of this Agreement.

F. **Delegation**. We have the right, from time to time, to delegate the performance of any portion or all of our obligations under this Agreement to designees, whether they are our affiliates, agents or independent contractors with which we contract to provide such services.

5. FEES

In addition to fees and charges specified elsewhere in this Agreement, you agree to pay the following fees:

A. **Franchise Fee**. You must pay us an initial franchise fee in the amount of $50,000 (the "Initial Franchise Fee") in a lump sum upon execution of this Agreement. This Initial Franchise Fee is due, and fully earned by us, when you sign this Agreement. The Initial Franchise Fee is nonrefundable.

B. **Royalty Fee**. Beginning on the Effective Date and continuing throughout the remainder of the Term, you agree to pay us a royalty fee (the "Royalty") equal to 6% of your Studio's Gross Revenues during each month. The Royalty will be automatically debited from your account by us on the 5th day of each month for the immediately preceding month (or such other time and manner as we designate in the Manuals from time to time). You must submit a weekly report each Tuesday in a form we specify.

C. **Brand Fee**. Beginning on the Effective Date and continuing throughout the remainder of the Term, you agree to pay the Bünda Brand Fund a monthly Brand contribution (the "Brand Contribution") equal to 2% of your Studio's Gross Revenues during each month. The Brand Fee will be automatically debited from your account by us on the 5th day of each month for the immediately preceding month (or such other time and manner as we designate in the Manuals from time to time).

D. **Technology Fee and Software Expenses**. You are required to utilize the website, technology, email, information system and software we have or will create, develop and maintain for use by our franchisees and other technology we may require (the "Required Technology"). You must pay us our then-current monthly maintenance fee for the use of the Required Technology ("Technology Fee") which amount shall be remitted with the first Royalty Fee and Brand Fund Contribution for each month. We do not currently charge a Technology Fee but reserve the right to implement one at any time in the future. The Technology Fee is intended to defray our development, maintenance, and administrative costs and is not connected to any particular service or deliverable. The Technology Fee provides you with the Required Technology and the related ongoing support and maintenance we determine in our discretion, however, we reserve the right to increase the Technology Fee in the event we or our affiliates (i) develop and license to you additional software or other technology (including if we sublicense software our technology to you under a master agreement and pass through administrative costs or expenses to you); (ii) modify,

improve, replace or enhance proprietary software or technology already licensed to you (as applicable); (iii) furnish you with other technology or e-commerce related software, maintenance and support services, such as ordering systems, loyalty programs, customer portals, phone and email systems; or (iv) incur increased costs or expenses related to the Required Technology. The Technology Fee will not exceed $2,000 per month during the Initial Term.

The Technology Fee is in addition to software fees, costs or expenses you must pay directly to our approved suppliers and vendors. You must purchase (or license) and use all software and related equipment and hardware (as defined in "Computer System" in Section 6.K) in compliance with our System Standards. Currently, all software and related equipment and hardware are supplied solely by an approved, third-party supplier. We reserve the right in the future to distribute all mandatory software and all Computer System components through us or any of our affiliates, which shall be offered at prices and fees commensurate with pricing for other client-specific or brand-customized business systems offered by competitors.

E. **Annual Convention Fee**. If we decide in the future to hold annual conventions for our Franchise Network, we reserve the right to collect a reasonable annual convention fee to help defray the cost of holding conventions. Any annual convention fee will be uniform for Bünda franchisees and other attendees. We reserve the right to collect annual convention fees from all Bünda franchisees regardless of whether each such franchisee attends the convention, which annual convention fee shall be payable in the manner that Royalty Fees are paid.

F. **Training Fee**. You must pay us an initial Staff Training Fee in the amount of $5,000 and the Trainer Training Fee in the amount of $5,000, for a total of $10,000 (collectively, the "Training Fee") in a lump sum upon execution of this Agreement. This Training Fee is due, and fully earned by us, prior to the Staff Training or Trainer Training. The Training Fee is nonrefundable.

G. **Presale Package**. You must purchase presale inventory, which includes, but is not limited to, promotional items, tents, tablecloths, and banners, including items branded with the Marks (the "Presale Package"). The cost of the Presale Package fee currently ranges from $10,500-$13,000 and is fully-earned and non-refundable once paid.

H. **Inventory Package**. You must purchase opening inventory, which includes, Bünda branded items, racks, Bünda Dumbbell Racks, number and Bünda branded stickers, and other items branded with the Marks, in the amount of $11,000 to $17,000 (the "Inventory Package"), which is fully-earned and non-refundable once paid.

I. **Studio Equipment Package**. You must purchase equipment for your Studio, which includes, but is not limited to, Bünda Workout Stations, stairmasters, sandbags and Bünda Dumbbell Racks, in the amount of $110,000 to $200,000 (the "Equipment Package"), which is fully-earned and non-refundable once paid.

J. **Automatic Debit**. You must sign and deliver to us the documents we periodically require to authorize us to debit your checking account automatically for the Royalty, and all other amounts due under this Agreement or any related agreement between us (or our affiliates) and you. Under our current automatic debit program for the Studio, we will debit your checking account on each

Tuesday for the Royalty, and certain other amounts due. You agree to make the funds available for withdrawal by electronic transfer before each due date. If the amounts that we debit from your account are less than the amounts you actually owe us (once we have determined the Studio's actual Gross Revenues), we will debit your account for the balance, plus the amounts due under Sections 5.C, 5.D (if an annual convention program is implemented), 5.G and 5.H, (without interest) on the day we specify. If the amounts that we debit from your account are greater than the amounts you actually owe us, we will credit the excess (without interest) against the amounts we otherwise would debit from your account during the following week. We may periodically change the mechanism for your payments of Royalties, and other amounts you owe to us under this Agreement (including the timing and manner of payment).

K. **Interest on Delinquent Payments**. In addition to all other remedies we have, including, without limitation, the right to terminate this Agreement pursuant to Section 16, if you fail to pay (or make available for withdrawal from your account) any amounts you owe us, including, without limitation, amounts for Royalties, whether such amounts are reflected as due on any report you submit to us or are subsequently determined by verification, examination or audit to have been due, those amounts will bear interest at the rate of 18% per annum or the highest rate permitted by applicable state law, whichever is less, calculated from the date such payment was due until it is received by us.

L. **Late Fees**. In additional to any interest owed, we will assess a late fee of $100 for each week (or portion thereof) that any payment is delinquent or report or item is not timely received. In addition, all overdue amounts will bear interest in accordance with Section 5.H above. Late fees and interest charges are nonrefundable. The provision in this Agreement concerning late fees does not mean that we accept or condone late payments, nor does it indicate that we are willing to extend credit to, or otherwise finance, the operation of your Franchise. These late fees are intended to reimburse us for our expenses and to compensate us for our inconvenience and do not constitute interest. Your failure to pay all amounts when due is a material breach of this Agreement and constitutes grounds for termination of this Agreement.

M. **Application of Payments**. Notwithstanding any designation you might make, we have sole discretion to apply any of your payments to any of your past due indebtedness to us. You acknowledge and agree that we have the right to set off any amounts you or your Owners owe us against any amounts we might owe you or your Owners.

N. **Payment Offsets**. We may setoff from any amounts that we may owe you any amount that you owe to us, including, without limitation, Royalties, late payment penalties and late payment interest, amounts owed to us for the purchase of goods or services or for any other reason. Thus, payments that we make to you may be reduced, in our discretion, by amounts that you owe to us from time to time. In particular, we may retain any amounts that we have received for your account as a credit and payment against any amounts that you may owe to us at any time. We may do so without notice to you at any time. However, you do not have the right to offset payments owed to us for amounts purportedly due to you from us.

O. **Discontinuance of Service**. If you do not timely pay us any amounts due under this Agreement, immediately upon notice to you, we may discontinue any services to you during the

period in which you are in default or arrears in any payment without limiting any of our other rights in this Agreement.

6. OPERATION OF THE STUDIO AND SYSTEM STANDARDS

A. **Compliance with System Standards and Applicable Laws**. You are solely responsible for operating the Studio in full compliance with all applicable laws, ordinances and regulations (including, without limitation, bonding and licensing requirements) and agree to comply with all System Standards, as modified from time to time. All references in this Agreement to System Standards will include any modifications, deletions and/or additions to the System Standards that are authorized by this Agreement. Without limiting the foregoing, you will not offer, sell, or provide at or from the Studio products or services not authorized in the Manuals.

Except as otherwise provided in this Agreement, System Standards may regulate any aspect of the operation and maintenance of Bünda studios, provided that all System Standards will apply uniformly (subject to any exceptions we deem reasonable in light of the circumstances affecting one or more studios in the Franchise Network) to all similarly situated Bünda studios (including, without limitation, all Bünda studios that are operated by us or our Related Party). Without limiting the generality of the foregoing, but subject to the restrictions in this Agreement, System Standards may regulate any one or more of the following:

(1) the design, layout, décor, appearance and lighting of the Studio, including, without limitation, the Studio's branding and cleanliness;

(2) periodic maintenance, cleaning and sanitation; periodic remodeling; and replacement of obsolete or worn-out leasehold improvements, fixtures, furnishings, equipment and signs;

(3) types, models and brands and/or minimum and required standards and specifications for products, equipment, materials, and supplies and services that Bünda studios use and/or sell;

(4) designated, preferred and/or approved suppliers (which may include us and/or our affiliates) of fixtures, furnishings, equipment, signs, software, products, materials and supplies;

(5) terms and conditions of the sale and delivery of, and terms and methods of payment for, products, materials, supplies and services, including direct labor, that you obtain from us, any affiliate suppliers or others;

(6) staffing levels for the Studio and matters relating to managing the Studio; communication to us of the identities of the Studio's personnel; and qualifications and training of all employees;

(7) dress, appearance and uniforms for the employees of Bünda studios, and standards for providing competent and courteous service to all of the members of Bünda studios (although

you have the sole responsibility and authority for the terms and conditions of employment of your employees);

(8) use and display of the Marks, usage of the Studio and required internal and external signage and postings;

(9) days and hours of operation of the Bünda Studio; provided, however, we agree not to unreasonably withhold our approval to permit you to adopt hours and days of operation that conform to the market and location in which your Studio is situated (By way of example, if your Studio is located within a corporate complex that is not generally open during weekend hours, we would consider allowing you to close on the weekends. Any such variations must be mutually agreed in writing between you and us);

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

(11) participating in market research, product testing and service development programs;

(12) acceptance of credit cards, gift certificates, coupons, other payment systems and check verification services;

(13) exercise and other classes and any services you are authorized to offer at the Studio;

(14) types, amounts, terms and conditions of insurance coverage required to be carried for the Studio and standards for underwriters of policies providing required insurance coverage; and

(15) the documents and other forms and procedures that you must use to submit any proposed Transfer to us under Section 10 for our approval.

B. **Modification of System Standards**. We may periodically modify System Standards, which may accommodate regional or local variations as we determine, and any such modifications may obligate you to invest additional capital in the Bünda Studio (the "Capital Modifications") and/or incur higher operating costs; provided, however, that such modifications will not: (1) occur within 12 months of the Effective Date of this Agreement or within 12 months of the termination date of this Agreement, except if you are electing to renew this Agreement (subject to the conditions set forth in this Agreement); or (2) alter your fundamental rights under this Agreement. The types of capital improvements covered may include (at our discretion), without limitation, those needed to modernize the premises of the Bünda Studio, and other changes to the equipment (including Computer System), signs, interior and exterior décor items, fixtures, furnishings, supplies, and other products and materials required for new Bünda studios. We agree to give you 60 days to comply with Capital Modifications we require; provided that, if a Capital Modification requires an expenditure of more than $25,000, we agree to give you 90 days from the date such request is made to comply with such Capital Modification. You are obligated to comply with all modifications to System Standards within the time period we specify. We will not require you to

spend more than $50,000 during any three-year period during the initial Term of this Agreement in connection with Capital Modifications (excluding the expenses of any modifications required as a condition of renewal of this Agreement under Section 2.A). Capital Modifications are in addition to costs you incur to repair, replace or refurbish obsolete or worn-out equipment, including fitness equipment, and fixtures. Capital Modifications do not include any expenditures you must make, or choose to make, in order to comply with applicable laws, governmental rules or orders (e.g., ADA compliance) or address health or safety issues which we may require at any time not subject to any restriction.

C. **Studio Management, Core Business Operations and Ancillary Business Operations**. The Studio must be managed by a Studio Manager who devotes his or her full working time and best efforts to the day-to-day, on-premises operation of the Studio, has satisfactorily completed our Initial Virtual Management Training, Staff Training and Initial Trainer Training, and is not engaged in any other business endeavor except passive investments which do not interfere with the performance of his or her duties as manager. You must ensure that your Studio Manager agree to comply with the restrictions in Sections 13, 14 and 17 below.

Your Studio must offer or perform (as applicable) all Core Business Operations, as we periodically modify them. You and your employees must perform all Core Business Operations at the Studio, and you may not contract with or allow any third party, including any licensee, lessee, consultant or other Independent Contractor, to perform any Core Business Operations. You must periodically at our request provide us information concerning your Studio's Core Business Operations, Ancillary Business Operations, and relationships with Independent Contractors.

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

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

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

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

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

(5) The Independent Contractor must carry such insurance, including, without limitation, a rider naming us as an additional insured, in a form and amount we specify;

(6) The Independent Contractor must sign a Confidentiality Agreement and any related agreement we specify; and

(7) You and the Independent Contractor must execute an indemnity agreement, jointly and severally, agreeing to indemnify, defend and hold harmless us and all of our affiliates.

D. **Membership Agreements and Membership Information**. You must ensure that every membership agreement you use complies with all System Standards and applicable laws, rules, and regulations. You must send us (1) copies of all membership agreements you intend to use at least 30 days before you begin offering memberships; and (2) copies of any revised membership agreements within ten days after you make any revisions.

We may, through the Computer System or otherwise, have access to lists of the Studio's members and/or prospects, including names, addresses and other related information ("Member Information"). We may use Member Information in our and their business activities, but during the Term we will not use the Member Information that we or they learn from you or from accessing the Computer System to compete directly with the Studio. Upon termination of this Agreement, we reserve the right to make any and all disclosures and use the Member Information in any manner that we or they deem necessary or appropriate.

We and you, respectively, shall have the duty to access, safeguard and use Member Information consistent with all consumer, data privacy and related laws pertaining to such Member Information. You should obtain the written consent of each Member to share access with us to any and all Member Information that you collect or store.

E. **Notices**.

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

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

F. **Sources of Products and Services**. Except as otherwise expressly permitted in this Agreement, you must purchase all equipment, goods, supplies and services related to the operation of your Bünda franchised business only from suppliers that we designate or approve (which may include us, our affiliates and/or other restricted sources). If you want to propose a new supplier for any non-Branded Products or non-Branded Materials, 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 items. If we have not responded within 30 days of our receipt of the information, then the application will be deemed rejected by us. We may consider in providing such approval not just the quality standards of the products or services, but the supplier's delivery capabilities, financing terms and ability to service our franchise system as a whole. We may terminate or withhold approval of any product or service (or any supplier of such item) that does not meet our 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 Studio unless we notify you that such supplier or such products or services meet our quality standards. At our request, you must submit to us sufficient information about a proposed supplier and samples of the proposed products or services for our examination so that we can determine whether they meet our quality standards. We also have the right to require our representatives to be permitted to inspect the proposed supplier's studios at your expense. We may charge a fee for evaluating alternative suppliers not to exceed the reasonable cost of the inspection plus 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.

You agree that, if we establish one or more strategic alliances or preferred vendor programs with nationally or regionally known entities who are willing to supply all or some Bünda studios with products or services we designate, then we may limit the number of approved suppliers with whom you may deal. We have the right to receive payments from suppliers on account of their sales to you and other licensees and franchisees and to use all such amounts we receive without restriction (unless instructed otherwise by the supplier) for any purposes we deem appropriate.

G. **Audio and Visual Entertainment**. You acknowledge and agree that the provision of audio and visual entertainment to members of your Studio is or may become an integral part of the System. Accordingly, you agree to play only the types of music and display only the types of visual entertainment, at the decibel levels and using such equipment and in the manners that we may periodically prescribe or approve. You must acquire or install any audio or visual equipment that we designate or require for use by your Studio and subscribe to music and video services as we may periodically specify to enable you to broadcast videos, music, and other content as

specified by us from time to time. We may prohibit you from displaying, exhibiting, broadcasting or providing any media we choose, regardless of content, including prohibiting use of political, religious or social content in such media. You are solely responsible for paying for all licensing and related fees associated in any media (e.g., BMI, ASCAP, SESAC, ACEMLA, etc.) that we require or permit you to broadcast at your Studio.

H. **Customer Surveys**. We may periodically coordinate or conduct market research studies and similar programs for the Bünda Studio network, and you must assist us in collecting information (including, without limitation, by distributing surveys to your Studio's members and encouraging members to complete surveys on our Proprietary Internet Site maintained for such purposes.

I. **Operating Model**. From and after the Effective Date, you must use and comply with the Operating Model, as modified by us periodically. The "Operating Model" means those aspects of a Studio's management and operations that involve or directly impact the services that the Studio provides to its members. The Operating Model may include, without limitation, the following programs and requirements:

(1) A computer-based program for training Studio staff, including all standards, requirements and procedures for training and the computer, hardware, software, accessories and other equipment used in such program;

(2) A program used to evaluate prospective Studio personnel and their qualifications for their position at the Studio, including all equipment, processes and systems used in such program; provided that, despite your obligation to use such program, you will make your own decisions with respect to the data that the program provides and are solely responsible for all of your hiring decisions and your employees' terms and conditions of employment;

(3) An evaluation and customer relations program used to evaluate the quality of the experience that members have at Bünda studios, including all equipment, processes and systems used in such program;

(4) The membership rules and procedures of the International Health and Racquet Sports Association (IHRSA) or similar organization(s) that we periodically designate;

(5) All national or regional advertising and/or marketing programs that we designate from time to time; and

(6) We reserve the right to implement a system-wide membership/guest reciprocity program, under which members of one studio will have the limited right to access occasionally other studios at no or nominal cost. We will provide you at least 60 days' notice before implementing any reciprocity program. You agree to participate fully in any such reciprocity program at your sole expense.

You must pay all fees, costs and expenses associated with the Operating Model and acquire all products, equipment, supplies and services that we periodically specify for the Operating Model,

and, at our direction (subject to Section 6.F), acquire them only from suppliers that we designate or approve (which might include us or our affiliates).

We may periodically modify the standards and requirements for the Operating Model's other programs and elements, add new programs and elements (in addition to the programs and elements described in Subsections (1) through (6) above) to the Operating Model, and delete programs and elements from the Operating Model. However, except as set forth in Section 6.A, nothing in this Section 6.I limits our rights or your obligations under any other provision of this Agreement.

J. **Corporate Sponsored Programs**. As part of our strategic plans to develop a brand with national recognition, we have the right, but not the obligation, from time to time to establish programs in which some or all Bünda studios will provide products and services to certain groups of members and prospective members, such as programs sponsored by corporate entities and employers (the "Corporate Sponsored Programs"). We may periodically eliminate and modify existing Corporate Sponsored Programs and implement (and once implemented, eliminate and modify) new Corporate Sponsored Programs.

During the Term, you agree to participate fully in any Corporate Sponsored Program that we designate from time to time. You must provide products and services to all valid members of the Corporate Sponsored Program according to the terms of any plan that we establish. Corporate Sponsored Programs may require uniform billing terms, central billing by us, and various other practices and formats for you to follow. You may not alter your standard membership terms for, or withhold access to any Studio services from, any one or more Corporate Sponsored Program participants or otherwise treat any Corporate Sponsored Program participant differently from your Studio's other members, except as we specify or approve.

In addition, you agree to participate in and fully support any national or regional advertising and/or marketing programs that we develop to support any Corporate Sponsored Program.

The membership and participation fees payable by participants will be paid to you in accordance with the term of the program we negotiate. These fees are part of your Gross Revenues.

We have the right to receive reasonable compensation and commissions from groups representing any Corporate Sponsored Program because of our efforts to establish and administer the Program.

K. **Computer System; Software License**. You must at all times maintain the records reasonably specified in the Manuals, including, without limitation, sales, membership and expense information. You must report Gross Revenues and other business information to us using the format, reporting system and accounting system that we require from time to time. You must provide, at your expense, your own high-speed, high bandwidth Internet service provider. You must use the computer equipment and operating and accounting software (the "Computer System") that we specify. We may modify specifications for and components of the Computer System from time to time. Our modifications and specifications for components of the Computer System may require you to incur costs to purchase, lease or license new or modified computer hardware or software and to obtain service and support for the Computer System during the Term. You agree to incur such costs in connection with obtaining the computer hardware and software comprising

the Computer System (or additions or modifications) as long as the Computer System we specify for use is the same computer system that we then use in Bünda studios that we or they own and operate. Within 30 days after you receive notice from us, you must obtain the components of the Computer System that we designate and require. The Computer System must be capable of connecting with our computer system so that we can review via the Internet daily the results of your Studio's operations. We also have the right to charge you a reasonable systems fee for modifications of and enhancements made to any proprietary software that we license to you and other maintenance and support services that we furnish to you related to the Computer System.

Upon expiration or termination of this Agreement for whatever reason, all rights and licenses granted hereunder with respect to the Computer System will terminate.

You agree to look solely to the third party suppliers of all components of the Computer System with respect to any claims, liability or damages you suffer as a result of you using any Computer System or any components thereof. WE MAKE NO REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE COMPUTER SYSTEM OR ANY COMPONENTS THEREOF, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTY AS TO TITLE, NON-INFRINGEMENT, MERCHANTABILITY OR FITNESS FOR ANY INTENDED PURPOSE, AND WE HEREBY DISCLAIM THE SAME. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, WE MAKE NO WARRANTY THAT THE COMPUTER SYSTEM OR ANY COMPONENTS THEREOF WILL OPERATE UNINTERRUPTED OR ERROR FREE. IN NO EVENT WILL WE BE LIABLE FOR ANY INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR SPECIAL DAMAGES.

L. **Trade Associations**. You agree at your expense to join and actively participate in one or more industry associations (such as the IDEA Health & Fitness Association and the Association of Fitness Studios); and you agree to abide by the standard and rules of ethics and professional practices established by such association, as we may designate from time to time.

M. **Gift Card and Loyalty Programs**. You must participate in, and comply with the requirements of, any gift card, gift certificate, customer loyalty or retention, or special promotional program that we implement for all or part of the System and sign the forms and take the other action we require for you to participate in these programs. You are obligated to offer all customers participation in our loyalty program and register all participants as described in the Manual.

N. **Customer Data and Data Security**. Any information on customers of your Studio that identifies or can be used to identify, contact, locate, or be traced back to the specific person to whom such information pertains, or from which identification or contact information of an individual person can be derived, including but not limited to, personally identifiable information ("Customer Data") and all information, mailing lists and data bases of Customer Data from whatever source derived, industry standards must be used only in connection with your Studio in accordance with this Agreement. You agree to comply with all applicable laws, regulations and with respect to Customer Data; in addition, you agree to comply with all data privacy and security requirements we may establish from time to time and to exert your best efforts to prevent the unauthorized use, dissemination or publication of Customer Data, subject in all instances to applicable laws. It is your responsibility to determine the data privacy laws applicable to you and

your Studio. We expressly disclaim knowledge of the data privacy laws applicable to you. You shall promptly notify us if you become aware of or suspect any unauthorized access to the Customer Data, or if you become the subject of any governmental, regulatory or other enforcement or private proceeding relating to your data handling practices. You shall promptly carry out any request from us with respect to Customer Data that is reasonably necessary to allow us to comply with data privacy laws applicable to us regarding processing, storage, handling, collection, use, transfer and transmission of Customer Data.

O. **PCI Compliance**. It is your responsibility to maintain and report your PCI (Payment Card Industry) compliance, which encompasses operational policies and practices as well as networks and Computer Systems hardware/software used to process credit card transactions, as well as attesting that you are abiding by (i) the PCI Data Security Standards enacted by the applicable card associations (as they may be modified from time to time or as successor standards are adopted); and (ii) all other security standards and guidelines that may be published from time to time by payment card companies and/or enacted by law, and are applicable to customer credit card and debit card information. If you know or suspect a security breach, you must immediately notify your credit card transaction acquirer, insurance carrier and us. You assume all responsibility for providing notice of breach or compromise, along with duties and costs associated with fraudulent transactions, penalties, and ongoing fees for monitoring customer credit card histories and/or transactions for affected customers of your Franchise.

P. **Artificial Intelligence Usage**. You acknowledge and agree that in order to protect the goodwill of the System and the Bünda brand, the use of artificial intelligence ("AI") in the Bünda business must be conducted in a safe, thoughtful, and ethical manner. You shall adhere to the following guidelines when employing AI technologies within the Studio operations as well as any other guidance set forth in the Manuals:

(a) Permitted and Prohibited Use of AI. You may implement AI solutions within the permitted business scope of operating your Studio, focusing on tasks such as process automation, customer service optimization, data analysis, and targeted marketing. You are strictly prohibited from using AI solutions to: (i) access, use, or transmit Confidential Information or Patents and Other Proprietary Information without our prior written authorization; (ii) collect, store, or otherwise utilize Patents and Other Proprietary Information in any way not expressly permitted under this Agreement and applicable data privacy laws; (iii) engage in any activity that could harm the System or our brand reputation or expose it or us to legal or regulatory risk; and (iv) develop or deploy AI solutions that violate applicable laws or regulations, including those pertaining to discrimination, data privacy, and consumer protection.

(b) Data Security, Confidentiality, and Privacy. You must implement and maintain appropriate technical and organizational measures to protect the security and privacy of all data processed or stored through AI solutions. You shall not use, disclose, or permit the use or disclosure of any Confidential Information, including but not limited to trade secrets, business strategies, and proprietary processes, in connection with the development, implementation, or operation of AI technologies. Under no circumstances shall you use any Patents and Other Proprietary Information, whether obtained through the System or otherwise, in connection with AI

technologies. You must promptly notify us of any potential data security breaches or privacy violations involving your AI solutions.

(c) Ethical AI Practices. You agree to employ AI technologies in accordance with industry best practices and ethical standards. This includes, but is not limited to, ensuring transparency, fairness, and accountability in AI decision-making processes.

(d) Monitoring and Reporting. We reserve the right to periodically audit your use of AI solutions to ensure compliance with this provision. Upon request or as otherwise directed in the Manuals, you agree to provide us with regular reports on the performance and impact of your AI solutions, including metrics relevant to data security, privacy, and compliance in the form set forth in the Manuals.

(e) Consequences of Breach. Any violation of this provision constitutes a material breach of this Agreement and entitle us to all remedies available under law and this Agreement, including termination of the Franchise. Notwithstanding anything set forth in these guidelines or the Manuals, you are solely responsible for ensuring your use of AI solutions and technologies comply with all applicable laws, rules and regulations, industry best practices, and any vendor supplier contracts. In no event will we be responsible for your use of AI solutions or technologies, and you shall defend and indemnify us in accordance with Section 18.C of this Agreement for any losses and expenses incurred as a result of your use of AI solutions and technologies.

7. ADVERTISING, PROMOTION AND MARKETING

A. **Local Advertising**.

(1) You must spend at least 5% of your Gross Revenues each month (based on your prior month's Gross Revenues), but not less than $2,000 per month, on direct advertising, promotions and public relations within the Protected Area (the "Local Advertising Expense"), commencing with the Opening Date (or later date, if we agree in writing). Such expenditures will be made directly by you, subject to our prior approval and direction, using advertising and marketing materials prepared by us. Your local advertising and promotion must follow our guidelines. With our written approval, you may implement an advertising plan for quarterly or seasonal advertising campaigns with fluctuating monthly expenditures so long as you meet the 5% of Gross Revenues minimum benchmark on an annual basis. Upon our request, you must submit to us monthly advertising expenditure reports accurately reflecting all Local Advertising Expenses for the preceding month and year to date. If any report or inspection reveals that you failed to pay the Local Advertising Expenses required by this Section, we may require that you pay the amount of any deficiency (i.e., the difference between what you actually paid and what you should have paid) as an additional fee to us, which we will not be obligated to refund or to use for any purpose. Payment is due within ten days of your receipt of our invoice. Your failure to comply with the Local Advertising Expense requirement will be deemed a material breach of this Agreement.

(2) We reserve the right to establish an online marketing program to be administered by a supplier whom we approve. You agree to participate in any such online advertising program

and to pay reasonable fees and charges by the supplier. The amounts you pay towards any online marketing plan will be credited towards your minimum obligation for Local Advertising Expenses, as referenced above.

B. **Advertising Materials**.

(1) Unless we agree otherwise in writing, the format and content of all advertising and promotional material must be created and reviewed by our creative department. You must first submit to us a preliminary copy of your proposed advertising or promotional materials (or select from available templates of such advertising or promotional materials from our standard library of materials). In the ordinary course, at no additional cost to you, we will coordinate with you for the creation of a digital, "print-ready" version of the advertising or promotional materials you plan to use. We will deliver the digital version of the proposed advertising or promotional materials.

(2) You are solely responsible for all content you provide us, including, without limitation, all copyright and model releases.

(3) We reserve the right to charge you for our fees and expenses for any projects that require extraordinary expertise, time or expense, including the cost of artists, designers or other creative personnel to create unique materials that you request. We and you will consult with one another regarding the scope and budget prior to undertaking any such extraordinary project.

(4) You are solely responsible for all printing, production, postage, delivery, publishing and other media expenses. You are also responsible for compliance with all laws and regulations relating to any advertising or promotional materials you distribute or publish. You must indemnify, defend and hold us harmless from any and all liability or claims arising from your use of any such advertising or promotional materials.

(5) We reserve the right to require you to include certain language in your local advertising materials, such as "Franchises Available" and the addresses of our Website and phone number. You must promptly discontinue use of any advertising, marketing or promotional plans or materials, whether or not previously approved, on notice from us.

C. **Co-op Participation and Contributions**. If we establish an association of Bünda studio franchise owners in a geographic area in which your Studio is located (the "Co-op"), you must join and actively participate in it. We (or our Area Representative) will determine the area and membership of the Co-op by media coverage or other criteria that we (or the Area Representative) establish, in our sole discretion. We (or our Area Representative) will determine whether a Co-op should be formed, changed, dissolved or merged for your market.

You must contribute to the Co-op such amounts as are set by the Co-op, in accordance with its bylaws and organizational documents. All budgets and assessments for contributions to the Co-op shall be approved by a majority vote of all participating studios on a basis no less frequently than annually. We will not set the amount of those contributions. Your local advertising requirement referenced above will be reduced by the amount that you contribute to any Co-op (dollar for dollar), up to the amount of your local advertising requirement.

The Co-op will adopt its own rules, regulations and procedures, which you must follow. However, the rules, regulations and procedures of the Co-op must be approved by us. We reserve the right to require that the Co-op prepare annual financial statements. We also reserve the right to audit any accounts or funds collected by the Co-op. All advertising to be used by you or by the Co-op must be pre-approved in writing by us. We also have the right to participate in any meetings of the Co-op and its members. Your failure to timely contribute the amounts required by the Co-op constitutes a material breach of the provisions of this Agreement and we may offset against any amounts we owe to you the amount of your Co-op contributions and pay such contributions for you.

D. **Brand Promotion**.

(1) Recognizing the value of promoting and marketing to the Bünda brand and to the goodwill and public image of Bünda businesses, we are establishing and will administer the Bünda Brand Fund (the "Fund") for the creation and development of promotional marketing, advertising, public relations and related programs and materials, including electronic, print and Internet media, social media and other digital media, and including, without limitation, research, creative content creation and media acquisition, convention promotion and organization and the creation, maintenance and upgrade of any Proprietary Internet Site (except for any Proprietary Internet Site devoted solely to marketing Bünda franchises). You agree to contribute the monthly Brand Contribution to the Fund, as set forth in Section 5.C. We will administer all programs financed by the Fund, and we retain the sole right to determine the creative concepts materials and endorsements used therein and the geographic market and media placement and allocation thereof. You agree that the Fund may also be used to pay the costs of preparing and producing video, audio, digital and written advertising materials, administering regional and multiregional advertising programs, including, without limitation, purchasing direct mail, social media and other media advertising and employing advertising, promotion and marketing agencies to assist therewith and supporting public relations, market research and other advertising, promotion and marketing activities and amounts expended pursuant to Section 7.D(3). below. We will furnish you with samples of advertising, marketing formats, promotional formats and other materials (typically in a digital form) at no additional cost to you when we deem appropriate. Multiple copies of such materials will be furnished to you at our direct cost of producing them plus any related shipping handling and storage charges.

(2) You agree that we may expend proceeds from the Fund for promotional, marketing, advertising and public relations purposes and for Bünda brand promotion throughout the United States, as determined in our sole discretion. We have no obligation to assure that Fund proceeds are used in direct proportion to the geographic market of Bünda franchisees paying Brand Fees or in direct proportion to the types of Studios (or the brands they market) whose Bünda franchisees are paying the Brand Contributions. You acknowledge and agree that not all Bünda franchisees may be paying Brand Contributions, even though such Bünda franchisees may benefit from the activities of the Fund and that we have the discretion to waive the payment, or elect to pursue the collection of, any Brand Contributions from any Bünda franchisee.

(3) The Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries,

administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the Fund and its programs, including, without limitation, conducting market research, preparing advertising promotion and marketing materials, creating media campaigns, creating and participating in publicity and media events, attending industry conferences and meetings, maintaining Proprietary Internet Sites, promoting and organizing conventions, and collecting and accounting for payments to the Fund. We may spend, on behalf of the Fund, in any fiscal year, an amount that is greater or less than the aggregate contribution of all Bünda businesses to the Fund in that year, and the Fund may borrow from us or others to cover deficits or invest any surplus for future use. All interest earned on monies contributed to the Fund will be used to pay advertising costs before other assets of the Fund are expended. We will prepare an annual, unaudited statement of monies collected and costs incurred by the Fund and furnish the statement to you upon written request. We have the right to cause the Fund to be incorporated or operated through a separate entity at such time as we deem appropriate, and such successor entity will have all of the rights and duties specified herein.

(4) We reserve the right to defer or reduce payments of any Bünda franchisee for reasons we deem appropriate. Upon 30 days' prior written notice to you, we may reduce or suspend your payment of Brand Fees to the Fund and suspend operations of the Fund for one or more periods of any length and to terminate (and if terminated, to reinstate) the Fund. If the Fund is terminated, after all costs and expenses have been accounted for, all unspent monies on the date of termination will be distributed to our franchisees in proportion to their respective contributions to the Fund during the preceding three-month period.

E. **Franchise Proprietary Internet Site**.

(1) At our option, we or one or more of our designees may maintain one or more Proprietary Internet Sites. If we establish one or more Proprietary Internet Sites, we will provide you with a webpage (the "Subpage") that references the Studio on one or more of the Proprietary Internet Sites that we designate. You must give us the information and materials that we request from time to time to develop, update and modify such webpage. By providing the information and materials to us, you will be representing to us that they are accurate and not misleading and do not infringe upon any third party's rights. However, we will own all intellectual property and other rights in the System Proprietary Internet Site, your webpage, and all information they contain (including the domain name or URL for such webpage, the log of "hits" by visitors, and any personal or business data that visitors supply).

(2) We will develop maintain and update various Proprietary Internet Sites, including your webpage, You must notify us whenever any information on your webpage changes or is not accurate. We will update or add information that we approve to your webpage at reasonable intervals. You agree that we have final approval rights over all information on all Proprietary Internet Sites (including your webpage). We may implement and periodically modify System Standards relating to various Proprietary Internet Sites.

(3) We will maintain your webpage on a Proprietary Internet Site only while you are in full compliance with this Agreement and all System Standards (including those relating to the Proprietary Internet Site on which your webpage is published). If you are in default of any

obligation under this Agreement or the System Standards, then we may, in addition to our other remedies, temporarily remove your webpage from the Proprietary Internet Site until you fully cure the default. We will permanently remove your webpage from the Proprietary Internet Site upon this Agreement's expiration or termination. We also may, at our option, discontinue any or all Proprietary Internet Sites at any time.

(4) You acknowledge and understand that the registration for the Proprietary Internet Site domain name is and shall be maintained exclusively in our name or the name of our designee. You acknowledge our or our designee's exclusive right, title and interest in and to the domain name for the Proprietary Internet Site. You further acknowledge that nothing herein will give you any right, title or interest in such domain name. You will not, at any time, challenge our or our designee's ownership of the Proprietary Internet Site domain name, challenge the validity of the Proprietary Internet Site domain name, or impair any right, title or interest of us or our designee in the Proprietary Internet Site domain name. You will assist us in preserving and protecting our or our designee's rights in and to the Proprietary Internet Site domain name.

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

(6) We also may maintain one or more mobile media locations or social media Locations (Facebook, Twitter, LinkedIn, Instagram, Pinterest, Snapchat, Tik Tok and similar sites). (Mobile media and social media sites are collectively referred to as "Social Media Approved Sites.") You may not establish or maintain any Social Media Approved Sites utilizing any user names, or otherwise associating with the Marks, without our advance written consent. We may designate from time to time regional or Protected Area-specific user names/handles that you must maintain. You will adhere to any Social Media Approved Sites policies that we establish from time to time and will require all of your employees to do so as well. You must ensure that none of your Owners, Operating Principal, Studio Manager, managers or employees use our Marks on the Internet, World Wide Web or any other digital communications platform or protocol, except in strict compliance with these Social Media Approved Sites policies. Use of social media, including any pictures that may be posted on, using or through one or more Social Media Approved

Sites, must be in compliance with the Manuals and System Standards, including our then-current take-down policy.

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

(8) Nothing in this Section will limit our right to maintain any Proprietary Internet Sites or to offer and sell merchandise bearing the Marks from the Proprietary Internet Site, another Proprietary Internet Site or otherwise over the Internet without payment or obligation of any kind to you.

8. FRANCHISEE ADVISORY COUNCIL

A. **Our Right to Create Advisory Council**. We reserve the right to create at any time in the future, if or when we deem appropriate, in our sole discretion, a franchisee advisory council or such successor association as may be sanctioned by us to serve as an advisory council to us with respect to the advertising, marketing, operation, new product and service suggestions, and other matters relating to Bünda studios (the "Advisory Council"). If we establish an Advisory Council, we may seek the advice and counsel of the Advisory Council and its board of directors and committees. The Advisory Council's committees and their functions and membership will be subject to our written approval. Recognizing that the Advisory Council (if any) must function in a manner consistent with all Bünda studios, we may require the governing rules of the Advisory Council to be consistent with this Agreement.

B. **Your Membership in Advisory Council**. If we create an Advisory Council, then, upon its creation, as long as your Studio continues to operate in accordance with the terms and conditions of this Agreement, you will be eligible for nomination to be a member with full voting rights and privileges in the Advisory Council. We reserve the right to approve the rules and bylaws of such Advisory Council.

9. EVALUATIONS, AUDITS AND REPORTS

A. **Evaluations**. We and our designated representatives have the right before you open the Studio for business and thereafter from time to time during your regular business hours, and without prior notice to you, to inspect and evaluate the Studio, observe and record operations, interview personnel and members, and inspect your books and records relating to business conducted at the Studio. You will cooperate with us in these activities. We will give you a written summary of our evaluation within 30 days after the completion of our audit and/or inspection of the Studio. You will promptly correct at your own expense all deficiencies (i.e., failures to comply with System Standards) noted by our evaluators within the time period we specify following your receipt of our notice of such deficiencies. We then may conduct one or more follow-up evaluations

to confirm that you have corrected these deficiencies and otherwise are complying with this Agreement and all System Standards. We may charge you an evaluation fee to compensate us for our costs and expenses during any such follow-up evaluation or any evaluation that you request.

B. **Our Right to Audit**. We may at any time during your business hours upon 30 days' prior written notice to you examine the Studio's business, bookkeeping and accounting records, sales and income tax records and returns, and other records. You agree to fully cooperate with our representatives and independent accountants hired by us to conduct any such inspection or audit. If any inspection or audit discloses an understatement of the Studio's Gross Revenues, you must pay us, within 15 days after receiving the inspection or audit report, the Royalties and any other amounts due on the amount of the understatement, plus interest from the date originally due until the date of payment. If any inspection or audit discloses an overstatement of the Studio's Gross Revenues, we will credit you (without interest) for any overpayments you made to us. Further, if an inspection or audit is made necessary due to your failure to furnish reports, supporting records or other information as required, or to furnish these items on a timely basis, or if our examination reveals a Royalty understatement exceeding 2% of the amount that you actually reported to us for the period examined, you agree to reimburse us for the cost of our examination, including, without limitation, legal fees and independent accountants' fees, plus the travel expenses, room and board, and compensation of our employees and representatives. These remedies are in addition to our other remedies and rights under this Agreement and applicable law.

C. **Records, Reports and Financial Statements**. You agree to establish and maintain at your own expense a bookkeeping, accounting, and recordkeeping system conforming to the requirements and formats (including, at our option, the accounting principles) that we prescribe from time to time. We may require you to use a Computer System to maintain certain revenue data and other information (including membership information) and provide us access to that data and other information in the manner we specify. You agree to give us in the manner and format that we prescribe from time to time:

(1) On or before the tenth day of each month, a report describing the Studio-related purchases during the previous month in the categories for which we have designated, approved or recommended suppliers and other monthly operating reports that we reasonably specify from time to time;

(2) On each Tuesday of the week, a report on the Studio's Gross Revenues during the previous calendar week;

(3) Within 90 days after the end of each fiscal year, a profit and loss and source and use of funds statement(s) for the Studio for the recently completed fiscal year, and a balance sheet for the Studio as of the end of such fiscal year, which statements must be prepared in accordance with generally accepted accounting principles and must be certified by you or your chief financial officer;

(4) Within ten days after our request, exact copies of federal and state income tax returns, sales tax returns, and any other forms, records, books, and other information we may periodically require relating to you and your Studio; and

(5) On or before the 5th day of each month, you must provide us with a Profit and Loss statement for the previous months data.

We may periodically specify the form and content of the reports and financial statements described above. You agree to verify and sign each report and financial statement in the manner we prescribe. We will not publicly disclose data derived from these reports unless we make such public disclosure without disclosing your identity or your Studio's financial results on an individual (i.e., unconsolidated) basis.

You agree to preserve and maintain all records, in the manner we periodically specify, in a secure location at the Studio for at least five years after the end of the fiscal year to which such records relate. If we reasonably determine that any report or financial statement submitted to us is willfully and materially inaccurate, then following our delivery of written notice to you, we may require you to have audited financial statements prepared annually during the Term until we determine that your reports and statements accurately reflect the Studio's business and operations.

D. **Distribution of Franchisee Information**. You acknowledge and agree that we have the right to share any information about your Studio collected by us or our affiliates or agents to any third party, including, but not limited to, other franchisees, prospective franchisees, financial institutions, legal and financial advisors, for any purpose. This information may include, but is not limited to, data regarding your sales, revenues, costs, taxes, profit margins or customer service survey results. Without limiting the foregoing, you hereby grant us and our affiliates permission to report and distribute your gross revenues, gross sales mix, COGS, cost of material and labor and other expense information including your Studio Location and other identifying information to current or prospective franchisees. You agree to hold us and our affiliates harmless against and from any and all claims, liabilities, or suits resulting from or in connection with any acts or omission related to the reporting of information described in this Section.

10. TRANSFER

A. **Transfer by Us**. This Agreement is fully transferable by us and will inure to the benefit of any transferee or other legal successor to our interests. We also may change our ownership or form without restriction. You acknowledge and agree that we may sell all or any part of our ownership interests, our assets, the Marks and/or the System to a third party; may go public, may engage in a private placement of some or all of our securities; may merge, acquire other corporations, or be acquired by another corporation; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. You further acknowledge and agree that we have the right, now or in the future, to purchase, merge, acquire or Related Party with an existing competitive or noncompetitive franchise network, chain or any other business, and to operate, franchise or license those businesses and/or studios as Bünda studios operating under the Marks or any other marks following our purchase, merger, acquisition or affiliation, regardless of the location of these studios, which you acknowledge may be proximate to your Studio. With regard to any of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of our name, the Marks (or any variation thereof) and the System and/or the loss of association with or identification of Bünda under this Agreement. If we assign our rights in this Agreement, nothing

in this Agreement shall be deemed to require us to remain in the Bünda Studio business or to offer or sell any products or services to you.

B. **Transfer by You – Defined**. Your rights and duties under this Agreement are personal to you. The Franchise has been granted to you in reliance upon our perceptions of your (or your Owners') individual and collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, neither this Agreement (nor any right granted by or interest in this Agreement), any Ownership Interest or other interest in you, nor the Studio (or substantially all of its assets or equipment) may be transferred without our prior written approval in accordance with the provisions of this Section 10. Any violation of this restriction or other unauthorized Transfer will be a breach of this Agreement and will be without effect. We reserve the right to promulgate and periodically modify System Standards pertaining to the forms, procedures and other aspects of the Transfer process described in this Section 10.

C. **Conditions for Approval of Transfer**. Our approval of any Transfer is, in all cases, contingent upon the following

(1) The proposed transferee and each of its owners must be individuals who, in our reasonable judgment, meet our then applicable reasonable standards for new franchisees, including, without limitation, the fact that they do not directly or indirectly own or perform services for a Competitive Business (this restriction will not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent less than 5% of the number of shares of that class of securities which are issued and outstanding);

(2) The terms and conditions of the proposed Transfer (including, without limitation, the purchase price) are satisfactory to us;

(3) The proposed transferee (or its managing owner) and its most senior executives, including (a) its chief executive officer or general manager; (b) its Lead Ttrainer; and (c) its membership sales manager must complete our initial training program to our satisfaction (unless the transferee is an existing licensee, franchisee, or Owner and the Studio will continue to be managed after the Transfer by the same manager and principal employees who managed the Studio before the Transfer);

(4) The proposed transferee must, at our option: (a) have agreed in writing to be bound by all of the terms and conditions of this Agreement; or (b) sign the form of franchise agreement and ancillary agreements we then are using in connection with the grant of new Bünda Studio franchises, which may differ materially from this Agreement (including, without limitation, increased fees, and conditions for renewal and additional Transfers), except that the term under such franchise agreement will be the then remaining Term (without considering any Renewal Franchise rights you have under this Agreement); in either case, in lieu of an initial franchise fee, the transferee (or you) will pay a transfer fee equal to 25% of the initial franchise fee that we are then charging franchisees who acquire a new Bünda franchise;

(5) At our request, the proposed transferee refurbishes the Studio in the manner and subject to the provisions described in Section 2.A(6);

(6) All monetary obligations (whether hereunder or not) of you to us or to affiliates or vendors are paid in full;

(7) You are not in default under this Agreement or any other agreement between you and us;

(8) You (and your transferring Owners) must have signed general releases, in a form satisfactory to us, of any and all claims against us, and our respective owners, officers, directors, employees, and agents;

(9) You first offered to sell such interest to us pursuant to Section 10.E of this Agreement and we have declined to exercise our right of first refusal in the manner set forth therein;

(10) If you or your Owners finance any part of the sale price of the transferred interest, you and your Owners must have agreed that all of the transferee's obligations pursuant to any promissory notes, agreements, or security interests that you or your Owners have reserved are subordinate to the transferee's obligation to pay Royalties, Brand Fees and other amounts due to us and otherwise to comply with this Agreement;

(11) You and your transferring Owners must agree in writing for our and the transferee's benefit to continue to observe the restrictions contained in Sections 13, 14 and 17; and

(12) You must have provided us with all of the information, documents and other materials reasonably requested by us, and you agree to enter into an amendment to this Agreement or other document reflecting the new ownership structure, including any of the information described in Section 10.E below. You must provide us with all of the information, documents and other materials reasonably requested by us at least 60 days prior to the proposed Transfer's effective date.

D. **Transfer to an Entity**. If you are an individual or group of individuals and are in compliance with this Agreement, then upon no less than ten days' prior written notice to us, and upon your compliance with our then-current transfer policies and procedures, you may transfer this Agreement to a legal entity formed solely to operate the Studio and, if applicable, other Bünda studios, in which you maintain management control, and of which you own 100% of the financial and voting interests, provided that all assets of the Studio are owned, and the entire business of the Studio is conducted, by such entity. If you are a group of individuals, any such individual who will not own an Ownership Interest in such entity must sign the form of agreement that we reasonably require in which each such individual releases any rights under this Agreement and releases any and all claims against us and our respective owners, officers, directors, employees and agents. Any transfer made in compliance with this Section 10.D is not subject to the conditions or requirements in Section 10.C or 10.E. However, transfers of Ownership Interests in the new entity, including, without limitation, the issuance of new Ownership Interests in such entity to any

person other than you, will be subject to the applicable provisions of this Section 10. All Owners of the new entity (including you) must execute and deliver to us our standard form of Owner's Guaranty. You will remain liable for performance of this Agreement by any entity to which you transfer this Agreement. You also agree to enter into an amendment to this Agreement or other document to reflect the new entity as franchisee and ownership structure.

E. **Our Right of First Refusal to Match a Proposed Transfer**. If, during the Term of this Agreement, you receive a bona fide offer from a prospective purchaser for any interest in you or the Studio (whether by sale of assets, sale of equity interest, merger, consolidation or otherwise), you agree to comply with the following requirements. You acknowledge and agree that we may, at any time during the process described in this Section, assign any or all of our rights and obligations under this Section to a designee (who may be our Related Party) for any one or more proposed Transfers which are subject to our right of first refusal hereunder, and our designee will have all of our rights and obligations described herein.

You must obtain a bona fide, arm's-length, executed written offer from a responsible, bona fide and fully-disclosed purchaser in connection with any proposed Transfer. Promptly after receiving such offer, you must send us a copy of such offer (including, without limitation, any proposed contracts), for our consideration. Upon receipt of such information, we will have 15 days to determine our interest in exercising our right of first refusal. Our failure to notify you of our interest in exercising our right of first refusal within that 15-day period will be deemed our irrevocable decision not to exercise that right of first refusal for the offer you submitted to us.

If we are interested in exercising our right of first refusal, then we may ask you to submit to us any or all of the following documents: (i) your Studio's financial statements (including monthly revenue information) for the preceding three years; (ii) monthly membership information for the preceding three years (that is, the beginning membership base in terms of numbers of members and membership fees, membership additions and cancellations, and the ending membership base for each month in terms of numbers of members and membership fees); (iii) a description of the membership packages currently offered; (iv) a copy of the Studio's current lease (if we do not already have it); (v) information about the number and compensation of employees working at the Studio; (vi) a description of the competing health and fitness clubs operating within close proximity to the Studio; and (vii) a copy of your purchase agreement or letter of intent between you (or your Owner) and your proposed buyer. For purposes of this Section (and elsewhere in this Agreement as the context requires), the terms "members" and "membership" include not only those persons who have an ongoing monthly membership affiliation and who pay regular monthly fees, but also those persons who purchase "packages" of multiple training and studio access sessions on an ad hoc basis (rather than on a recurring monthly basis). Our requesting the aforementioned information does not bind us to move forward with our exercise of our right of first refusal. We will have 30 days after receiving all of the requested information from you to evaluate the offer, request additional due diligence materials, and decide whether to purchase such interest for the price and on the terms and conditions contained in the offer. If we elect to purchase the offered interest, then:

(1) We may substitute cash for any other form of payment proposed in the offer (such as ownership interests in a privately held entity);

(2) Our credit will be deemed equal to the credit of any proposed buyer (meaning that, if the proposed consideration includes promissory notes, we may provide promissory notes with the same terms as those offered by the proposed buyer, except as to subordination. Regarding subordination, you acknowledge and agree that our obligations under any promissory notes we provide in the transaction would be subordinate to our obligations under the promissory notes then outstanding to any and all lenders, although senior to the equity rights of our owners in us);

(3) We will have not less than 60 days, but no more than 90 days, after we provide you our notice electing to purchase the offered interest to complete the sale; and

(4) We must receive, and you (and each of your Owners) agree to make, all customary representations and warranties given by the seller of the assets of a business or the ownership interests in a legal entity, as applicable, including, without limitation, representations and warranties regarding:

(a) Ownership and condition of and title to Ownership Interests and/or assets;

(b) Liens and encumbrances relating to Ownership Interests and/or assets;

(c) Validity of contracts and the liabilities, contingent or otherwise, of the entity whose ownership interests are being purchased; provided, however, that you need not make any representations and warranties that exceed the representations and warranties to which you agreed with the proposed transferee in the bona fide written offer, if that bona fide written offer sets forth all of the representations and warranties between the parties for the proposed Transfer.

You agree that, if the proposed purchase price is to be paid with Ownership Interests of a transferee which is a privately-held entity, or with a promissory note given by the transferee (rather than with cash or publicly-traded ownership interests), we may require the true value of the consideration proposed to be given by the transferee to be determined by a major accounting firm that does not represent either you or us. Except as provided below, the costs of that accounting firm will be shared equally by you and us. Beginning the process of making such determination will toll our 30-day deadline for evaluating the offer for no more than 30 days. We and you must instruct the accounting firm to complete its determination within such 30-day period. If the accounting firm determines that the true value of the consideration proposed to be given by the transferee is less than the value stated in the original offer to you, you may, within seven days after you receive the determination, choose not to move forward with the proposed Transfer. However, if you decide not to move forward with the proposed Transfer, you must pay the entire cost of the accounting firm (rather than sharing the cost equally with us).

If we do not exercise our right of first refusal, you or your Owners may complete the proposed Transfer to the proposed buyer, but only on the original offer's terms, and subject to our approval of the Transfer as provided in this Agreement and your compliance with the provisions of Section 10.C above. This means that, even if we do not exercise our right of first refusal, if the proposed Transfer otherwise would not be allowed under this Agreement, you or your Owners may not move forward with the Transfer at all.

If you or your Owners do not complete the Transfer to the proposed buyer on the original offer's terms within 90 days after we notify you that we do not intend to exercise our right of first refusal (or after the last day of the 15-day initial review period described above, if applicable), then any proposed Transfer thereafter once again must comply with all of the provisions of this Section 10.E, as though there had not previously been a proposed Transfer.

11. DEATH OR DISABILITY

A. **Transfer upon Death or Disability**. Upon your death or Disability or, if you are a legal entity, upon the death or Disability of an Owner, your or the Owner's executor, administrator, conservator, guardian, or other personal representative must, within a reasonable time (not to exceed six months after such death or Disability), Transfer your or the Owner's interest in compliance with the terms and conditions applicable to Transfers contained in this Agreement (including, without limitation, Section 10). If your or the Owner's heirs desire to receive an assignment of the interest, we will allow them to do so if they satisfy the conditions contained in Section 10, excluding our right of first refusal (if applicable). Our right of first refusal will be waived if the Owner's heir(s) is the transferee who otherwise satisfies the conditions in Section 10.

B. **Operation Upon Death or Disability**. If you or one of your Owners was the manager of the Studio at the time of your or such Owner's death or Disability, then, within 30 days after such death or Disability, you or your Owner's executor or other personal representative must appoint a qualified manager to operate the Studio. Such manager will be required to complete our management training program to our satisfaction. In addition, if, at any time following the death or Disability of you or one of your Owners, we determine that the Studio is not being managed properly according to our System Standards, we or our designee have the right (but not the obligation) to enter the Location and assume the Studio's management for any period of time that we deem appropriate. All funds from the Studio's operation during the period of our (or our designee's) management will be kept in a separate account and all Studio expenses will be charged to such account. In addition to all other fees and payments owed hereunder, we may charge you a reasonable management fee that we specify, not to exceed 15% of the Studio's Gross Revenues, plus any out-of-pocket expenses incurred in connection with the Studio's management. We or our designee will have a duty only to use reasonable efforts upon assuming the Studio's management and will not be liable to you for any debts, losses or obligations that the Studio incurs, or to any creditors for any supplies or other products or services purchased for the Studio, in connection with such management.

12. MARKS

A. **Right to Use Marks**. Your right to use the Marks is derived solely from this Agreement and is limited to your development and operation of the Studio in accordance with and subject to all System Standards and all restrictions contained in this Agreement and the Manuals. Except to the extent we authorize you to do so, you may not use or authorize the use of any Mark or any abbreviations thereof, or any references to you or the Studio, as part of any domain name, electronic address, meta tag, Proprietary Internet Site or otherwise on the Internet, the World Wide Web, digital medial platform or protocol, or any other similar proprietary or common carrier

electronic delivery system in which the Marks are, or may be, displayed to any third party. You are not permitted to sublicense to anyone any rights to use the Marks or otherwise authorize any person not previously approved by us in writing to use the Marks in any manner.

B. **Ownership and Goodwill of Marks**. You agree that we own all rights in and to the Marks and all related goodwill. You will never (during or after the Term) challenge our exclusive rights to the Marks. Your unauthorized use of the Marks will be a material breach of this Agreement and deemed to be an intentional infringement of our trademark rights. Your usage of the Marks and any goodwill established by such use and attributable to such intellectual property will be exclusively for our benefit, which means that you have no right to the Marks or the goodwill associated with the Marks (other than the right to use the Marks as provided in this Agreement). All provisions of this Agreement applicable to the Marks apply to all proprietary trademarks, service marks, and commercial symbols we authorize you to use during the Term.

C. **Rules for the Use of the Marks**. You must use the Marks (and only the Marks) as the sole identification of the Studio at the Location, and only in the manner we prescribe in the Manuals, bulletins, and other notices to you, and give such notice of registration or other claim of trademark rights as we reasonably prescribe. You may not use the Marks or any abbreviations thereof: (a) for any purpose not expressly authorized by this Agreement; (b) on or to identify any services, merchandise, products, or equipment, whether or not sold at the Studio, except for those services authorized to be provided at Bünda studios and items that are furnished or sold to you by us or our authorized suppliers or distributors (the "Authorized Products"); or (c) at any location other than the Studio at the Location except in approved advertising and marketing. You may not manufacture, use, sell, or distribute, or contract with any party other than our or our Related Party's authorized licensees to manufacture, use, sell, or distribute, any products, merchandise, or equipment bearing any of the Marks without our prior written approval. You may sell Authorized Products only at retail to customers of the Studio, and you must not sell any Authorized Products through mail order or a Proprietary Internet Site or at a location other than the Location (except for a limited, short term location away from your Location, promotional purposes that we approve in advance). Subject to our approval of the form of the proposed use, which we will not unreasonably withhold or delay, you may include in your fictitious name filing and in the references to your Studio a geographic reference relating to the Studio's location as long as the reference references a geographical area that is narrowly aligned with the Location (and that does not imply a marketing area larger than the Protected Area) and does not interfere with the proper use of the Marks under our System Standards and the required use of the Marks under trademark law.

D. **Notification and Defense of Claims**. You must notify us promptly of any claim by others (a) that you are infringing their trademark rights in connection with your use of the Marks; or (b) to any rights in the Marks that are inconsistent with this Agreement or our exclusive rights to the Marks. You must fully cooperate with us with respect to our prosecution of any infringement claim or our defense of a claim that you are infringing the trademark rights of any third party. We have the exclusive right to control any such prosecution or defense.

E. **Indemnification by Us**. Provided you comply with the provisions of this Section 12, we will indemnify you and your Owners, directors, officers, employees, agents, successors, and

assignees (collectively, the "Trademark Indemnified Parties") against, and reimburse all of the Trademark Indemnified Parties for, any actual, third party damage claims asserted against the Trademark Indemnified Parties in any trademark infringement proceeding disputing your authorized use of any Mark under this Agreement if you have timely notified us of the proceeding and comply with our reasonable directions in responding to the proceeding. Notwithstanding the foregoing, we will not indemnify, defend or hold harmless the Trademark Indemnified Parties for any unauthorized use of the Marks. We may control the defense of any proceeding arising from your use of any Mark under this Agreement. Notwithstanding the foregoing provisions, our obligation to indemnify the trademark Indemnified Parties is strictly limited to actual damages suffered by a third party, authorized user or owner of an infringed trademark. Our obligation excludes all other expenses you might incur, including, without limitation, any expenses for re-branding your business if we elect to delete or modify any trademark licensed to you under this Agreement. You must fully cooperate with us in connection with the defense or settlement of any third-party claim that we take control of under this Section.

F. **Discontinuance of the Use of the Marks**. If, in our reasonable opinion, it is desirable to modify or discontinue the use of any of the Marks and/or use one or more additional or substitute Marks, at any time, you must comply with our directions within a reasonable time after receiving notice. We will not reimburse you for any loss of revenue or profits attributable to the change in Marks or for any expenditures you make to change Marks or to promote a modified or substitute trademark or service mark. Nothing in this Section affects your obligation to maintain signage and otherwise display the Marks in accordance with System Standards.

13. CONFIDENTIAL INFORMATION AND NON-COMPETITION

A. **Confidentiality of Trade Secrets and Other Confidential Information**. You acknowledge and agree that we own all right, title and interest in and to the Confidential Information. We will disclose to you such parts of the Confidential Information as we determine (in our sole judgment) are required for the operation of a Studio during training and in guidance and assistance furnished to you during the Term. The Manuals contain Confidential Information, and you may learn or otherwise obtain from us additional Confidential Information during the Term. You agree that neither you, the Owners nor any other person or entity claiming through you will acquire any interest in or right to use the Confidential Information, other than your right to utilize certain Confidential Information in the operation of the Studio, and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition with us and our franchisees. You will disclose the Confidential Information to your Owners, employees and Independent Contractors only to the extent reasonably necessary for the operation of the Studio.

You agree that the Confidential Information is confidential to and a valuable asset of us, is proprietary, and is disclosed to you solely on the condition that you agree that you and each of your Owners, employees or Independent Contractors:

(1) Will not use the Confidential Information in any other business or capacity;

(2) Will maintain the absolute secrecy and confidentiality of the Confidential Information;

(3) Will not make unauthorized copies of any portion of the Confidential Information disclosed in written or other tangible or intangible form; and

(4) Will adopt and implement all reasonable procedures prescribed from time to time by us to prevent unauthorized use or disclosure of or access to the Confidential Information, including, without limitation, requiring employees and Independent Contractors who will have access to such information to execute confidentiality agreements in a form periodically prescribed by us. You and each of your Owners, employees and Independent Contractors must maintain such confidentiality agreements on file for four years after the employee executing such agreement has left your employment or ceased serving as an Independent Contractor, as the case may be, and must provide us, at our request, executed originals of each such agreement.

You and each of your Owners, Operating Principal, Studio Manager, employees and Independent Contractors must comply with any reasonable instruction by us regarding the organizational, physical, administrative and technical measures and security procedures to safeguard the confidentiality and security of member information and, in any event, employ reasonable means to safeguard the confidentiality and security of member information. You and each of your Owners, employees and Independent Contractors must comply with all applicable laws governing the use, protection, and disclosure of membership information. If there is a suspected or actual breach of security or unauthorized access involving membership information, you and each of your Owners, employees and Independent Contractors must notify us immediately after becoming aware of such actual or suspected occurrence and specify the extent to which membership information was compromised or disclosed.

Nothing contained in this Agreement will be construed to prohibit you from using the Confidential Information that we specify in connection with the operation of your Studio pursuant to this Agreement.

You agree that you are responsible to assure that each of your Owners, Operating Principal, Studio Manager, employees and Independent Contractors complies with the covenants in this Section 13.A and that you are liable for any noncompliance by any Owner, Operating Principal, Studio Manager, employee or Independent Contractor.

Notwithstanding anything to the contrary contained in this Agreement and provided you have obtained our prior written consent, the restrictions on your (or any of your Owners, Operating Principal, Studio Manager, employees or Independent Contractors') disclosure and use of the Confidential Information will not apply to the following: (i) information, methods, procedures, techniques and knowledge which are or become generally known to the general public, other than through disclosure (whether deliberate or inadvertent) by you or your Owners or employees; and (ii) the disclosure of the Confidential Information in judicial or administrative proceedings to the extent that you are legally compelled to disclose such information, provided you notify us prior to disclosure and have used your best efforts to obtain, and have afforded us the opportunity to obtain,

an appropriate protective order or other assurance satisfactory to us of confidential treatment for the information required to be so disclosed.

B. **Nondisclosure and Noncompetition Agreements with Certain Individuals**. Subject to any applicable legal restrictions related to nondisclosure and/or noncompetition agreements, we have the right to require any holder of a legal or beneficial interest in you (and any member of their immediate families or households), and any officer, director, executive, manager or member of the professional staff and employees of your Studio to execute a nondisclosure and noncompetition agreement, our standard form of which is attached as Attachment 4, upon execution of this Agreement or prior to each such person's affiliation with you. Upon our request, you will provide us with copies of all nondisclosure and noncompetition agreements signed pursuant to this Section. Such agreements shall remain on file at your offices and are subject to audit or review as otherwise set forth in this Agreement. We will be a third party beneficiary with the right to enforce covenants contained in such agreements.

14. EXCLUSIVE RELATIONSHIP

You acknowledge and agree that we would be unable to protect the Confidential Information against unauthorized use or disclosure or to encourage a free exchange of ideas and information among our franchisees if you (or your Owners) were permitted to hold interests in or perform services for a Competitive Business. Therefore, we have granted the Franchise to you in consideration of and reliance upon your (and your Owners') agreement to deal exclusively with us. You agree that, during the Term, neither you nor any of your Owners, directors, or officers (nor any of your or their immediate family members) will:

(1) Have any direct or indirect interest as an owner – whether of record, beneficially or otherwise – in a Competitive Business, wherever located or operating (this restriction will not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent less than 5% of the number of shares of that class of securities issued and outstanding);

(2) Perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business, wherever located or operating;

(3) Recruit or hire any person who is our employee or the employee of any Bünda Studio without obtaining the prior written permission of that person's employer;

(4) Direct any prospective or existing business or economic opportunities away from us, our Related Party, the Studio or any other Bünda Studio to a Competitive Business, wherever located or operating; or

(5) Perform any act prejudicial or injurious to the goodwill associated with the Marks.

You acknowledge that the restrictive covenants contained in this Section and Sections 13.A and 16.D are essential elements of this Agreement and that without their inclusion, we would not have entered into this Agreement. You acknowledge that each of the terms set forth herein, including

the restrictive covenants, is fair and reasonable and is reasonably required for the protection of us, our franchisees, the System and the Marks. You waive any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable.

15. INNOVATIONS

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 authorize you and others to use them in the operation of Bünda studios. Innovations will then also constitute Confidential Information. We will disclose to you Innovations that are made a part of the System. To the extent any Innovation does not qualify as a work made-for-hire for us, by this Section 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 Studio or otherwise, without obtaining our prior written approval.

You agree to require all independent contractors who provide any services at the Studio to sign a written independent contractor agreement that includes an assignment to us of all rights to innovations created at, or in connection with work at, the Studio.

16. TERMINATION OF AGREEMENT

A. **Termination by You**. You may terminate this Agreement if we commit a material breach of any of our obligations under this Agreement and fail to correct such breach within 30 days after your delivery of written notice to us detailing our alleged default; provided, however, that if we cannot reasonably correct the breach within this 30-day period but provide you, within this 30-day period, with reasonable evidence of our effort to correct the breach within a reasonable time period, then the cure period will run through the end of such reasonable time period.

B. **Termination by Us**. In addition to the grounds for termination stated otherwise herein, upon the occurrence of any one of the following events, we may, at our option, terminate this Agreement, effective immediately upon delivery of written notice to you, unless the notice provides for an opportunity to cure within the time specified in the default notice (or longer period as may be required by applicable law):

(1) You (or any of your Owners) have made or make any material misrepresentation or omission in connection with your application for and acquisition of the Franchise or your operation of the Studio, including, without limitation, by intentionally, or through your gross negligence, understating the Studio's Gross Revenues for any period;

(2) You fail, within 10 days after notice of your default, to obtain our approval of the Location, to secure the Location under a lease or sublease that we approve, or otherwise to meet any of the Development Obligations identified in Section 3 on or before the applicable deadline established in Section 3, or you fail to develop, open and begin operating the Studio in accordance with our System Standards on or before the Mandatory Opening Date;

(3) You abandon or fail to actively operate the Studio offering full services to its members during all of the hours we specify (or in accordance with any operational schedule upon which we and you have mutually agreed pursuant to Section 6.C(9)), or for five or more days during any calendar month, although you may close the Studio for up to 15 days for remodeling and repairs that have been pre-approved in writing by us (but if your remodeling or repairs will take more than 15 days, your members must be able to use an alternate location within five miles of your Studio or you must prorate or refund your member's fees during the closure period.;

(4) You or any of your Owners makes a purported Transfer in violation of Section 10;

(5) You (or any of your Owners) are or have been convicted of, or plead or have pleaded either guilty or no contest to, a felony, or to another crime of lesser offense that may adversely affect your reputation, the reputation of your Studio or the goodwill associated with the Marks;

(6) You lose the right to possession of the Location, unless you locate and start pre-selling memberships at a substitute Location pre-approved in writing by us within the Protected Area before you cease operating the Studio at the original Location;

(7) A Lender forecloses on its lien on a substantial and material portion of the Studio's assets;

(8) You (or any of your Owners, Operating Principal, Studio Manager, employees or Independent Contractors) misappropriate any Confidential Information or violate any provisions of Section 14, including, without limitation, by holding interests in or performing services for a Competitive Business;

(9) You violate any material law, ordinance, or regulation applicable to the Studio and do not begin to correct such noncompliance or violation immediately, or do not completely correct such noncompliance or violation within the time period prescribed by law, unless you are in good faith contesting your liability for such violation through appropriate proceedings;

(10) You fail to report the Studio's Gross Revenues pursuant to Section 9.C or fail to make any payment due to us or any of our affiliates or vendors, and do not correct such failure within ten days after delivery of written notice of such failure;

(11) You fail to maintain the insurance required by this Agreement or to furnish us with satisfactory evidence of such insurance within the required time and do not correct such failure within ten days after delivery of written notice of such failure;

(12) You fail to pay when due any federal or state income, service, sales, employment, or other taxes due from the operations of the Studio, unless you are in good faith contesting your liability for such taxes through appropriate proceedings;

(13) You (or any of your Owners) breach this Agreement or any other agreement between us and you (or any of your Owners or Related Parties) on three or more separate occasions within any period of 12 consecutive months and we provide you with written notice of such breaches in accordance with Section 22.G below, whether or not such breaches are corrected after notice from us;

(14) You repeatedly fail to pay amounts owed to our designated, approved, or recommended suppliers within 30 days following the due date (unless you are contesting the amount in good faith), or you default (and fail to cure within the allocated time) under any note, lease, or agreement we deem material pertaining to the operation or ownership of the Studio;

(15) Any other contract or agreement between us and you (or any of your Owners or Related Parties), including any franchise agreement for another Bünda studio, is terminated before its term expires, except for any material breach by us;

(16) You make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee, or liquidator of all or a substantial part of your property; the Studio is attached, seized, or levied upon, unless such attachment, seizure, or levy is vacated within 60 days; or any order appointing a receiver, trustee, or liquidator of you or the Studio is not vacated within 60 days following the entry of such order; or

(17) You breach any other obligation under this Agreement or any other agreement between us, including, without limitation, any other Bünda franchise agreement, area development agreement or other agreement, and you, including, without limitation, any System Standard, and do not correct the failure to our satisfaction within 30 days after we deliver written notice of the failure to you; provided, however, that if you cannot reasonably correct the breach within this 30-day period but provide us, within this 30-day period, with reasonable evidence of your effort to correct the breach within a reasonable time period, then the cure period will run through the end of such reasonable time period.

C. **Assumption of Studio's Management**. We or our designee have the right (but not the obligation), under the circumstances described in the Section below, to enter the Location and assume the Studio's management for any period of time that we deem appropriate. All funds from the Studio's operation during the period of our (or our designee's) management will be kept in a separate account and all Studio expenses will be charged to such account. In addition to all other fees and payments owed hereunder, we may charge you a reasonable management fee that we specify, not to exceed 15% of the Studio's Gross Revenues, plus any out-of-pocket expenses incurred in connection with the Studio's management. We or our designee will have a duty only to use reasonable efforts upon assuming the Studio's management and will not be liable to you for any debts, losses or obligations that the Studio incurs, or to any creditors for any supplies or other products or services purchased for the Studio, in connection with such management.

We or our designee may assume the Studio's management under the following circumstances: (a) if you abandon or fail to actively operate the Studio for any period; or (b) we provide you with a notice, in the form specified in Section 22.G below, of your violation of Subsections 16.B(3), (5), (9), (12) or (16) above and you do not correct or cure the breach or violation described in the notice within the applicable cure period (if any). Our exercise of our rights under this Section 16.C will not affect our right to terminate this Agreement under this Section 16.

17. EFFECT OF TERMINATION OR EXPIRATION OF THIS AGREEMENT

A. **Payment of Amounts Owed to Us**. Upon termination or expiration of this Agreement for any reason, you will pay us all amounts remaining due under this Agreement within 10 days after such termination or expiration (or within ten days after the amount is known, if the amount is not known on the effective date of expiration or termination). In the case of a termination by us pursuant to Section 16.B or a termination by you other than pursuant to Section 16.A, this will be deemed to include all amounts that you would have paid us during what would have been the remainder of the Term or for a period of two years, whichever period is shorter, had it not been terminated, without limitation, Royalties (with the Gross Revenues used to calculate the Royalties being determined using the average of your weekly Gross Revenues during the 6 month period prior to the date of termination). However, the parties acknowledge and agree that, in the case of a termination by us pursuant to Section 16.B or a termination by you other than pursuant to Section 16.A, we also will suffer damages other than lost future Royalties and Brand Fees (including, without limitation, loss of goodwill relating to the Marks and lost business opportunities).

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

(1) You may not directly or indirectly at any time or in any manner (except with respect to other Bünda studios you continue to operate lawfully under a separate Bünda franchise agreement) identify yourself or any business as a current or former Bünda Studio, or as one of our current or former franchisees, or use any of the Marks, or any colorable imitation thereof, including, without limitation, on any stationery, forms, advertising materials, membership agreements or billing statements, or utilize for any purpose any trade name, trade or service mark or other commercial symbol that indicates or suggests a connection or association with us;

(2) You will take such action as may be required to cancel all fictitious or assumed name(s) or equivalent registrations relating to your use of any of the Marks and, at our option, to assign to us (or our designee) or cancel any electronic address, domain name or Proprietary Internet Site, mobile media, social media site or rights maintained in connection with any search engine or any other digital listing or presence, that associates you with us, the Studio, or the Marks;

(3) You will at your own expense remove and deliver to us (or, at our option, destroy) all marketing materials, forms and other materials containing any of the Marks or otherwise identifying or relating to a Bünda Studio; you will sell and deliver to us each Bünda Station and Bünda Dumbbell Racks used in your Studio or elsewhere; and we will compensate you for the depreciated value of each Bünda Station and Bünda Dumbbell Rack delivered to us that is in good working order; for purposes of this Section, the "depreciated value" means 90% of

the original cost of each Bünda Station and Bünda Dumbbell Rack (excluding tax and shipping) less 1/60th of the original cost for each month after the date the Bünda Station and Bünda Dumbbell Rack was put in use;

(4) If we do not have or do not exercise an option to purchase the Studio, you will, at your own expense, remove all exterior and interior signage at the Studio and thereupon either destroy such exterior and interior signage or, if they meet our then-current standards and specifications, sell your interior and exterior signage to us or another Bünda Studio franchisee at such price and on such payment terms as such parties may negotiate and agree upon;

(5) If we do not have or do not exercise an option to purchase the Studio, you will, at your own expense, make such alterations as we reasonably specify to distinguish the Studio clearly from its former appearance and from other Bünda studios so as to prevent a likelihood of confusion by the public and otherwise take the steps that we specify to remove all association of your Studio and the Marks and System;

(6) If we do not have or do not exercise an option to purchase the Studio, you will notify the telephone company and all telephone directory publishers and all other third parties that maintain digital directories or databases that list your name or identity of the termination or expiration of your right to use any telephone, telecopy, or other numbers, and any regular, classified, or other telephone directory listings associated with any of the Marks or the Studio, authorize the transfer of such numbers and directory listings to us or our nominee, and/or instruct the telephone company to forward all calls made to your telephone numbers to numbers we specify;

(7) In addition to any procedures required by state law, you will notify all of your members of the termination or expiration of this Agreement and offer to such members the option to terminate their membership and receive a pro rata refund of all membership fees and other charges which were prepaid by such members related to any period after the effective date of termination or expiration of this Agreement; and

(8) You agree to furnish us, within 30 days after the effective date of termination or expiration of this Agreement, with evidence satisfactory to us of your compliance with the foregoing obligations.

C. **Confidential Information**. Except as otherwise may be restricted by law, upon termination or expiration of this Agreement, you and your Owners will immediately cease to use any of our Confidential Information in any business or otherwise and return to us all copies of the Manuals and any other confidential materials that we have loaned to you.

D. **Competitive Restrictions**. Upon expiration or termination of this Agreement for any reason whatsoever (provided you have not acquired a Renewal Franchise), you and your Owners agree that, for a period of three years commencing on the effective date of termination or expiration, neither you nor any of your Owners will, directly or indirectly (e.g., through a spouse or child):

(1) Unless the following covenants are not enforceable under applicable law, have any direct or indirect interest as an owner (whether of record, beneficially or otherwise) in or perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise, for a Competitive Business, located or operating: (a) at the Protected Area surrounding the Location; (b) within a ten mile radius of the Location; or (c) within a ten mile radius of any other Bünda studio in operation or under development on the effective date of termination or expiration of this Agreement (this restriction will not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the- counter market that represent less than 5% of the number of shares of that class of securities issued and outstanding);

(2) Recruit or hire any person who is our employee or the employee of any Bünda studio without obtaining the prior written permission of that person's employer; or

(3) Perform any act prejudicial or injurious to the goodwill associated with the Marks.

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

If any of the foregoing Competitive Restrictions is deemed to be unreasonable, overly broad or unenforceable, we and you agree that the court or arbitrator with jurisdiction of this Agreement shall reform this Agreement and reduce the Competitive Restrictions in a manner that renders them reasonable and enforceable.

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

F. **Our Right to Purchase Upon Termination**.

(1) **Exercise of Option**. Upon our termination of this Agreement in accordance with its terms and conditions or your termination of this Agreement without cause, we have the option, but not the obligation, exercisable by giving written notice to you within 60 days from the date of such termination, to purchase the Studio from you, including the leasehold rights to the Location. (The date on which we notify you whether or not we are exercising our option is referred to in this

Agreement as the "Notification Date"). We have the unrestricted right to assign this option to purchase the Studio. We will be entitled to all customary warranties and representations in connection with our asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise.

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

(a) To assign your leasehold interest in the Location to us; or

(b) To enter into a sublease for the remainder of the lease term on the same terms (including renewal options) as the prime lease.

(3) **Purchase Price**. The purchase price for the Studio will be its at book value (cost less depreciation, with depreciation being determined by the shorter of (a) 5 years; or (b) the time period used by you in connection with the preparation of the financial statements for your Franchise) business and its value will not include any value for: The Franchise or any rights granted by this Agreement; The Marks; or Participation in the Franchise Network of Bünda studios but will include the goodwill you developed in the market of the Studio that exists independent of the goodwill of the Marks and the System. The length of the remaining term of the lease for the Location will also be considered in determining the Studio's fair market value.

We may exclude from the assets purchased cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the Studio's operation or that we have not approved as meeting standards for Bünda studios, and the purchase price will reflect such exclusions. The purchase price will be paid at the closing of the purchase, which will take place not later than 90 days after determination of the purchase price.

G. **Our Right to Purchase During Term of Agreement**.

(1) **Exercise of Option.** We have the right to purchase all of the assets of your Franchise including all fixtures, equipment, inventory and contract rights, free and clear of all liens and encumbrances at any during the Term agreement between us and you (or any of your affiliates) and acquire your Studio and concurrently with the closing of such transaction, terminate the Franchise Agreement ("Call Option").

(2) **Purchase Price.** The purchase price will be either (a) 4 times your Studio's adjusted EBITDA (earnings before interest, taxes, depreciation and amortization) determined in accordance with GAAP during the 12 month period from the time we notify you of our intent to exercise the Call Option if your Studio has been open and operating for more than 12 months, or (b) certain costs for an unopened Studio that has not been open and operating for 12 months ("EBITDA Valuation"). Within 60 days after the exercise of the Call Option, each party will prepare and deliver to the other party a statement setting forth the preparing party's calculation of the EBITDA Valuation.

The "Final EBITDA Valuation" (as finally determined in accordance with clause (A) or (B) below) will become final and binding on the Parties upon the earlier of (A) the date the Parties resolve in writing any differences the Parties have with respect to the Parties' calculations of the EBITDA Valuation or (B) the date any disputed items are finally resolved in writing by the Arbitrator pursuant to this Section. During the 30-day period after each Party has delivered its calculation of the EBITDA Valuation to the other Party, the Parties shall negotiate in good faith to resolve any differences in between the Parties' calculations of the EBITDA Valuation. If, at the end of such 30-day period, the Parties have not reached agreement on all such items, then either Party may request in writing (the "Arbitration Request") that the items that remain in dispute be promptly submitted to an arbitrator (the "Arbitrator") for review and resolution. The Arbitrator will be a regionally recognized public accounting firm agreed upon by the Parties in writing; provided that the Arbitrator will not be an accounting firm used by either Party (or any of its affiliates) within the preceding three years for any purpose. If the Parties cannot agree upon an Arbitrator within ten (10) days after delivery of the Arbitration Request, each Party will select an arbitrator within fifteen (15) days after delivery of the Arbitration Request, and these two arbitrators selected by the Parties are obligated to appoint the Arbitrator within fifteen (15) days after the last the two arbitrators are selected. The Arbitrator will determine procedures for such arbitration, subject to the terms hereof. The Arbitrator will only consider the items that remain in dispute. The Arbitrator will determine the Final EBITDA Valuation solely based on submissions made by the Parties consistent with the terms hereof (and not by independent review). The Arbitrator will not assign a value to any item that is greater than the greater value for such item claimed by either Party or less than the lesser value for such item claimed by either Party. The Arbitrator will render a decision resolving such items in dispute within 30 days after completion of submissions to the Arbitrator. The Parties will share equally in any fees and expenses due to any arbitrator appointed or selected under this Section.

(3) **Closing on Sale.** If we exercise the Call Option and do not rescind or terminate the Call Option as a result of any adverse change in the condition of your Studio, its assets or the operation of the Business, then we anticipate the closing of the transaction will occur within 6-12 months and will depend on our ability to obtain any third-party consents, financings, and other contingencies.

H. **Terms of Purchase**. The following additional terms will apply to any purchase pursuant to section F or G above:

(1) We have the right to set off against the purchase price, and thereby reduce the purchase price by, any and all amounts you or your Owners owe to us or any amounts of rent you owe the landlord of the Location, or supplies or your creditors that we pay on your behalf in order to obtain lawful possession of the Location, any of your assets or to cover amounts you owe suppliers we do business with. At the closing, you agree to deliver instruments transferring to us:

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

(b) All licenses and permits of the Studio that may be assigned or transferred;

(c) The leasehold interest and improvements in the Location; and

(d) Accounts receivable from members and membership contracts.

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

I. **Continuing Obligations**. All of our and your (and your Owners' and Related Parties') obligations which expressly or by their nature survive the termination or expiration of this Agreement will continue in full force and effect subsequent to and notwithstanding its termination or expiration until such obligations are satisfied in full or by their nature expire.

18. RELATIONSHIP OF THE PARTIES; INDEMNIFICATION

A. **Independent Contractor Relationship**. This Agreement does not create a fiduciary relationship between you and us. We and you are and will be independent contractors, and nothing in this Agreement is intended to create an agency, joint venture, partnership, or employment relationship. Neither party has any right to create any obligation on behalf of the other except as expressly provided in this Agreement. Because in your relationship with us you are an independent contractor, your labor relations with your employees (as well as the relationships you maintain with your Independent Contractors) are strictly your own concern. You must comply with all applicable laws and regulations, whether related to employment, to operating the Studio or otherwise. We do not have the right or power to supervise or discipline any of your employees (or your Independent Contractors); to determine the hiring, firing, compensation, or terms or conditions of employment of any of your employees; or otherwise to control the labor relations or contractual relations between you and your employees (or your Independent Contractors). At our request, you will require all employees and independent contractors to sign an acknowledgement, confirming each person's agreement and understanding that we are not that person's employer.

B. **Taxes**. You and your Owners are solely responsible for all taxes, however denominated or levied upon you or the Studio, in connection with the business you will conduct under this Agreement (except any taxes we are required by law to collect from you with respect to purchases from us).

C. **Indemnification**.

(1) You will indemnify, defend, and hold us, our affiliates, and our and their respective owners, directors, managers, officers, employees, agents, independent contractors, successors, and assignees (collectively, the "Franchisor Indemnified Parties") harmless against, and reimburse any one or more of the Franchisor Indemnified Parties for, all third party claims, any and all taxes, and any and all claims and liabilities directly or indirectly arising out of or related to:

(a) The operation of the Studio,

(b) The unauthorized use of the Marks,

(c) A Transfer in violation of this Agreement,

(d) A breach of this Agreement, including, without limitation, unauthorized use of the Confidential Information, or

(e) Any other agreement between the parties and or their Related Parties that relates to the operation of the Studio, including, without limitation, those claims and liabilities that are alleged to have been caused by a Franchisor Indemnified Party's negligence. However, your indemnification obligations will not apply to, and we will reimburse you for any defense costs that you incurred on behalf of any Franchisor Indemnified Party with respect to, claims or liabilities which are determined to be caused solely by the Franchisor Indemnified Party's negligence, material defaults or willful misconduct in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction. Each Franchisor Indemnified Party has the right to defend any Claim at your expense if you fail to defend the Claim in the manner the Franchisor Indemnified Party reasonably requires. This indemnity will continue in full force and effect notwithstanding the termination or expiration of this Agreement. Neither we nor any other Franchisor Indemnified Party is required to seek recovery from any insurer or other third party in order to maintain and recover fully a Claim against you. You agree that our failure to pursue such recovery will in no way reduce or alter the amounts we or another Franchisor Indemnified Party may recover from you.

(2) We agree to indemnify, defend, and hold harmless you and your Owners, directors, officers, employees, agents, successors, and assignees (collectively, the "Franchisee Indemnified Parties") against, and to reimburse each Franchisee Indemnified Party for, all Claims asserted by a third party arising out of our negligence, material defaults or intentional misconduct toward that third party. Each Franchisee Indemnified Party has the right to defend any claim at our expense if we fail to defend the claim in the manner the Franchisee Indemnified Party reasonably requires. This indemnity will continue in full force and effect notwithstanding the termination or expiration of this Agreement. A Franchisee Indemnified Party need not seek recovery from an insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against us. We agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts you or another Franchisee Indemnified Party may recover from us.

D. **Insurance**. You must obtain and thereafter maintain in full force and effect, throughout the Term, at your sole expense, property, professional liability, general liability, motor vehicle liability, worker's compensation insurance and other types of insurance we require. The liability insurance must cover claims for bodily injury, death and property damages caused by or occurring in connection with your Studio's operation or activities of your personnel in the course of their employment (within and without your Studio's premises). All of these policies must contain the minimum coverage we prescribe from time to time, and must have deductibles not to exceed the amounts we specify. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. If

we establish an approved supplier for insurance, prior to purchasing any insurance coverage, you must request a quote for insurance through our approved supplier. You are not required to purchase the insurance from our supplier, but any insurance you purchase must satisfy our standards as set forth in this Agreement and in the Manual. The insurer under any required policy must at all times maintain at least an "A" rating or better as rated by Best's Insurance Reports (or any similar rating that we periodically designate). You must cause us to designate to be named as additional insureds on all policies. These insurance policies must and provide for 30 days' prior written notice to us of a policy's material modification, cancellation or expiration. Each insurance policy must contain a waiver of all subrogation rights against us, and our successors and assigns. You must routinely furnish us copies of your certificates of insurance or other evidence of your maintaining this insurance coverage and paying premiums. You must notify us of any lawsuits filed against you within seven days after you have notice of such lawsuits, whether or not you have tendered them to your insurance company for defense and/or coverage. If you fail or refuse to obtain and maintain the insurance we specify, in addition to our other remedies (including, without limitation, termination), we may (but need not) obtain such insurance for you and your Studio on your behalf, in which event you must cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee for our time incurred in obtaining such insurance.

19. ENFORCEMENT

A. **Severability**. Except as expressly provided to the contrary in this Agreement, including in Section 21, each provision of this Agreement is severable, and if, for any reason, any provision or part of a provision is held to be invalid or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency, or tribunal with competent jurisdiction in a proceeding to which we are a party, that ruling will not impair the operation of, or have any other effect upon, such other portions of this Agreement that remain otherwise intelligible, which will continue to be given full force and effect and bind the parties. If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable by reducing any part or all of it, you and we agree that such covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice than is required under this Agreement of the termination of this Agreement or of our refusal to enter into a Renewal Franchise Agreement, or the taking of some other action not required under this Agreement, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any System Standard is invalid or unenforceable, the prior notice and/or other action required by such law or rule will be substituted for the comparable provisions of this Agreement, and we will have the right to modify such invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable. You agree to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions or any System Standard any portion or portions which a court or arbitrator holds to be unenforceable in a final decision to which we are a party, or from reducing the scope of any

promise or covenant to the extent required to comply with such a court order or arbitration award. Such modifications to this Agreement will be effective only in such jurisdiction, unless we elect to give them greater applicability, and will be enforced as originally made and entered into in all other jurisdictions.

B. **Amendment**. Subject to our right to periodically modify System Standards and the Manual, the provisions of this Agreement may be modified only by written agreement between the parties.

C. **Waiver of Obligations**. We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of notice to the other or such other effective date stated in the notice of waiver. Any waiver we or you grant will be without prejudice to any other rights we or you may have, will be subject to our or your continuing review, and may be revoked by the party granting the waiver at any time and for any reason; provided, however, that any waived breach may not later be used as a ground for terminating this Agreement. Any waiver must be in writing to be enforceable. Our failure to complain or declare that you are in breach of the terms of this Agreement or our failure to give or withhold our approval as provided in this Agreement will not, except as otherwise provided in this Agreement, constitute a waiver of such breach or of such right to withhold our approval. We will not be deemed to waive or impair any of our rights under this Agreement because of our waiver of or failure to exercise any right, whether of the same, similar, or different nature, with other Bünda studios or because of the existence of franchise or license agreements for other Bünda studios which contain provisions different from those contained in this Agreement.

D. **Costs and Attorney's Fees**. If a claim for amounts owed by you to us or any of our affiliates or vendors is asserted in any legal or arbitration proceeding or if either you or we are required to enforce this Agreement or to enforce any rights related to our relationship in a judicial or arbitration proceeding, the party prevailing in such proceeding will be entitled to reimbursement of its costs and expenses, including reasonable accounting and attorneys' fees. Attorneys' fees will include, without limitation, reasonable legal fees charged by attorneys, paralegal fees, and costs and disbursements, whether incurred prior to, or in preparation for, or in contemplation of, the filing of written demand or claim, action, hearing or proceeding to enforce the obligations of the parties under this Agreement.

E. **Cumulative Rights**. Our and your rights under this Agreement are cumulative, and no exercise or enforcement of any right or remedy will preclude our or your exercise or enforcement of any other right or remedy under this Agreement that we or you are entitled by law to exercise or enforce.

20. MEDIATION

We and you agree that during the term of this Agreement disputes may arise between the parties that may be resolvable through mediation. To facilitate such resolution we and you agree that, prior to filing any judicial or arbitration proceeding, except injunctive and related relief as provided in Section 21, each party will submit the dispute between them for non-binding mediation at a mutually agreeable location. If we and you cannot agree on a location, the mediation will be

conducted in Los Angeles, California. The mediation will be conducted by one mediator who is appointed under the American Arbitration Association's Commercial Mediation Rules and who shall conduct the mediation in accordance with such rules. We and you agree that statements made by us, you or any other party in any such mediation proceeding will not be admissible in any arbitration or other legal proceeding. Each party shall bear its own costs and expenses of conducting the mediation and share equally the costs of any third parties who are required to participate in the mediation. If any dispute between the parties cannot be resolved through mediation within 45 days following the appointment of the mediator, the parties agree to submit such dispute to arbitration subject to the terms and conditions of Section 21.

21. ARBITRATION

All disputes between us, and our respective owners, officers, directors, agents, and employees, and you (and/or your Owners, Related Parties, officers, directors, agents, and employees, if applicable) arising out of or related to this Agreement or any provision of this Agreement (including the validity and scope of the arbitration obligation under this Section 21, which we and you acknowledge is to be determined by an arbitrator, not a court), any other agreement between us and you, or any aspect of our and your relationship, will be determined exclusively by binding arbitration to be conducted by one arbitrator under the then-current commercial arbitration rules of the American Arbitration Association. Arbitration proceedings must be held exclusively in Los Angeles County, California. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Judgment upon the award may be entered in any court of competent jurisdiction.

We and you agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. We and you further agree that, in any arbitration proceeding, each party must submit or file any claim that would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim that is not submitted or filed as required is forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us and will not have the right to declare any Mark generic or otherwise invalid. Except as described in Section 22.D, we and you and your Owners waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agree that, in the event of a dispute between you and us, the party making a claim will be limited to equitable relief and to recovery of any actual damages he, she, or it sustains. We reserve the right, but have no obligation, to advance your share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished our right to seek the recovery of those costs in accordance with Section 19.D above.

Arbitration must be conducted on an individual, not a class-wide, basis; only we (and/or our respective owners, officers, directors, agents, and employees) and you (and/or your Owners, Related Parties, officers, directors, agents, and employees, if applicable) may be the parties to any arbitration proceeding described in this Section 21; and no such arbitration proceeding may be consolidated with any other arbitration proceeding between us and any other person, corporation, limited liability company, or partnership. Notwithstanding the foregoing or anything to the

contrary in this Section 21 or Section 19.A, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section 21, then all parties agree that this arbitration clause will not apply to that dispute and that such dispute will be resolved in a judicial proceeding in accordance with this Section 21.

Notwithstanding anything to the contrary contained in this Section 21, we and you each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction. In that case, we and you agree to contemporaneously submit our dispute for arbitration on the merits according to this Section 21. The provisions of this Section 21 will continue in full force and effect notwithstanding the termination or expiration of this Agreement and are intended to benefit and bind certain third party non-signatories.

22. MISCELLANEOUS

A. **Governing Law**. ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1 ET SEQ.). EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT 15 U.S.C. §§ 1051 ET SEQ.), THE UNITED STATES COPYRIGHT ACT, OR OTHER FEDERAL LAW, THIS AGREEMENT, THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND YOU WILL BE GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO ITS CONFLICT OF LAWS PRINCIPLES, EXCEPT THAT ANY CALIFORNIA LAW REGULATING THE SALE OF FRANCHISES, LICENSES, OR BUSINESS OPPORTUNITIES, OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISEE OR THE RELATIONSHIP OF A LICENSOR AND ITS LICENSEE, OR INVOLVING UNFAIR OR DECEPTIVE ACTS OR PRACTICES, WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION. REFERENCES TO ANY LAW OR REGULATION ALSO REFER TO ANY SUCCESSOR LAWS OR REGULATIONS AND ANY IMPLEMENTING REGULATIONS FOR ANY STATUTE, AS IN EFFECT AT THE RELEVANT TIME. REFERENCES TO A GOVERNMENTAL AGENCY ALSO REFER TO ANY SUCCESSOR REGULATORY BODY THAT SUCCEEDS TO THE FUNCTION OF SUCH AGENCY.

B. **Consent to Exclusive Jurisdiction**. SUBJECT TO OUR AND YOUR ARBITRATION OBLIGATIONS IN SECTION 21, YOU AND YOUR OWNERS AGREE THAT ALL JUDICIAL ACTIONS BROUGHT BY US AGAINST YOU OR YOUR OWNERS OR BY YOU OR YOUR OWNERS AGAINST US, OR OUR RESPECTIVE OWNERS, OFFICERS, DIRECTORS, AGENTS, INDEPENDENT CONTRACTORS OR EMPLOYEES, MUST BE BROUGHT EXCLUSIVELY IN THE FEDERAL AND STATE COURTS IN LOS ANGELES COUNTY, CALIFORNIA. THE COURTS SPECIFIED IN THIS SUBSECTION 22.B WILL HAVE EXCLUSIVE JURISDICTION OVER ALL DISPUTES, AND VENUE WILL LIE IN LOS ANGELES COUNTY, CALIFORNIA, AND WILL BE DETERMINED ACCORDING TO CALIFORNIA LAW, WITHOUT REGARD TO THE JURISDICTIONAL, VENUE, OR CHOICE OF LAW PROVISIONS OF ANY STATE OR PROTECTED AREA OTHER THAN

CALIFORNIA. YOU (AND EACH OWNER) IRREVOCABLY SUBMIT TO THE JURISDICTION OF SUCH COURTS AND WAIVE ANY OBJECTION YOU, HE, OR SHE MAY HAVE TO EITHER JURISDICTION OR VENUE. NOTWITHSTANDING THE FOREGOING, WE MAY BRING AN ACTION FOR A TEMPORARY RESTRAINING ORDER OR FOR TEMPORARY OR PRELIMINARY INJUNCTIVE RELIEF, OR TO ENFORCE AN ARBITRATION AWARD, IN ANY FEDERAL OR STATE COURT IN THE STATE IN WHICH YOU RESIDE OR THE STUDIO IS LOCATED.

C. **Waiver to Jury Trial**. YOU (AND YOUR OWNERS) AND WE EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER YOU (OR YOUR OWNERS) OR US.

D. **Waiver of Punitive Damages**. EXCEPT WITH RESPECT TO YOUR AND OUR OBLIGATION TO INDEMNIFY THE OTHER PURSUANT TO SECTION 18.C FOR CLAIMS OF OTHERS SEEKING TO RECOVER PUNITIVE OR EXEMPLARY DAMAGES, AND EXCEPT FOR CLAIMS FOR UNAUTHORIZED USE OF THE MARKS OR MISAPPROPRIATION OF ANY CONFIDENTIAL INFORMATION, OR FOR LOST PROFITS BY US ARISING OUT OF YOUR TERMINATION OF THIS AGREEMENT AS SET FORTH IN SECTION 17.A, WE AND YOU AND YOUR OWNERS WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN YOU AND US, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES HE, SHE, OR IT SUSTAINS.

E. **Limitation of Claims**. EXCEPT FOR CLAIMS ARISING FROM YOUR NON-PAYMENT OF AMOUNTS DUE UNDER THIS AGREEMENT, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR OUR RELATIONSHIP WITH YOU WILL BE BARRED UNLESS AN ARBITRATION PROCEEDING IS COMMENCED WITHIN ONE YEAR FROM THE DATE ON WHICH THE PARTY ASSERTING SUCH CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO SUCH CLAIMS.

F. **Construction**. This Agreement, including the introduction, addenda and attachments to it, constitutes the entire agreement between you and us, and there are no oral or other written understandings, representations, or agreements between us and you, relating to the subject matter of this Agreement. Notwithstanding the foregoing, nothing in this Agreement will disclaim or require you to waive reliance on any representation that we made in the most recent disclosure document (including its amendments and attachments) that we delivered to you or your representative. Any policies that we adopt and implement from time to time to guide our decision-making are subject to change, are not a part of this Agreement, and are not binding on us. Except as provided in the indemnification and arbitration Sections, nothing in this Agreement is intended, or will be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement. Except where this Agreement expressly obligates us reasonably to approve any of your actions or requests, we have the absolute right to refuse any request you make or to

withhold our approval of any of your proposed or effected actions that require our approval. The headings of the Sections and Subsections are for convenience only and do not define, limit, or construe the contents of such Sections or Subsections. Any time period or deadline imposed on the parties under this Agreement will be extended or delayed as is reasonably necessary upon the occurrence of a force majeure (although all payments due under this Agreement must continue to be made). This Agreement may be executed in multiple copies, each of which will be deemed an original. If two or more persons are at any time "you" under this Agreement, their obligations and liabilities to us will be joint and several.

G. **Notices and Payments**. 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 Subsection. All such approvals, requests, notices, and reports, as well as all payments, will be deemed delivered at the time delivered by hand; or one Business Day after sending by telegraph, facsimile, e-mail or comparable electronic system or through a nationally recognized commercial courier service for next Business Day delivery; or three 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 Studio's 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:

If to us:

Bünda Franchising Group LLC
15404 Sutton Street
Sherman Oaks California 91403
Attention: Kevin Lilly
E-Mail Address: kevin@heartandhustle.com

If to you:

_____
_____
_____
Attention: _____
E-Mail Address: _____

H. **Time**. Time is of the essence of this Agreement and each and every provision.

I. **Binding Effect**. The delivery of this Agreement to you is not an offer. Therefore, this Agreement will not be binding upon us until it is first signed by you, tendered to us for our acceptance, and signed by us. Once accepted by us, this Agreement is binding upon and will inure to the benefit of us and you and our and your respective successors and permitted assigns.

J. **Exercise of Our Business Judgment**. We have the right, in our sole judgment, to operate, develop and change the System in any manner that is not specifically prohibited by this Agreement.

Whenever we have reserved in this Agreement a right to take or withhold an action, or to grant or decline to grant you a right to take or omit an action, we may, except as otherwise specifically provided in this Agreement, make our decision or exercise our rights based on the information readily available to us and our judgment of what is in our and/or our Franchise Network's best interests at the time our decision is made, regardless of whether we could have made other reasonable or even arguably preferable alternative decisions or whether our decision or the action we take promotes our financial or other individual interest.

K. **Electronic Mail**. You acknowledge and agree that exchanging information with us by e-mail is efficient and desirable for day-to-day communications and that we and you may utilize e-mail for such communications. You authorize the transmission of e-mail by us and our employees, vendors, and affiliates ("Official Senders") to you during the Term. You further agree that: (a) Official Senders are authorized to send e-mails to those of your employees as you may occasionally authorize for the purpose of communicating with us; (b) you will cause your officers, directors, and employees to give their consent to Official Senders' transmission of e-mails to them; (c) you will require such persons not to opt out or otherwise ask to no longer receive e-mails from Official Senders during the time that such person works for or is a Related Party with you; and (d) you will not opt out or otherwise ask to no longer receive e-mails from Official Senders during the Term. The consent given in this Subsection will not apply to the provision of notices by either party under this Agreement pursuant to Section 22.G using e-mail unless the parties otherwise agree in a written document manually signed by both parties.

L. **DISCLAIMER OF REPRESENTATIONS**. WE MAKE NO REPRESENTATIONS OR PROMISES OF ANY KIND EXCEPT THOSE SPECIFICALLY STATED IN THIS AGREEMENT AND THE FRANCHISE DISCLOSURE DOCUMENT THAT HAS BEEN DELIVERED TO YOU. WE DO NOT GUARANTEE THAT YOU WILL SUCCEED IN THE OPERATION OF THE STUDIO. WE ARE NOT A FIDUCIARY AND ASSUME NO SPECIAL RESPONSIBILITIES BEYOND THE NORMAL RESPONSIBILITIES OF A SELLER IN A BUSINESS TRANSACTION.

M. **Your Authority**.

(1) **Your Authority**. You represent and warrant that neither you nor any Owner or other persons or entities holding any legal or beneficial interest whatsoever in you are: (i) the target of any sanctions program that is established by Executive Order of the President or published by the Office of Foreign Assets Control, U.S. Department of the Treasury (the "OFAC"); (ii) designated by the President of OFAC pursuant to the Trading with the Enemy Act, 50 U.S.C. App. §5, the International Emergency Economic Powers Act, 50 U.S.C., §§ 1701-06, the Patriot Act, Public Law 107-56, Executive Order 13224 (September 23, 2001) or any Executive Order of the President issued pursuant to such statutes; or (iii) named on the following list that is published by OFAC: "List of Specially Designated Nationals and Blocked Persons." If the foregoing representations are untrue at any time during the term of this Agreement, you will be deemed to be in material default of this Agreement, for which we shall have the right to terminate this Agreement immediately upon notice to you.

(2) **Requests for Information**. Upon our request, you shall timely provide any financial statements, licenses, identification, authorization documents and any additional information regarding you, your Owners or representatives, as might be in connection with the USA Patriot Act, Pub.L.107-56 or any other legislation or regulation to which we may be subject.

23. VARYING STANDARDS

Because complete and detailed uniformity under many varying conditions may not be possible or practical, we specifically reserve the right and privilege, in our sole and absolute discretion and as we may deem in the best interests of all concerned in any specific instance, to vary standards and license agreement provisions for any licensee or prospective licensee based upon the peculiarities of a particular Location or circumstance, density of population, business potential, population or trade area, existing business practices, or any other condition which we deem to be of importance to the successful operation of such licensee's business. You will not have the right to complain about a variation from standard specifications and practices granted to any other licensee and will not be entitled to require us to grant you a like or similar variation.

24. GLOSSARY OF DEFINED TERMS AND PHRASES USED IN THIS AGREEMENT

"ADA" means the Americans with Disabilities Act.

"Agreement" means this Bünda Franchise Agreement between you and us.

"Ancillary Business Operations" means business activities that we periodically specify as being ancillary and optional to the main business of the Studio, those which we must approve, and those that traditionally may be undertaken by Independent Contractors (rather than a Studio employee), such as tanning services, massage services, chiropractic services and physical therapy services. We may specify in the Manuals and periodically modify those business activities that will be deemed Ancillary Business Operations.

"Branded Materials" means any other furniture, fixtures, equipment, signs and other items that display any of the Marks (except for the "Branded Products"), including the Bünda Station and Bünda Dumbbell Racks (as defined below).

"Brand Fee" is defined in Section 5.C of this Agreement.

"Branded Products" means a representative supply of branded "BÜNDA" clothing, accessories and other consumer products that we determine from time to time to be appropriate for sale at the Studio or for use in approved promotions.

"Bünda Station" means our proprietary, patented exercise platform, used to perform our proprietary exercise routines.

"Bünda Dumbbell Racks" means our proprietary, rack for storing and organizing dumbbell, used to perform our proprietary exercise routines.

"Business Day" means any day other than Saturday, Sunday or a legal United States holiday (as defined in 5 U.S. Code, Section 6103, as amended or succeeded from time to time), except as otherwise expressly stated in this Agreement.

"Business Entity" means any person or entity other than a sole proprietorship, including, without limitation, any business organization, such as a corporation, limited liability company, general partnership or limited partnership.

"Claim" or "Claims" for purposes of indemnification, the reference to "claims and liabilities" (collectively, the "Claims" and, individually, the "Claim") means all obligations and damages (actual, consequential, exemplary, or other) suffered as a result, and costs reasonably incurred in the defense, of any claim asserted against any of the indemnified parties, including, without limitation, accountants, arbitrators, attorneys and expert witness fees; costs of investigation and proof of facts; court costs; other expenses of litigation, arbitration or alternative dispute resolution; and travel and living expenses.

"Competitive Business" means (i) any business activity involving any athletic or fitness center, health club, gymnasium, exercise or aerobics studio utilizing cardiovascular heart rate monitor equipment, resistance training, stair climbing, cross fit, weight training, any indoor cycling/spin classes, any indoor or outdoor boot camp style fitness program, or one or more similar studios or businesses offering health and fitness training to the public through access to classes, training personnel and/or fitness equipment, or an entity that grants franchises or licenses for any of these types of businesses; or (ii) any business in which Confidential Information could be used to the disadvantage of us or other Bünda franchisees.

"Computer System" means the computer and related communications hardware, cables, fiber optics or other dedicated telephone and power lines, modems, routers, other computer-related accessories and peripheral equipment, software and related technology that we periodically specify in accordance with this Agreement; software includes, without limitation, all accounting and bookkeeping applications, club and member management software, advertising and promotional software, social media applications and all other programs and/or applications necessary or incidental to the operation of your business.

"Confidential Information" means certain information, customer lists and Customer Data, processes, methods, techniques, procedures and knowledge, including know-how (which includes information that is secret and substantial), manuals and trade secrets (whether or not judicially recognized as a trade secret), developed or to be developed by us, our predecessor, relating, directly or indirectly, to the development or operation of a Bünda Studio. With respect to the definition of know-how, "secret" means that the know-how as a body or in its precise configuration is not generally known or easily accessible, and "substantial" means information that is important and useful to you in developing and operating the Studio. Without limiting the foregoing, Confidential Information includes, without limitation:

(1) The methods, techniques, equipment, specifications, standards, policies, procedures and information relating to the development, operation and franchising of Bünda studios, including, without limitation, information in the Bünda design guidelines;

(2) The knowledge of suppliers and specifications for certain materials, equipment and fixtures for Bünda studios;

(3) The operating results and financial performance of Bünda studios other than your Studio;

(4) Any and all marketing, promotional or training materials used in the operation of, or relating to, Bünda studios;

(5) All Bünda programs and Bünda programming techniques; and

(6) The System Standards and the Manuals.

"Core Business Operations" means all business activities of or associated with the Studio which are not Ancillary Business Operations, including, without limitation, the Studio's front desk and membership operations, all cardio and weight training functions, personal training services, group exercise, towel/locker and other services we designate from time to time.

"Development Obligations" means the obligations you have with respect to locating the Location and developing and opening your Studio, as described in Section 3.

"Disability" means the inability of a person to perform his or her normal responsibilities at the Studio for a consecutive period of at least 90 days or for a total of 180 days during any 12-month period.

"Force Majeure" means any event or condition beyond the reasonable control of the subject party, including, without limitation, acts of God or a governmental authority.

"Franchise" means the rights expressly granted by us to you to operate one Studio at a Location using the Marks and the System pursuant to this Agreement.

"Franchise Disclosure Document" means the comprehensive disclosure documents, which we have provided to you prior to the time you sign this Agreement, and which explains various important details about us and the franchise opportunity offered to you, as required by FTC Regulations and any applicable state franchise laws.

"Franchise Network" means all of the companies and individuals composed of us, all Bünda franchisees, or other affiliates and any other parties that we have licensed to use our Marks.

"Fund" means the Bünda Brand Fund, which is created and administered to promote the Bünda Brand and the Franchise Network, as further described in Section 7.D.

"GAAP" means United States generally accepted accounting principals in effect as of the date of determination thereof.

"Good Standing" means the timely compliance by you and your Related Parties with all provisions of this Agreement, the Manual and any other standards that we may lawfully impose upon you, specifically including provisions for timely payment of money you owe to us or our affiliates.

"Gross Revenues" means the total selling price of all Services and Products, other products and all revenue and income of any kind relating to your Franchise including, without limitation, from the sale of memberships, classes, merchandise, gift cards, products and tangible personal property of every kind sold by you, in, from or through the Franchise, proceeds as a result of any business interruption insurance policy you carry; all income from off-site events and catering or delivery services including delivery fees; income from private parties, and all proceeds from all coin and card operated devices, including but not limited to amusement devices and vending machines, all regardless of whether such sale is conducted in compliance with or in violation of the terms of this Franchise Agreement, or whether such sale is at the Franchise or offsite, but exclusive of (i) sales or use tax actually paid to the appropriate taxing authority; and (ii) gratuities and tips paid to employees. Gross Revenue also include the fair market value of any services or products received by you in barter or exchange for your services and Products, other products and payments on credit (whether or not you received payment). No deductions are taken for credit card collection fees or for uncollected or uncollectible credit accounts, employee discounts or in respect of any other matter except as specifically stated. The retail value of all Products and other products sold in connection with the redemption of coupons, gift certificates, gift cards or vouchers is included in Gross Revenue; provided, that at the time such coupons, gift certificates, gift cards or vouchers are purchased, the retail price thereof may be excluded from Gross Revenue for the purpose of determining the amount of Gross Revenue upon which fees are due. Although Gross Revenues is defined above, Gross Revenues will be deemed recognized in accordance with generally accepted accounting principles in the United States. All items you claim as deductions from Gross Revenues must be supported by reasonable documentation. For purposes of determining Gross Revenues, all barter and/or exchange transactions in which you provide services or products in exchange for goods or services to be provided to you or on your behalf by a vendor, supplier or client will be valued at the full retail value of the goods and/or services to be provided to you or on your behalf. If you participate in any discount program, including but not limited to Groupon, Gross Revenue will include the full retail value of the goods or services rendered to the customer before any discounts or commission, provided that you may not participate in such a program without obtaining our prior written consent.

"Immediate Family" means, with respect to an individual, that individual's natural or adoptive father, mother, brother, sister, son or daughter.

"Independent Contractor" means any person or Business Entity with whom you contract to provide any products or services related in any manner to this Agreement, except for your employees (as defined by law).

"Innovations" means all ideas, concepts, methods, techniques and products conceived or developed by you and/or any of your Related Parties, Owners, agents, representatives, Independent Contractors or employees during the Term relating to the development or operation of your Studio.

"Location" means the location that we approve in writing, in the form of Attachment A-1 to this Agreement, as the Location at which you may own and operate the Studio in accordance with this Agreement.

"Management Account" means the online account that utilizes the web-based business management software or other software that we prescribe from time to time for use in operating your Studio and managing and tracking membership pre-sales for your Studio.

"Mandatory Opening Date" shall be 12 months from the Effective Date of this Agreement unless a different Mandatory Opening Date is identified in Attachment 1-A.

"Manual" means our operating manual, branding style guide and other similar materials, communiqué, memos and instructions that we lend you or to which we give you access on our intranet during the term of this Agreement, as updated from time to time, containing information, forms and requirements for the establishment and operation of your Studio and for using our Marks.

"Marks" means the two principal service marks, including the word "Bünda" and the stylized letter "Ƀ," as well as other trademarks, service marks, trade names, trade dress, logotypes, slogans and other commercial symbols we authorize you to use under this Agreement.

"Non-Branded Materials" means any other furniture, fixtures, equipment, signs and other items that does not display any of the Marks from an alternative supplier.

"Opening Date" means the date on which the Studio first opens for member workouts of any kind under this Agreement, regardless of the date on which the Studio's "grand opening" occurs.

"Owner" means any person holding a direct or indirect, legal or beneficial Ownership Interest or voting rights in you or in any entity that directly or indirectly holds an Ownership Interest or voting rights in you.

"Owner's Guaranty" means the personal guaranty signed by each Owner of 10% of the interest, capital or controlling interest in the Business Entity that is the Franchisee, in a form specified in Attachment 3 hereto.

"Ownership Interest" means: (a) in relation to a corporation, shares of capital stock or other equity interests in the corporation; (b) in relation to a limited liability company, membership interests or other equity interests in the limited liability company; (c) in relation to a partnership, a general or limited partnership interest; or (d) in relation to a trust, the ownership of the beneficial interest of such trust.

"Patents and Other Proprietary Information" means the patents and all derivatives thereof (including, without limitation, patents to the Bünda Station), patentable ideas, copyrights and other information that we own or have the right to use that is not Confidential Information, but, nevertheless, is information to which we have proprietary rights.

"Proprietary Internet Site" means any digital presence or site that we maintain on the Internet, including, without limitation, the "traditional" website, blogs and social media sites, such as Facebook, Twitter, LinkedIn, Instagram, Pinterest, Snapchat, Tik Tok, mobile media sites and similar sites, to advertise, market and promote the Bünda Brand and Bünda studios, products and services and Bünda franchise opportunities and to otherwise manage the System and Franchise Network.

"Protected Area" means an area surrounding a Location within which we agree to refrain from placing any other traditional Bünda studio operated by another Bünda franchisee, as defined in Attachments 1-A and 1-B.

"Related Party" as used with respect to you or us, means any person, directly or indirectly, owned or controlled by, under common control with, or owning or controlling, you or us (as applicable). As to us, "Related Party" includes Katherine (Katie) Lilly. For purposes of this definition, "control" of a person means ownership or control of a majority of the voting ownership of the person or any combination of voting ownership and/or one or more agreements that together afford control of the management and policies of such person.

"Renewal Franchise" means a right to operate a Studio at the Location or a substitute Location that we approve under the terms and conditions for a Renewal Franchise in Section 2, with such Renewal Franchise's term of ten years commencing immediately after the expiration of this Agreement.

"Royalty" is defined in Section 5.B of this Agreement.

"Studio" means the health and business studio business that we have authorized you to operate under our Marks and System and in accordance with the terms of this Agreement. References in this Agreement to "studio" (or "studios") in the lower case refer to a similar Bünda branded business (or businesses) operated by another franchisee or one of our affiliates using the Marks and the System.

"System" means the valuable and proprietary business formats and systems that we have developed for use in developing and operating Bünda studios, including, without limitation, our Confidential Information and Patents and Other Proprietary Information.

"System Standards" means mandatory specifications, standards, operating procedures, and rules that we periodically prescribe for the development and operation of Bünda studios, subject to Sections 6.A and 6.B.

"Term" is defined in Section 1.E of this Agreement.

"Transfer," whether used as a noun or a verb, includes, without limitation, your (or your Owners') voluntary, involuntary, direct, or indirect assignment, sale, gift, encumbering, pledge, delegation, or other disposition of this Agreement (or any interest in this Agreement), an Ownership Interest or other interest in you, or the Studio or any of its assets (including the equipment of the Studio).

"We" means Bünda Franchising Group LLC, a Delaware limited liability company and the franchisor of the Bünda Franchise Network, or any person or company to which we allocate part or all of our rights and obligations under this Agreement.

"You" means the person or Business Entity that is named as "you" in the first paragraph of this Agreement. If you are a Business Entity, the word "you" does not include your owners (e.g., the stockholders of a corporation, the members of a limited liability company or the partners of any type of partnership). "You" means, in addition, all people or entities that succeed to your interest by Transfer or operation of law.

[Signature Page to Follow]

The parties have executed and delivered this Agreement to be effective as of the Effective Date.

"We"	**"You"**
Bünda Franchising Group LLC	_____
By: _____	By: _____
Print Name: _____	Print Name: _____
Title: _____	Title: _____

Addendum 1 to Franchise Agreement
State Specific Addendum to
Bünda Franchise Agreement

ILLINOIS

This State Specific Addendum to the Bünda Franchise Agreement (the "Addendum") is effective on the same date as the Franchise Agreement (the "Agreement") to which it is attached. The parties to the Addendum are the parties to the Agreement. The purpose of this Addendum is to modify certain clauses of the standard Agreement to meet the requirements of regulatory agencies in particular states.

Illinois. The following provisions apply if you live in Illinois or your business will be located in Illinois:

1. **No Waiver of Compliance with Any Provision of the Illinois Franchise Disclosure Act (815 ILCS 705/1 et seq.) or Other Illinois Law**. Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of Illinois is void.

2. **Non-renewal and Termination**. The conditions under which the franchise can be terminated and your rights upon non-renewal may be affected by Illinois law, specifically Illinois Compiled Statutes 1992, Chapter 815, Sections 705/19 and 705/20.

3. **Illinois Cause of Action**. Any provision in this Agreement that designates jurisdiction or venue in a forum outside of Illinois is void provided that this Agreement may provide for arbitration in a forum outside of Illinois.

4. **No Waiver of Rights**. Nothing in this Agreement or clause waives any rights you may have under Illinois laws.

5. **Application of Laws of Illinois**. The terms and provisions of this Agreement will be construed in accordance with the laws of the State of Illinois.

6. **Escrow of Fees.** Pursuant to Section 200.502 the Illinois Administrative Rules, the Illinois Attorney General's Office imposed escrow requirements due to Bünda's financial condition and the Escrow Agreement is on file at the Office of the Illinois Attorney General. Your initial franchise fees will be placed in escrow until the franchises is opened.

7. The terms and conditions of the Agreement are incorporated into this Addendum by reference, except to the extent that they conflict with the terms and conditions of this Addendum. If there is a conflict, the terms and conditions of this Addendum will govern.

This Addendum is executed by the parties concurrently with the Franchise Agreement.

IN WITNESS TO THE FOREGOING, the parties to this Addendum sign and deliver it.

Franchisor:	**Franchisee:**
Bünda Franchising Group LLC	_____
By:	By: _____
Print Name:	Print Name: _____
Title: _____	Title: _____

Addendum 1 to Franchise Agreement
State Specific Addendum to
Bünda Franchise Agreement

MARYLAND

This State Specific Addendum to the Bünda Franchise Agreement (the "Addendum") is effective on the same date as the Franchise Agreement (the "Agreement") to which it is attached. The parties to the Addendum are the parties to the Agreement. The purpose of this Addendum is to modify certain clauses of the standard Agreement to meet the requirements of regulatory agencies in particular states.

Maryland. The following provisions apply if you live in Maryland or your business will be located in Maryland:

1. **Limitation of Actions**. The Agreement says that neither party may maintain any action or proceeding against the other party unless the party files an arbitration within one year after the party knows or should know the facts on which the arbitration is based. Any limitation on the period of time within which arbitration and/or litigation claims must be brought will not reduce the three-year period within which a franchisee may bring a claim arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

2. **Release**. A. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

B. Pursuant to COMAR 02.02.08.16L, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. **Venue and Jurisdiction**. Under Maryland law, you are permitted to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. **Termination for Bankruptcy**. Any provision for termination of this Agreement by us upon you becoming bankrupt may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

5. The terms and conditions of the Agreement are incorporated into this Addendum by reference, except to the extent that they conflict with the terms and conditions of this Addendum. If there is a conflict, the terms and conditions of this Addendum will govern.

This Addendum is executed by the parties concurrently with the Franchise Agreement.

IN WITNESS TO THE FOREGOING, the parties to this Addendum sign and deliver it.

Franchisor:	**Franchisee:**
Bünda Franchising Group LLC	_____
By:	By: _____
Print Name:	Print Name: _____
Title: _____	Title: _____

Addendum 1 to Franchise Agreement
State Specific Addendum to
Bünda Franchise Agreement

MINNESOTA

This State Specific Addendum to the Bünda Franchise Agreement (the "Addendum") is effective on the same date as the Franchise Agreement (the "Agreement") to which it is attached. The parties to the Addendum are the parties to the Agreement. The purpose of this Addendum is to modify certain clauses of the standard Agreement to meet the requirements of regulatory agencies in particular states.

Minnesota. The following provisions apply to you if you live in Minnesota or your business will be located in Minnesota:

1. **Notice and Cure Periods**. The Agreement states the cure periods for various types of defaults that may lead to termination or non-renewal. With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5, which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Agreement.

2. **Limitation of Actions**. The Agreement says that neither party may maintain any action or proceeding against the other party unless the party files an arbitration petition within one year after the party knows or should know the facts on which the petition is based. In spite of this, any claims arising under Minn. Stats. § 80C may be brought for three years after the cause of action accrues.

3. **Legal Protection**. The following language is added to Section 12 of the Agreement (Legal Protection):

> We will protect your right to use the Marks and Trade Name or will indemnify you against any loss, costs or expenses arising out of any claim, suit or demand regarding your use of the Marks or Trade Name.

4. The terms and conditions of the Agreement are incorporated into this Addendum by reference, except to the extent that they conflict with the terms and conditions of this Addendum. If there is a conflict, the terms and conditions of this Addendum will govern.

This Addendum is executed by the parties concurrently with the Franchise Agreement.

IN WITNESS TO THE FOREGOING, the parties to this Addendum sign and deliver it.

Franchisor:	**Franchisee:**
Bünda Franchising Group LLC	_____

By:	By: _____
Print Name:	Print Name: _____
Title: _____	Title: _____

Addendum 1 to Franchise Agreement
State Specific Addendum to
Bünda Franchise Agreement

NEW YORK

This State Specific Addendum to the Bünda Franchise Agreement (the "Addendum") is effective on the same date as the Franchise Agreement (the "Agreement") to which it is attached. The parties to the Addendum are the parties to the Agreement. The purpose of this Addendum is to modify certain clauses of the standard Agreement to meet the requirements of regulatory agencies in particular states.

New York. The following provisions apply to you if you live in New York, or your business will be located in New York:

1. **Consent to Jurisdiction and Venue**. The following language is added to the end of Paragraph 22.B:

2. The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee or upon the area developer by article 33 of the General business law of the state of New York.

3. The terms and conditions of the Agreement are incorporated into this Addendum by reference, except to the extent that they conflict with the terms and conditions of this Addendum. If there is a conflict, the terms and conditions of this Addendum will govern.

This Addendum is executed by the parties concurrently with the Franchise Agreement.

IN WITNESS TO THE FOREGOING, the parties to this Addendum sign and deliver it.

Franchisor:	**Franchisee:**
Bünda Franchising Group LLC	_____
By:	By: _____
Print Name:	Print Name: _____
Title: _____	Title: _____

Addendum 1 to Franchise Agreement
State Specific Addendum to
Bünda Franchise Agreement

NORTH DAKOTA

This State Specific Addendum to the Bünda Franchise Agreement (the "Addendum") is effective on the same date as the Franchise Agreement (the "Agreement") to which it is attached. The parties to the Addendum are the parties to the Agreement. The purpose of this Addendum is to modify certain clauses of the standard Agreement to meet the requirements of regulatory agencies in particular states.

North Dakota. The following provisions apply to you if you live in North Dakota or your business will be located in North Dakota:

1. **Covenants Restricting Competition**. Covenants not to compete are generally considered unenforceable in the State of North Dakota.

2. **Damages for Early Termination**. Section 16.B of the Agreement provides that if the Agreement is terminated because of your material default or repudiation of the Agreement, we have the right to recover damages as compensation for lost future profits. Pursuant to the laws of North Dakota, this provision is not enforceable and is deleted in its entirety from the Agreement.

3. **Arbitration Venue**. Section 22.B of the Agreement provides that disputes will be mediated and/or arbitrated in California. Pursuant to the laws of North Dakota, the site of any mediation or arbitration must be agreeable to all of the parties and may not be remote from your place of business.

4. **Jurisdiction and Venue**. Section 22.B of the Agreement requires litigation and venue in the State of California. Pursuant to the laws of North Dakota, litigation and venue must be in the State of North Dakota.

5. **Limitation of Actions**. Section 22.E of the Agreement states that neither party may maintain any action or proceeding against the other party unless the party files an arbitration petition within one year after the party knows or should know the facts on which the arbitration is based. Pursuant to the laws of North Dakota, any claims arising under the North Dakota Franchise Investment Law may be brought within the period provided by North Dakota law.

6. **Waiver of Trial by Jury**. The Agreement may require you to consent to a waiver of trial by jury. Pursuant to the laws of North Dakota, this provision for a waiver of trial by jury is not enforceable and is deleted in its entirety from the Agreement.

7. The terms and conditions of the Agreement are incorporated into this Addendum by reference, except to the extent that they conflict with the terms and conditions of this Addendum. If there is a conflict, the terms and conditions of this Addendum will govern.

This Addendum is executed by the parties concurrently with the Franchise Agreement.

IN WITNESS TO THE FOREGOING, the parties to this Addendum sign and deliver it.

Franchisor:	**Franchisee:**
Bünda Franchising Group LLC	_____
By:	By: _____
Print Name:	Print Name: _____
Title: _____	Title: _____

Addendum 1 to Franchise Agreement
State Specific Addendum to
Bünda Franchise Agreement

WASHINGTON

This State Specific Addendum to the Bünda Franchise Agreement (the "Addendum") is effective on the same date as the Franchise Agreement (the "Agreement") to which it is attached. The parties to the Addendum are the parties to the Agreement. The purpose of this Addendum is to modify certain clauses of the standard Agreement to meet the requirements of regulatory agencies in particular states.

Washington. The following provisions apply if you live in Washington or your business will be located in Washington:

1. **Application of the Washington Franchise Investment Protection Act**. The Washington Franchise Investment Protection Act applies to and amends this Agreement and supersedes any contrary terms in this Agreement. The applicable provisions of the Washington Franchise Investment Protection Act are included in the Washington Franchise Agreement Addendum to be signed by you and us and attached as Attachment 3.

2. The terms and conditions of the Agreement are incorporated into this Addendum by reference, except to the extent that they conflict with the terms and conditions of this Addendum. If there is a conflict, the terms and conditions of this Addendum will govern.

This Addendum is executed by the parties concurrently with the Franchise Agreement.

IN WITNESS TO THE FOREGOING, the parties to this Addendum sign and deliver it.

Franchisor:	**Franchisee:**
Bünda Franchising Group LLC	_____
By:	By: _____
Print Name:	Print Name: _____
Title: _____	Title: _____

ATTACHMENT 1-A TO FRANCHISE AGREEMENT

LOCATION; PROTECTED AREA; AND OPENING DATE

1. The Location address is:

_____

_____

If you have not yet located the Location as of the Effective Date, the Location will not be identified until you select and we approve your site, as provided in Section 3.A of the Franchise Agreement. Your Location must be located within the Protected Area described below.

2. The Protected Area referred to in the Franchise Agreement is the geographic area described below and identified in the map attached hereto as Attachment 1-B:

_____

_____

_____

_____

3. The Mandatory Opening Date is: _____

4. The Opening Date is: _____

ATTACHMENT 1-B TO FRANCHISE AGREEMENT

MAP OF THE PROTECTED AREA

ATTACHMENT 2 TO FRANCHISE AGREEMENT

OWNER'S STATEMENT

Name of Franchisee: _____
Type of Legal Entity: _____
State of Organization: _____
(Or Residency of Sole Proprietor)

Owners of Franchisee

Name: _____ Name: _____

Position/Title: _____ Position/Title: _____

Home Address: _____ Home Address: _____

_____ _____

_____ _____

Telephone: _____ Telephone: _____

E-Mail Address: _____ E-Mail Address: _____

Percentage ownership: _____ % Percentage ownership: _____ %

Name: _____ Name: _____

Position/Title: _____ Position/Title: _____

Home Address: _____ Home Address: _____

_____ _____

_____ _____

Telephone: _____ Telephone: _____

E-Mail Address: _____ E-Mail Address: _____

Percentage ownership: _____ % Percentage ownership: _____ %

ATTACHMENT 3 TO FRANCHISE AGREEMENT
OWNER'S GUARANTY

This Owner's Guaranty (the "Guaranty") is given to induce Bünda Franchising Group LLC (the "Franchisor") to enter into that certain Bünda Franchise Agreement, dated _____, 20__ (the "Franchise Agreement") with _____ [*franchisee's full legal name*] (the "Franchisee"). The undersigned guarantors (the "Guarantors"), unconditionally, jointly and severally, personally guaranty to Franchisor, its successors or its assignees, the prompt full payment and performance of all obligations of Franchisee that are or may become due and owing to Franchisor, including, without limitation, all obligations arising out of the Franchise Agreement and any other agreement between the parties and all extensions or renewals of it or them in the same manner as if the Franchise Agreement and such other agreements were signed between Franchisor and Guarantors, as franchisee, directly.

Guarantors expressly waive notice of acceptance by Franchisor to or for the benefit of Franchisee, of the purchase of inventory and goods by Franchisee, the maturing of bills and the failure to pay the same, the incurring by Franchisee of any additional future obligations and liability to Franchisor and any other notices and demands. This Guaranty will not be affected by the modification, extension or renewal of any agreement between Franchisor and Franchisee, the taking of a note or other obligation from Franchisee or others, the taking of security for payment, the granting of an extension of time for payment, the filing by or against Franchisee of bankruptcy, insolvency, reorganization or other debtor relief afforded Franchisee under the Federal Bankruptcy Act or any other state or federal statute or by the decision of any court or any other matter, whether similar or dissimilar to any of the foregoing, and this Guaranty will cover the terms and obligations of any modifications, notes, security agreements, extensions or renewals. The obligations of Guarantors will be unconditional in spite of any defect in the validity of Franchisee's obligations or liability to Franchisor or any other circumstances whether or not referred to in this Guaranty that might otherwise constitute a legal or equitable discharge of a surety or guarantor.

This is an irrevocable, unconditional and absolute guaranty of payment and performance, and Guarantors agree that Guarantors' liability under this Guaranty will be immediate and will not be contingent upon the exercise or enforcement by Franchisor of whatever remedies it may have against Franchisee or others, or the enforcement of any lien or realization upon any security Franchisor may at any time possess.

Guarantors agree that any current or future indebtedness by Franchisee to Guarantors will always be subordinate to any indebtedness owed by Franchisee to Franchisor.

Guarantors will promptly modify any financing statements on file with state agencies to specify that Franchisor's rights are senior to those of Guarantors

Guarantors agree that as long as Franchisee owes any money to Franchisor (other than royalty payments that are not past due), Franchisee will not pay, and Guarantors will not accept payment of, any part of any indebtedness owed by Franchisee to any of Guarantors, either directly or indirectly, without the consent of Franchisor.

In connection with any litigation or arbitration to determine Guarantors' liability under this Guaranty, Guarantors expressly waive Guarantors' right to trial by jury, if any, and agree to pay costs and reasonable attorney's fees as fixed by the court or arbitrator.

If this Guaranty is signed by more than one individual or if more than one Guaranty has been signed, each person signing a Guaranty will be jointly and severally liable for the obligations created in it.

This Guaranty will remain in full force and effect until all obligations arising out of and under the Franchise Agreement, including all renewals and extensions, are fully paid and satisfied.

For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned signed this Guaranty on _____ , 20__.

"Guarantors"

Signature: _____
Print Name: _____

Signature: _____
Print Name: _____

Signature: _____
Print Name: _____

CONSENT OF SPOUSE

Complete if Guarantor is a married individual:

I have read the Franchise Agreement and Guaranty, and I am aware of their legal effect. Except as to financial obligations relating to any separate property I own on the date of this Guaranty, I consent to all of the obligations of the Guaranty, and I agree to be bound by it.

Date _____

Spouse

By: _____

Print Name: _____

ATTACHMENT 4 TO FRANCHISE AGREEMENT

NONDISCLOSURE AND NONCOMPETITION AGREEMENT

This Nondisclosure and Noncompetition Agreement (the "Agreement") made as of the ___ day of _____ 20__, is by and between _____, doing business as a Bünda Franchisee (the "Franchisee") and _____ _____ the ("Individual").

Recitals

WHEREAS, Franchisee is a party to that certain Franchise Agreement by and between Franchisee and Bünda Franchising Group LLC (the "Company");

WHEREAS, Franchisee desires Individual to have access to and review certain Trade Secrets and other Confidential Information, which are more particularly described below;

WHEREAS, Franchisee is required by the Franchise Agreement to have Individual execute this Agreement prior to providing Individual access to said Trade Secrets and other Confidential Information; and

WHEREAS, Individual understands the necessity of not disclosing any such information to any other party or using such information to compete against Company, Franchisee or any other franchisee of Company in any Competitive Business. The term "Competitive Business" means (i) any business activity involving any athletic or fitness center, health club, gymnasium, exercise or aerobics studio utilizing cardiovascular heart rate monitor equipment, weight training, any indoor cycling/spin classes, any indoor or outdoor boot camp style fitness program, or one or more similar studios or businesses offering health and fitness training to the public through access to classes, training personnel and/or fitness equipment, or an entity that grants franchises or licenses for any of these types of businesses; or (ii) any business in which Confidential Information could be used to the disadvantage of Franchisee, or Company, any affiliate of Company or Company's other franchisees; provided, however, that the term "Competitive Business" shall not apply to any business operated by Franchisee under a valid Bünda Franchise Agreement with Company.

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth herein, and intending to be legally bound hereby, the parties hereby mutually agree as follows:

1. Trade Secrets and Confidential Information

Individual understands Franchisee possesses and will possess Trade Secrets and other Confidential Information that are important to its business.

a. For the purposes of this Agreement, a "Trade Secret" is information in any form (including, without limitation, materials and techniques, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data,

financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to or used in Bünda studios that is not commonly known by or available to the public and that information: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

b. For the purposes of this Agreement "Confidential Information" means technical and non-technical information used in or related to Bünda studios that is not commonly known by or available to the public, including, without limitation, Trade Secrets and information contained in the Manuals and training guides and materials. In addition, any other information identified as confidential when delivered by Franchisee shall be deemed Confidential Information. Confidential Information shall not include, however, any information that: (i) is now or subsequently becomes generally available to the public through no fault of Individual; (ii) Individual can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (iii) is independently developed without the use of any Confidential Information; or (iv) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information.

c. Any information expressly designated by Company or Franchisee as "Trade Secrets" or "Confidential Information" shall be deemed such for all purposes of this Agreement, but the absence of designation shall not relieve Individual of his or her obligations hereunder in respect of information otherwise constituting Trade Secrets or Confidential Information. Individual understands Franchisee's providing of access to the Trade Secrets and other Confidential Information creates a relationship of confidence and trust between Individual and Franchisee with respect to the Trade Secrets and other Confidential Information.

6. Confidentiality/Non-Disclosure

a. Individual shall not communicate or divulge to (or use for the benefit of) any other person, firm, association, or corporation, with the sole exception of Franchisee, now or at

any time in the future, any Trade Secrets or other Confidential Information. At all times from the date of this Agreement, Individual must take all steps reasonably necessary and/or requested by Franchisee to ensure that the Confidential Information and Trade Secrets are kept confidential pursuant to the terms of this Agreement. Individual must comply with all applicable policies, procedures and practices that Franchisee has established and may establish from time to time with regard to the Confidential Information and Trade Secrets.

b. Individual's obligations under Paragraph 2(a) of this Agreement shall continue in effect after termination of Individual's relationship with Franchisee, regardless of the reason or reasons for termination, and whether such termination is voluntary or involuntary, and Franchisee is entitled to communicate Individual's obligations under this Agreement to any future customer or employer to the extent deemed necessary by Franchisee for protection of its rights hereunder and regardless of whether Individual or any of its affiliates or assigns becomes an investor, partner, joint venturer, broker, distributor or the like in an Bünda Studio.

7. <u>Non-Competition</u>

a. To the extent permitted by law, during the term of Individual's relationship with Franchisee and for a period of two years after the expiration or termination of Individual's relationship with Franchisee, regardless of the cause of expiration or termination, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, divert or attempt to divert any business or customer of Franchisee to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Company's service mark "Bünda" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as the Company designates to be used in connection with Bünda studios or the Company's uniform standards, methods, procedures and specifications for the establishment and operation of Bünda studios.

b. To the extent permitted by law, during the term of Individual's relationship with Franchisee, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business, wherever located, without the express written consent of Franchisee.

c. To the extent permitted by law, for a period of two years following the expiration or termination of Individual's relationship with Franchisee, regardless of the cause of termination, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business located or operating within a ten mile radius of Franchisee's Studio or any other Bünda studio (whether company-owned or franchised).

d. During the term of Individual's relationship with Franchisee and for a period of three years thereafter, regardless of the cause of termination, Individual shall not, directly or indirectly, solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisee, Company or any other Bünda studio to compete against, or terminate or modify his, her or its employment or business relationship with, Franchisee, Company or any other Bünda studio.

8. Reasonableness of Restrictions

Individual acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisee, Company, and Company's Trade Secrets and other Confidential Information, the Company's business system, network of franchises and trade and service marks, and Individual waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable. If, however, a court of competent jurisdiction determines that any such restriction is unreasonable or unenforceable, then Individual shall submit to the reduction of any such activity, time period or geographic restriction necessary to enable the court to enforce such restrictions to the fullest extent permitted under applicable law. It is the desire and intent of the parties that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies applied in any jurisdiction where enforcement is sought.

9. Relief for Breaches of Confidentiality, Non-Solicitation and Non-Competition

Individual further acknowledges that an actual or threatened violation of the covenants contained in this Agreement will cause Franchisee and Company immediate and irreparable harm, damage and injury that cannot be fully compensated for by an award of damages or other remedies at law. Accordingly, Franchisee and Company shall be entitled, as a matter of right, to an injunction from any court of competent jurisdiction restraining any further violation by Individual of this Agreement without any requirement to show any actual damage or to post any bond or other security. Such right to an injunction shall be cumulative and in addition to, and not in limitation of, any other rights and remedies that Franchisee and Company may have at law or in equity.

10. Miscellaneous

a. This Agreement constitutes the entire Agreement between the parties with respect to the subject matter hereof. This Agreement supersedes any prior agreements, negotiations and discussions between Individual and Franchisee. This Agreement cannot be altered or amended except by an agreement in writing signed by the duly authorized representatives of the parties.

b. Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of California (without reference to its conflict of laws principles). The Federal Arbitration Act shall govern all matters subject to arbitration. References to any law refer also to any successor laws and to any published regulations for such law as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

c. Any action brought by either party, shall only be brought in the appropriate state or federal court located in or serving Los Angeles County, California. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. Claims for injunctive relief may be brought by Company where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

d. Individual agrees if any legal proceedings are brought for the enforcement of this Agreement, in addition to any other

relief to which the successful or prevailing party may be entitled, the successful or prevailing party shall be entitled to recover attorneys' fees, investigative fees, administrative fees billed by such party's attorneys, court costs and all expenses, including, without limitation, all fees, taxes, costs and expenses incident to arbitration, appellate, and post-judgment proceedings incurred by the successful or prevailing party in that action or proceeding.

e. This Agreement shall be effective as of the date this Agreement is executed and shall be binding upon the successors and assigns of Individual and shall inure to the benefit of Franchisee, its subsidiaries, successors and assigns. Company is an intended third-party beneficiary of this Agreement with the independent right to enforce the confidentiality and non-competition provisions contained herein.

f. The failure of either party to insist upon performance in any one or more instances upon performance of any terms and conditions of this Agreement shall not be construed a waiver of future performance of any such term, covenant or condition of this Agreement and the obligations of either party with respect thereto shall continue in full force and effect.

g. The paragraph headings in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

h. In the event that any part of this Agreement shall be held to be unenforceable or invalid, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof.

i. This Agreement may be modified or amended only by a written instrument duly executed by Individual, Franchisee and Company.

j. The existence of any claim or cause of action Individual might have against Franchisee or Company will not constitute a defense to the enforcement by Franchisee or Company of this Agreement.

k. Except as otherwise expressly provided in this Agreement, no remedy conferred upon Franchisee or Company pursuant

to this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given pursuant to this Agreement or now or hereafter existing at law or in equity or by statute or otherwise. No single or partial exercise by any party of any right, power or remedy pursuant to this Agreement shall preclude any other or further exercise thereof.

INDIVIDUAL CERTIFIES THAT HE OR SHE HAS READ THIS AGREEMENT CAREFULLY, AND UNDERSTANDS AND ACCEPTS THE OBLIGATIONS THAT IT IMPOSES WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO SUCH PERSON TO INDUCE THE SIGNING OF THIS AGREEMENT.

THE PARTIES ACKNOWLEDGE THAT THE COMPANY IS A THIRD PARTY BENEFICIARY TO THIS AGREEMENT AND THAT THE COMPANY SHALL BE ENTITLED TO ENFORCE THIS AGREEMENT WITHOUT THE COOPERATION OF FRANCHISEE. INDIVIDUAL AND FRANCHISEE AGREE THAT THIS AGREEMENT CANNOT BE MODIFIED OR AMENDED WITHOUT THE WRITTEN CONSENT OF THE COMPANY.

This Agreement is being executed in duplicate originals with one original being delivered to each party as of the day and year first above written.

"Franchisee"	**"Individual"**
_____	_____
By: _____	By: _____
Print Name: _____	Print Name: _____
Title: _____	

ATTACHMENT 5 TO FRANCHISE AGREEMENT

LEASE ADDENDUM

Lease Provisions

Please give this page to your prospective Landlord and ask that it be added to the terms of the Lease. We will not approve leases that do not include substantially similar provisions:

1. Landlord will simultaneously give written notice to both Bünda Franchising Group LLC ("Bünda") and Tenant of any default under the Lease. If Tenant does not cure any curable default during the time allowed by the Lease, at the option of Bünda, it may have an additional 15 days within which to cure the default on its own behalf as assignee of the Lease. In such case, Bünda will indemnify Landlord against only the loss of rent caused by the additional cure period. Notice will be directed to Bünda at 15404 Sutton St., Sherman Oaks California 91403.

2. If the Lease is terminated for any reason or if the Franchise Agreement between Bünda and Tenant is terminated for any reason, Bünda, at its option, without further consent of Landlord and Tenant, may enter the leasehold premises for purposes of removing all signs and other materials bearing Bünda's trade name, marks or other commercial symbols, but Bünda may not damage the leasehold premises in taking these actions or must promptly repair any unavoidable damage in a manner satisfactory to Landlord.

3. If the Lease is terminated for any reason or if the Franchise Agreement between Bünda and Tenant is terminated for any reason, both Tenant and Landlord consent to the assignment of this Lease, without further action on their part, to Bünda if Bünda requests in writing that Landlord assign the Lease to Bünda. Under these circumstances, Landlord will reinstate the Lease for the sole benefit of Bünda, to the exclusion of Tenant, and Landlord agrees it will not unreasonably withhold its consent to the subsequent assignment of the Lease by Bünda to another Bünda franchisee with qualifications comparable to those of Tenant. In any such case, upon any assignment of this Lease to Bünda, Tenant agrees to hold Landlord harmless from any and all liability to, or damages suffered by, Tenant as a result of the assignment of the Lease to Bünda.

4. Tenant consents that Landlord may, upon Bünda's written request, disclose to Bünda all reports, information or data in Landlord's possession regarding sales made in, upon or from the leased premises or other information related to the Lease or Tenant's occupancy of the leasehold premises. Tenant consents that Bünda may disclose to Landlord Tenant's current status as a Bünda franchisee and may discuss with Landlord any default under the Lease by Tenant.

5. The leased premises may be used by Tenant only for operation of a franchised Bünda studio.

6. Nothing in the Lease or in any "Lease Rider" creates any obligation upon Bünda under the Lease unless Bünda agrees in writing to the assumption of the Lease.

ATTACHMENT 6 TO FRANCHISE AGREEMENT

AGREEMENT FOR CREDIT CARD OR DEBIT CARD PAYMENT AUTHORIZATION

Bünda Franchising Group LLC ("BFG") accepts Visa or MasterCard cards only.

By completing and submitting this form, you authorize BFG to charge your credit/debit card each Tuesday (or on any other day designated by BFG) for the weekly Royalties and Brand Fees specified in your franchise agreement and for any additional or extraordinary fees and charges that you incur, except for customary processing charges. You must promptly reimburse BFG for any expense it incurs in connection with your credit/debit card payment. You authorize BFG to charge your credit/debit card for this expense or to require payment in another form. This authorization will remain in effect until you notify BFG otherwise in writing.

Your representative to contact when processing a payment: _____
Your representative's email address: _____
Your representative's telephone number: _____

CREDIT/DEBIT CARD INFORMATION [Check appropriate box]:

☐ Visa ☐ MasterCard

Credit/Debit Card Number: _____ Expiration Date: _____
Verification Code: _____
Cardholder Name: _____
Signature: _____ Date: _____
Cardholder's Address: _____ (Street)
_____ (Suite)
_____ (City, State)

ATTACHMENT 7 TO FRANCHISE AGREEMENT

AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENT (DIRECT DEBIT)

The undersigned depositor (the "Depositor") authorizes Bünda Franchising Group LLC ("BFG") to request weekly debit entries and/or credit correction entries for the weekly Royalties, Brand Fees and other amounts owing under Depositor's Bünda Franchise Agreement with BFG from Depositor's checking and savings account(s) indicated below, including debit entries to reimburse BFG for any expenses it incurs in connection with Depositor's dishonored payments, and the Depository named below to debit the account according to BFG's instructions. Depository may act on instructions directly from BFG without further approval from Depositor.

Depository:

Name of Bank	Bank Branch
Street Address, City, State, Zip Code	
Bank Transit/ABA Number	Account Number

This authorization will remain in full force and effect until Depository has received joint written notification from BFG and Depositor of Depositor's termination of the authorization in a time and manner that will give Depository a reasonable opportunity to act on it. Notwithstanding the foregoing, Depository will give BFG and Depositor 30 days' prior written notice of the termination of this authorization. If an incorrect debit entry is made to Depositor's account, Depositor will have the right to have the amount of the entry credited to the account by Depository, if within 15 calendar days following the date on which Depository sent to Depositor a statement of account or a written notice pertaining to the entry or 45 days after posting, whichever occurs first, Depositor has sent Depository a written notice identifying the entry, stating that the entry was in error, and requesting Depository to credit the amount to the account. These rights are in addition to any rights Depositor may have under federal and state banking laws.

_____
Print Name of Depositor

Signature: _____

Title: _____

Date: _____

Attachment 8 to Franchise Agreement

Washington Franchise Agreement Addendum

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor, including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time or arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee will not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act, such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in affecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The State of Washington has imposed a financial condition under which the initial franchise fees due will be deferred until the franchisor has fulfilled its initial pre-opening obligations under the franchise agreement and the franchisee is open for business.

The undersigned does hereby acknowledge receipt of this Addendum.

Dated this ___ day of _____, 20__.

Company	Prospective Franchisee
Bünda Franchising Group, LLC	_____
By: _____	By: _____
Title: _____	Title: _____

Attachment 9 to Franchise Agreement

Employee Acknowledgement

I, _____, acknowledge that I am being employed solely by _____ [Insert legal name of Employer; not "Bünda" trade name] (the "Company"). I understand that the Company is an independently owned and operated franchisee of Bünda Franchising Group, LLC ("BFG"); that the Company is solely responsible for all aspects of my employment conditions, including, without limitation, all supervision, training and discipline and all compensation for wages and benefits that I may be due; and that neither BFG nor any of BFG's affiliated companies owes any obligation to me under my employment with the Company. I agree to look solely to the Company for any and all claims that I may have in connection with my employment.

By: _____
(Signature of Employee)
Print Name of Employee: _____
Date: _____

Approved by the Company (_____)
[Insert Legal Name of the Company; not its "Bünda" trade name]

By: _____
Print Name: _____
Title: _____
Date: _____

Attachment 10 to Franchise Agreement

Purchase Receipt
BÜNDA FRANCHISING GROUP
(Copy #1 - Purchaser)

1. Purchaser Information:

Individual Name or Name of Legal Entity: _____

Owner: _____

Address: _____

Telephone: _____

Email: _____

11. Payee:

Bünda Franchising Group LLC
Attn: Kevin Lilly
15404 Sutton Street
Sherman Oaks, California 91403-3808
Email: kevin@heartandhustle.com

12. Franchise Information:

Location of Studio (if known): _____

Protected Area: _____

13. Payment Information:

Purchase Price: _____

Date of Payment: _____

Amount of Payment Received: _____

14. Depositary Information:

Zions Bancorporation, National Association

550 S. Hope Street, Suite 2875, Los Angeles, California 90071

Signed and Acknowledged: _____
(Purchaser/Franchisee)

_____
(Payee/Franchisor)

PURCHASE RECEIPT
BÜNDA FRANCHISING GROUP
(Copy #2 - Franchisor)

1. Purchaser Information:

Individual Name or Name of Legal Entity: _____

Owner: _____

Address: _____

Telephone: _____

Email: _____

15. Payee:

Bünda Franchising Group LLC
Attn: Kevin Lilly
15404 Sutton Street
Sherman Oaks, California 91403-3808
Email: kevin@heartandhustle.com

16. Franchise Information:

Location of Studio (if known): _____

Protected Area: _____

17. Payment Information:

Purchase Price: _____

Date of Payment: _____

Amount of Payment Received: _____

18. Depositary Information:

Zions Bancorporation, National Association

550 S. Hope Street, Suite 2875, Los Angeles, California 90071

Signed and Acknowledged: _____
(Purchaser/Franchisee)

_____
(Payee/Franchisor)

PURCHASE RECEIPT
BÜNDA FRANCHISING GROUP
(Copy #3 - Depositary)

1. Purchaser Information:

Individual Name or Name of Legal Entity: _____

Owner: _____

Address: _____

Telephone: _____

Email: _____

2. Payee:

Bünda Franchising Group LLC
Attn: Kevin Lilly
15404 Sutton Street
Sherman Oaks, California 91403-3808
Email: kevin@heartandhustle.com

3. Franchise Information:

Location of Studio (if known): _____

Protected Area: _____

4. Payment Information:

Purchase Price: _____

Date of Payment: _____

Amount of Payment Received: _____

5. Depositary Information:

Zions Bancorporation, National Association

550 S. Hope Street, Suite 2875, Los Angeles, California 90071

Signed and Acknowledged: _____
(Purchaser/Franchisee)

_____
(Payee/Franchisor)

EXHIBIT E TO FRANCHISE DISCLOSURE DOCUMENT

AREA DEVELOPMENT AGREEMENT

Bünda
Area Development Agreement

Area Development Agreement
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Addenda and Attachments to Area Development Agreement

ADDENDUM:

Addendum 1: STATE SPECIFIC ADDENDUM TO AREA DEVELOPMENT AGREEMENT

ATTACHMENTS:

Attachment 1: Development Territory
Attachment 2: Development Schedule
Attachment 3A: Complete List of Owners of Developer
Attachment 3B: Personal Guaranty and Subordination Agreement and Consent of Spouse
Attachment 4: Washington Franchise Agreement Addendum
Attachment 5: Purchase Receipt *(California Only)*

BÜNDA AREA DEVELOPMENT AGREEMENT

1. The Parties. This Bünda Area Development Agreement (the "Agreement") is made on this ___ day of _____ 20__ (the "Effective Date"), by and between Bünda Franchising Group LLC ("we" or "us"), a Delaware limited liability company, with its principal office at 15404 Sutton Street, Sherman Oaks, California 91403, and _____, a _____ ("you"), residing or headquartered at _____ [insert address, including state], with reference to the following facts:

2. Recitals.

A. Katherine (Katie) Lilly, one of our "Related Parties," is the owner of certain intellectual property rights, including our Trade Name and Mark "Bünda," other related trademarks, various patents, copyrights, trade secrets and know how, which comprise our System. Ms. Lilly has licensed us to use the System and Marks to develop the Bünda Franchise Network.

B. We desire to expand and develop our Franchise Network. We seek experienced and efficient multiple-unit franchisees who will develop and operate the Studios within designated areas.

C. You desire to develop and operate multiple Studios within a single Development Territory, in which you will have the protected right to develop Studios. We are willing to grant you the protected right to develop a Development Territory upon the conditions described in this Agreement. These conditions include the requirement that you strictly comply with development deadlines stated in the Development Schedule (Attachment 2 to this Agreement).

Therefore, the parties agree as follows:

3. Definitions. For purposes of this Agreement, in addition to any other terms defined herein, when any of the following words and phrases begin with a capital letter, its meaning is defined in this Article 3: provided, however, if any such word or phrase is not otherwise defined anywhere in this Agreement, it shall have the meaning (if defined) in the first Bünda Franchise Agreement you sign concurrent herewith:

"Approved Location" means a location we approve in writing as a site at which you may own and operate a Studio.

"Competing Business" means any business that owns, operates or manages any type of health or fitness facility or offers any type of physical training, exercise or sporting activities.

"Development Fee" means an amount equal to $50,000 for the first Studio plus $40,000 multiplied by the number of additional Studios you are required to open according to Section 4.1 and the Development Schedule.

"Development Schedule" means the schedule for signing franchise agreements, developing Studios and maintaining cumulative numbers of Studios in operation listed in Attachment 2 to this Agreement.

"Development Territory" means the geographic area described in Attachment 1 to this Agreement.

"Disclosure Periods" means any applicable waiting periods prescribed by law between (a) our providing franchise documents to you and (b) you signing a franchise agreement or paying for a franchise.

"Effective Date" means the date defined in Section 1 above.

"Franchise Network" means the network of companies and individuals composed of us, all Bünda franchisees, our Related Parties and any other parties that we have licensed to use our Trade Name or Marks.

"Manual" means, collectively, all of our operating manuals, branding style guides and other information and materials that we lend to you in any physical or digital format or to which we give you access on our website during the term of a franchise agreement concerning the operation of each of your Studios, as we update from time to time. The Manual contains information, forms and requirements for the establishment and operation of each of your Studios and for using our Trade Name and Marks. Your compliance with the Manual is a material obligation under each Franchise Agreement and this Agreement.

"Marks" means the trademarks, service marks, trade dress, logotypes, slogans and other commercial symbols, including, without limitation, the Mark "Bünda," that we authorize you to use under the Franchise Agreement.

"Related Party" or "Related Parties" means people or companies affiliated with us or you, as the context suggests, including companies under common control, shareholders, partners, members, directors and principal officers. As to us, Related Party includes Katherine (Katie) Lilly.

"Studio" ("Studios") means the business that we have authorized you to operate under our Trade Name, Marks and System and in accordance with the terms of this Agreement. References in this Agreement to "studio" (or "studios") in the lower case refer to a similar Bünda branded business (or businesses) operated by another franchisee or one of our affiliates using the Trade Name, the Marks and the System. "Studio" includes our traditional, full service, fitness studio that offers a wide array of fitness and exercise programs operating under the Bünda brand.

"System" means the intellectual property that we license to you under the Franchise Agreement, including the right to use our Marks, specialized services, proprietary products, patented products, trade secrets, brand concepts, advertising materials, marketing strategies, information on sources of supply, unique trade dress and training techniques and other information contained in the Manual.

"Term" means as is defined in Section 4.4.1.

"Trade Name" means the commercial name "Bünda."

"Transfer," whether used as a noun or a verb, includes, without limitation, your (or your Owners') voluntary, involuntary, direct or indirect assignment, sale, gift, encumbering, pledge, delegation, or other disposition of this Agreement (or any interest in this Agreement), an Ownership Interest or other interest in you, or in any Bünda Franchise Agreement or any Studio operating thereunder, or any of its assets (including the equipment used at any Studio).

"We" means Bünda Franchising Group LLC, or any person or company to whom we allocate part or all of our rights and obligations under this Agreement.

"You" means the person or company that is named as "you" in Article 1. If you are a company, the word "you" does not include your owners. "You" means, in addition, all people or entities that succeed to your interest by Transfer or operation of law.

4. Grant of Area Development Franchise.

4.1. Grant of Development Rights. For valuable consideration described below, we grant to you, and you accept from us, the protected right and obligation, during the Term of this Agreement, to develop ___ Studios in the Development Territory on the terms and subject to the conditions stated below, including Attachment 2. One of the principal requirements is that you meet all of the requirements of the following Section of this Agreement.

4.2. Development Schedule for Franchise Agreements; Force Majeure.

4.2.1. Development Schedule. You must timely meet the obligations listed in the Development Schedule in Attachment 2. Failure to meet this condition is grounds for termination or modification of this Agreement, at our sole option. You must sign the first franchise agreement when you sign this Agreement. After that, for each new Studio you develop under the Development Schedule, you must sign a new franchise agreement in the then currently effective form no later than the time at which you sign a lease for the Approved Location.

4.2.2. Force Majeure. Except as otherwise specifically provided in this Agreement, if either party to this Agreement is delayed or hindered in, or prevented from, the performance of any act required under this Agreement by reason of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, terrorist attacks, war or other causes beyond the reasonable control of the party required to perform such work or act under the terms of this Agreement not the fault of such party, then performance of such act will be excused for the period of the delay. Any delay resulting from any of said causes or occurrences will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that said causes will not excuse payment of any amounts owed at the time of such occurrence or payment.

4.3. Conditional Right to Exceed Development Schedule. During the term of this Agreement, you may, subject to the terms and conditions of Article 4 of this Agreement and subject to our reasonable determination that an additional Studio in your Development Territory is consistent with our marketing and development policies, enter into more franchise agreements and open and operate more Studios in the Development Territory than required by the Development Schedule. You must apply for each franchise by submitting all required information, not be in default under any agreement with us, meet our current requirements for new franchisees and pay the current initial franchise fee at the time that you sign each new franchise agreement (which will be consistent with our then current form of Bünda franchise agreement).

4.4. Term and Renewal.

4.4.1. Term. The term of this Agreement (the "Term") will begin on the Effective Date and, unless extended or sooner terminated according to the provisions of this Agreement, will continue until the date on which the Development Schedule is scheduled to be completed.

4.4.2. Exclusivity. If you are not in default under this Agreement or under any Bünda franchise agreement or other agreement with us or any of our Related Parties, neither we nor our Related Parties operate or grant a franchise to any other person or company to operate any Studio within the Development Territory. If you do not meet the Development Schedule under circumstances that would permit us to terminate this Agreement, we may, at our option, instead elect to modify your Development Territory or terminate the exclusivity of your development rights under this Agreement.

4.4.3. No Right to Renew. You do not have the right to renew this Agreement. However, at least six months and not more than 12 months before its Term expires, you may apply for a new Area Development Agreement for the same Development Territory or another development territory. After the Term of this Agreement, if we do not decide, in our sole discretion, to sign a new area development agreement with you, then we, a new area developer or any franchisee franchised by us may develop and operate additional Studios in the Development Territory. Failure to enter into a new area development agreement will not affect your rights under any currently effective franchise agreement, provided that you are in good standing, and will not prevent you from renewing your existing franchise agreements.

4.4.4. New Area Development Agreement. If we wish to sign a new area development agreement with you, we will deliver to you a copy of our current franchise disclosure document and two execution copies of the then-current area development agreement. The new area development agreement, which may vary substantially from this Agreement, will include a new development schedule. Within 30 days after your receipt of the franchise disclosure document and the new area development agreement, but no sooner than immediately after any Disclosure Periods have passed, you must sign both execution copies of the area development agreement described in the disclosure document and return them to us, together with any payment that is due at that time. If you have signed and returned the copies and have satisfied the conditions stated in the following Section, we will sign the copies and return one fully signed copy to you.

4.4.5. Conditions to New Area Development Agreement. Your right to additional development described above will be subject to your compliance in advance of the following conditions:

A. You must have fully performed all of your obligations under this Agreement and all other agreements (including, without limitation, all Bünda franchise agreements) between you and us, including payment of all fees.

B. You must have demonstrated to us your financial capacity to meet the development schedule of the new area development agreement. In determining if you are financially capable, we will apply the same criteria to you that we apply to prospective area developers at that time.

C. At the time this Agreement expires, you must be operating in the Development Territory not less than the total number of Studios required by the Development Schedule.

5. Payments.

When you sign this Agreement, you must pay us the Development Fee described above, and as further described in Attachment 2. The Development Fee is fully earned by us when you and we sign this Agreement and is non-refundable. There are no refunds in any amount if you do not open all of the Studios listed on the Development Schedule. If you develop, open and begin operating each Studio on or before the applicable date stated in the Development Schedule for each such Studio, we will apply $40,000 (the "Development Fee Credit") of the Development Fee towards the initial franchise fee you are required to pay for that Studio. If you do not develop, open and begin operating the Studio on or before the applicable date specified in the Development Schedule for such Studio, the Development Fee Credit will be forfeited and will not be applied to the initial franchise fee required under the franchise agreement for that or any other Studio that you might develop in the future.

At the time that you sign each franchise agreement for a Studio to be developed under your Development Schedule, you must pay us the full balance of the initial franchise fee payable for that Studio pursuant to the terms of our then current franchise agreement, less any Development Fee Credit to which you are entitled. You sign your first franchise agreement at the same time you sign this Agreement. For any franchise agreements you sign after you have met your Development Schedule, you must pay the entire amount of the initial franchise fee payable under our then current franchise agreement.

Notwithstanding the above, we will agree to credit you the $10,000 balance of the Initial Franchise Fee for the second and each subsequent Studio you open under the Development Agreement if you open each Studio on time in accordance with the Development Schedule and are otherwise in compliance with this Agreement.

6. Signing of Individual Franchise Agreements.

6.1. Site and Lease Approval and Signing of Franchise Agreements; Delay in Approving Lease.

6.1.1. Site and Lease Agreement and Signing of Franchise Agreements. We may help you find sites for your Studios, but it is ultimately your responsibility to find mutually acceptable sites in time to open each by the applicable franchise agreement's effective date and according to the Development Schedule. You must obtain our written approval of each proposed site and proposed lease before you sign the lease. We may not withhold our approval of your proposed sites unreasonably. After you have located a site for construction of a Studio, you must follow the procedures described in our then-current franchise agreement for obtaining our approval of the site and the lease. You must sign a new franchise agreement, in the currently effective form, for each Studio you develop, following our compliance with applicable franchise disclosure laws.

6.1.2. Delay in Approving Lease. If we are not legally able to deliver a disclosure document to you because of any lapse or expiration of our franchise registration, or because we are in the process of amending the registration, or for any reason beyond our reasonable control, we may delay approval of the site for your proposed Studio until we are legally able to deliver a disclosure document.

6.2. Condition to Our Obligations. Our obligations under the preceding Section are applicable only if you are not in default of any of your franchise agreements and attached agreements at the time.

7. Assignment and Subfranchising.

7.1. Assignment by Us. We may assign this Agreement or any rights or obligations created by it at any time without your consent upon the following conditions: (a) the assignee is financially responsible; (b) we reasonably believe that the assignee is capable of performing our obligations to you under this Agreement; and (c) the assignee expressly agrees in writing to assume our obligations to you under this Agreement.

7.2. Only One Developer. A material part of the consideration for our grant of protected territorial rights to you under this Agreement is the financial and administrative benefits we achieve by dealing with only one experienced, well-capitalized developer in the Development Territory. You must sign each of your franchise agreements, and while this Agreement is in effect, you must maintain the sole ownership interest in each of your Studios unless we agree otherwise in writing.

7.3. Transfer by You.

7.3.1. Reasons for Restrictions. We are entering into this Agreement in reliance on and in return for your personal skill and qualifications and the trust and confidence we have in you, or, if you are a corporation, partnership or limited liability company, your principal officers,

general partners or managing members who will actively and substantially participate in the ownership and operation of each Studio.

7.3.2. No Transfer without Our Consent. Except as may otherwise expressly be permitted herein, you may not subfranchise, subdivide or assign, Transfer, hypothecate or collateralize in whole or in part any rights or interests under this Agreement or under any franchise agreement you sign pursuant to this Agreement or in any ownership rights in you (if you are any type of legal entity) without our express written consent, as determined in our sole discretion.

7.3.3. Conditions to Consent. If we do not exercise our right of first refusal, our consent to the assignment (but not to the partition, sharing or dividing of rights under this Agreement) may not be unreasonably withheld. We may impose any reasonable conditions on the granting of our consent. Reasonable conditions include, without limitation:

A. The assignee (or the principal officers, shareholders, directors or general partners of the assignee in the case of a corporate or partnership assignee) demonstrates that the assignee has the skills, qualifications and economic resources necessary, in our judgment, reasonably exercised, to own and operate the Studios that you are required to develop and operate under the Development Schedule;

B. The assignee expressly assumes in writing for our benefit all of your rights and obligations under this Agreement and each franchise agreement signed under this Agreement;

C. The assignee has completed our training program to our reasonable satisfaction;

D. As of the date of the assignment, you have fully complied with all of your obligations to us, whether under this Agreement or any other agreement with us;

E. The assignee, if then our franchisee, is not in default of any obligations to us; and

F. You sign a release of all claims against us arising out of or in connection with this Agreement, except for those claims that may not be released in advance under applicable law.

7.3.4. Involuntary Transfer. If you are a corporation, partnership or limited liability company, each of the following will be considered to be an assignment of this Agreement within the meaning of this Section: (A) the death or legal incapacity of any shareholder; (B) if you are a general or limited partnership or limited liability company: (1) the withdrawal, death or legal incapacity of a general partner or managing member, or of a limited partner or member owning 25% or more of the voting power, property, profits or losses of the partnership or limited liability company, as the case may be; (2) the admission of any additional general partner or member; or (3) the Transfer by any general partner or member of the partner or member's interest in the property, management or profits and losses of the partnership or limited liability company; (C)

your issuance of any securities; (D) the Transfer of any of your capital stock or voting power, by operation of law or otherwise; and (E) any merger, equity redemption, consolidation, reorganization or recapitalization to which you are a party.

7.3.5. Security Interest. You may not grant a security interest in this Agreement or in any franchise agreement to any third party.

7.4. Right of First Refusal. Any Transfer of this Agreement or any interest in this Agreement must be made according to a written offer from a bona fide purchaser for value. The assignment is subject to our right of first refusal. Our right of first refusal will be exercised in the following manner:

7.4.1. Notice. You must deliver to us a written notice clearly and unambiguously setting forth all of the terms and conditions of the purchase offer and all available information concerning the proposed assignee, including information concerning the employment history, financial condition, credit history, skill and qualifications of the proposed assignee and, in the case of a partnership or corporate assignee, of its partners and shareholders, as applicable.

7.4.2. Response. Within 30 days after our receipt of the notice (or if we request additional information, within 30 days after receipt of the additional information), we may either consent or withhold our consent to the assignment or, at our option, accept the assignment ourselves or for our nominee on the terms and conditions specified in the notice. We may substitute an equivalent sum of cash for any consideration other than cash specified in the notice.

7.4.3. Revival of Right. If we decide not to exercise our right of first refusal and consent to the Transfer, you may Transfer this Agreement to the proposed assignee on the terms and conditions specified in the notice. If, however, the terms of the Transfer are materially changed from those you originally provided to us, or if more than 90 days pass without the Transfer occurring, the changed terms or lapse of time will be considered a new proposal, and we will again have a right of first refusal.

7.5. Transferring Individual Franchises. You may not sign any franchise agreement or develop any Studio with the plan or intention of transferring or assigning such franchise agreement or Studio during the Term of this Agreement or any extension or renewal. Until the Development Schedule is completed, you must either (a) Transfer this Agreement and all of the franchise agreements you signed under this Agreement to the same transferee; or (b) agree with us to cancel this Agreement before you may Transfer individual franchises and Studios. In our sole discretion, upon your request, we may permit you to offer a minority, non-controlling interest in a Studio operated pursuant to a franchise agreement to the manager(s) of such Studio in connection with any management incentive program you develop.

7.6. No Consequential Damages For Legal Incapacity. We will not be liable to you for any consequential damages, including, without limitation, lost profits, interest expense, increased construction or occupancy costs or other expenses that you incur because of any delay

in the delivery of our franchise disclosure document caused by any legal incapacity or other complication that has not been caused solely by our gross negligence or intentional wrongdoing.

8. Noncompetition.

8.1. During Term. Except for the ownership or operation of any franchised Bünda Studio, during the Term of this Agreement, neither you nor any of your officers, directors, shareholders, partners or members may directly or indirectly own, operate, advise, be employed by or have any interest in any Competing Business, whether within or outside of the Development Territory, unless we consent to it in writing.

8.2. Post-Term. Except for the ownership or operation of any franchised Bünda Studio and except as otherwise restricted by law, during a two-year period after the expiration or termination of this Agreement, neither you nor any officer, director, shareholder, general partner or limited partner of a corporate or partnership franchisee may, for any reason, either directly or indirectly own, operate, advise, be employed by or have any interest in any Competing Business within the Development Territory without our prior written consent. In applying for the consent, you have the burden of establishing that any activity in which you propose to engage will not involve the use of benefits provided under this Agreement or constitute unfair competition with us or our other franchisees.

8.3. Modification. The preceding Sections are intended to limit your right to compete only to the extent necessary to protect us from unfair competition. You and we expressly agree that if you dispute the scope or validity of these provisions at any time, a court or arbitrator, as the case may be, may modify either or both of the provisions to the extent that it considers necessary to make the provisions enforceable under applicable law. In addition, we reserve the right to reduce the scope of either or both of the provisions without your consent at any time or times, effective immediately upon notice to you.

9. Termination.

9.1. Material Breach of this Agreement. We may terminate this Agreement for cause without notice or opportunity to cure, except for any notice that is required by law, if you commit a material breach of this Agreement. "Material breach," as used in this Agreement, specifically includes, among other things, the following:

A. Any attempt by you to Transfer or encumber, in whole or in part, any or all rights and obligations under this Agreement in violation of the terms of this Agreement or without our prior written consent;

B. Your failure to meet the Development Schedule within 90 days after written notice that you have failed to fulfill any of your obligations; or

C. Your failure to make any required payment within ten days after written notice that it is past due.

9.2. Material Breach of Another Agreement. This Agreement may be terminated, at our election, if an individual franchise agreement or any other agreement between us and you is terminated because of your material breach of the franchise agreement or other agreement.

9.3. Effect of Termination. Upon the expiration of the Term or upon the prior termination of this Agreement, you will have no further right to develop additional Studios that are not, at the time of the expiration or termination, the subject of a currently effective franchise agreement between you and us. We then may ourselves construct, own or operate, or license others to construct, own or operate, Studios in the Development Territory.

9.4. Indemnity. You agree to protect, defend and indemnify us and all of our past, present and future shareholders, members, direct and indirect parent companies, subsidiaries, Related Parties, officers, directors, employees, attorneys and designees and hold them harmless from and against any and all costs and expenses, including, without limitation, attorney's fees, court costs, losses, damages and demands of every kind or nature on account of any actual or alleged loss or injury to any person or entity or to any property arising in connection with your act or omission other than your lawful performance under this Agreement according to its terms.

10. Miscellaneous Provisions.

10.1. Construction of Contract. Section headings in this Agreement are for reference purposes only and will not in any way modify the statements contained in any Section. Each word in this Agreement may be considered to include any number or gender that the context requires. If there is any conflict between this Agreement and the Manual (as referenced in the franchise agreement), this Agreement will control.

10.2. Governing Law. This Agreement will be governed by and interpreted under the laws of your "State" (as referenced in Section 1 of this Agreement) with the following exceptions: (a) the arbitration clause will be exclusively governed by and construed according to the Federal Arbitration Act; and (b) trademark rights will be governed by and construed according to the Lanham Act.

10.3. Consent to Jurisdiction and Venue. Any action brought by either you or us, except those claims required to be submitted to arbitration, will only be brought in the appropriate state or federal court located in or serving Los Angeles County, California. The parties waive all questions of personal jurisdiction, venue and forum non-conveniens for the purposes of carrying out this provision. Claims for injunctive relief may be brought by us where you are located. This exclusive choice of jurisdiction and venue provision will not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

10.4. Notices. The parties should direct any notices to the other party at the address below that party's name on the final page of this Agreement or at another address if advised in writing that the address has been changed. Notice may be delivered by facsimile (with simultaneous mailing of a copy by first class mail), e-mail (with simultaneous mailing of a copy

by first class mail), private delivery service or first-class mail. Notice by facsimile or e-mail will be considered delivered upon transmission; by delivery service, upon delivery or attempted delivery; and by first class mail, three days after posting. Notice of termination must be sent by a receipted form of delivery, but will be effective even if the recipient does not accept the delivery or sign the receipt.

10.5. Amendments. This Agreement may be amended only by a document signed by all of the parties or by their authorized agents.

10.6. Waiver. Waiver of any breach of this Agreement may not be interpreted as a waiver of any other or subsequent breach.

10.7. Integration. This Agreement and all addenda and attachments to it constitute the entire agreement between the parties concerning the terms and conditions of this franchise. All other agreements and representations are superseded by it. Notwithstanding the foregoing, nothing in this Agreement or in any related agreement is intended to disclaim the representations we made in the franchise disclosure document.

10.8. Negotiation and Mediation.

10.8.1. Agreement to Use Procedure. The parties have reached this Agreement in good faith and in the belief that it is mutually advantageous to them. In the same spirit of cooperation, they pledge to try to resolve any dispute without litigation or arbitration. The parties agree that, if any dispute arises between them, before beginning any legal action or arbitration to interpret or enforce this Agreement, they will first attempt to negotiate a settlement and, if either party files a mediation proceeding, participate in the mediation. Good faith participation in these procedures to the greatest extent reasonably possible is a precondition to maintaining any legal action or arbitration to interpret or enforce this Agreement.

10.8.2. Initiation of Procedures. The party that initiates these procedures (the "Initiating Party") must give written notice to the other party, describing in general terms the nature of the dispute, specifying the Initiating Party's claim for relief, and identifying one or more people with authority to settle the dispute for the Initiating Party. The party receiving the notice (the "Responding Party") has ten days within which to designate by written notice to the Initiating Party one or more people with authority to settle the dispute on the Responding Party's behalf. These people are called the "Authorized People".

10.8.3. Direct Negotiations. The Authorized People may investigate the dispute as they consider appropriate, but agree to meet in person, by prearranged teleconference or by video conference, within 14 days from the date of the Initiating Party's written notice to discuss resolution of the dispute. The Authorized People may meet at any times and places and as often as they agree.

10.8.4. Mediation. If the dispute has not been resolved within 30 days after the initial meeting, either party may, at its option, begin mediation procedures. Mediation will be

conducted by and under the rules of the American Arbitration Association (the "AAA") in Los Angeles, California, unless the parties agree otherwise in writing.

10.9. Arbitration. If the parties cannot resolve a dispute by direct negotiation or mediation, as discussed above, then any dispute arising out of or in connection with this Agreement must be determined by binding arbitration before a single arbitrator in the County of Los Angeles, California, under the rules for commercial arbitration of the AAA, as varied by the express provisions of this Agreement. This arbitration clause does not deprive either party of any right it may otherwise have to seek interim injunctive relief from a court of competent jurisdiction. There will be no discovery other than that specified in Cal. C.C.P. § 1282.2 unless the parties expressly agree otherwise in a writing signed by the parties or their officers rather than by their counsel or if the arbitrator finds that manifest injustice would result without carefully limited additional discovery. If proper notice of any hearing has been given, the arbitrator will have full power to take evidence or to perform any other acts necessary to arbitrate the matter in the absence of any party who fails to appear. The arbitrator will have no power to make any award that modifies or suspends any lawful provision of this Agreement. Any award must include interest from the date of any damages incurred for breach of contract and from the date of the award until judgment on the award is paid in full. An award will be final and binding and may not be appealed or reviewed, except upon the ground of malfeasance or fraud by the arbitrator, or other grounds expressly provided by law. Judgment on any award may be entered by any court of competent jurisdiction.

10.10. Limitation of Actions. Except as to those causes of action based upon non-waivable statutory rights, neither party may maintain an arbitration petition or action against the other party unless (a) the party follows the negotiation and mediation procedures described above, and (b) files an arbitration petition or petition for interim relief within one year after the party knows or should know the facts on which the arbitration petition is based.

10.11. Attorney's Fees and Costs. If legal action, including any action on appeal, or arbitration is necessary to enforce the terms and conditions of this Agreement, the prevailing party will be entitled to recover actual attorney's fees and costs from the other party in an amount to be determined by the arbitrator or court.

10.12. Severability. Each provision of this Agreement is severable. If any of its provisions is determined to be invalid or in conflict with any existing or future law or regulation, that provision will not impair the operation of the remaining provisions of this Agreement. The invalid provisions will be considered not to be a part of this Agreement. However, if we decide that the finding of illegality adversely affects the basic consideration for our performance under this Agreement, we may, at our option, terminate it.

10.13. Approvals and Guaranties.

A. If you are any type of legal entity (i.e., not a natural person), then you must complete Attachment 3A in the form attached hereto, which identifies the type of legal entity and the identity and percentage of ownership of each person. You must obtain our written approval prior to executing any partnership agreement, joint venture agreement, shareholder agreement,

buy-sell agreement, operating agreement and similar agreement, or any material changes to any of the foregoing, including, without limitation, any change in the direct or indirect ownership of you.

B. If you are a corporation, all officers and shareholders with a 25% or greater interest in you, or if you are a partnership, all of your general partners, or if you are a limited liability company, all of your managing members must (1) approve this Agreement; (2) permit you to give us the financial information we require; (3) agree to the restrictions placed on them, including restrictions on the transferability of their interests in the franchise and your Studio; and (4) sign separately written guaranties of your payments and performance in the form of Attachment 3B to this Agreement.

10.14. Acceptance by Us. This Agreement will not be binding on us unless and until it has been signed by _____, our _____.

10.15. Disclaimer of Representations. WE MAKE NO REPRESENTATIONS OR PROMISES OF ANY KIND, EXCEPT THOSE SPECIFICALLY STATED IN THIS AGREEMENT AND THE FRANCHISE DISCLOSURE DOCUMENT THAT HAS BEEN DELIVERED TO YOU. WE DO NOT GUARANTEE THAT YOU WILL SUCCEED IN THE DEVELOPMENT AND THE OPERATION OF ANY STUDIO. WE ARE NOT A FIDUCIARY AND ASSUME NO SPECIAL RESPONSIBILITIES BEYOND THE NORMAL RESPONSIBILITIES OF A SELLER IN A BUSINESS TRANSACTION.

10.16. Your Authority. If you sign this Agreement, as a corporation, partnership, trust or other legal entity, each of the persons executing this Agreement on your behalf represents and warrants that you have been and are qualified to do business in the state in which the Studio is located, that you as the legal entity have full right and authority to enter into this Agreement and that all persons signing on your behalf are authorized to do so by appropriate actions. You hereby represent and warrant that neither you nor any persons or entities holding any legal or beneficial interest whatsoever in you are: (i) the target of any sanctions program that is established by Executive Order of the President or published by the Office of Foreign Assets Control, U.S. Department of the Treasury (the "OFAC"); (ii) designated by the President of OFAC pursuant to the Trading with the Enemy Act, 50 U.S.C. App. §5, the International Emergency Economic Powers Act, 50 U.S.C., §§ 1701-06, the Patriot Act, Public Law 107-56, Executive Order 13224 (September 23, 2001) or any Executive Order of the President issued pursuant to such statutes; or (iii) named on the following list that is published by OFAC: "List of Specially Designated Nationals and Blocked Persons." If the foregoing representation is untrue at any time during the term of this Agreement, an Event of Default will be deemed to have occurred without the necessity of notice to you.

10.17. Time is of the Essence. You agree that time is of the essence regarding all of your obligations under this Agreement, including, without limitation, all of your obligations to develop, open and continuously operate the designated number of Studios specified in the Development Schedule

IN WITNESS TO THE PROVISIONS OF THIS AGREEMENT, the undersigned have signed it.

[Signatures on the Following Page]

"We"

BÜNDA FRANCHISING GROUP LLC

Date: _____

By: _____
Print Name: _____
Title: _____

15404 Sutton Street
Sherman Oaks, California 91403

Sign if the Area Developer an individual* or a married couple:

"You"

Date: _____
Name:

_____
_____

Date: _____
Name:

_____
_____

*Multiple individuals wishing to enter into this Agreement must form a company to sign as the area developer.

Address:

_____
_____

Sign here if the Area Developer is a company:

"You"

Company Name:

_____

Date: _____

By: _____
Print Name: _____
Title: _____

Address: _____

_____

ADDENDUM 1 TO AREA DEVELOPMENT AGREEMENT

STATE SPECIFIC ADDENDUM TO
BÜNDA ® AREA DEVELOPMENT AGREEMENT

1. INTRODUCTION

This State Specific Addendum to the Bünda Area Development Agreement (the "Addendum") is effective on the same date as the Area Development Agreement (the "Agreement") to which it is attached. The parties to the Addendum are the parties to the Agreement. The purpose of this Addendum is to modify certain clauses of the standard Agreement to meet the requirements of regulatory agencies in particular states.

2. AGREEMENT

The parties agree as follows:

2.1. Illinois. The following provisions apply if you live in Illinois or your business will be located in Illinois:

2.1.1. No Waiver of Compliance with Any Provision of the Illinois Franchise Disclosure Act (815 ILCS 705/1 et seq.) or Other Illinois Law. Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of Illinois is void.

2.1.2. Non-renewal and Termination. The conditions under which the franchise can be terminated and your rights upon non-renewal may be affected by Illinois law, specifically Illinois Compiled Statutes 1992, Chapter 815, Sections 705/19 and 705/20.

2.1.3. Illinois Cause of Action. Any provision in this Agreement that designates jurisdiction or venue in a forum outside of Illinois is void provided that this Agreement may provide for arbitration in a forum outside of Illinois.

2.1.4. No Waiver of Rights. Nothing in this Agreement or clause waives any rights you may have under Illinois laws.

2.1.5. Application of Laws of Illinois. The terms and provisions of this Agreement will be construed in accordance with the laws of the State of Illinois.

2.1.6. Escrow Fees. Pursuant to Section 200.502 the Illinois Administrative Rules, the Illinois Attorney General's Office imposed escrow requirements due to Bünda's financial condition and the Escrow Agreement is on file at the Office of the Illinois Attorney General. Your initial franchise fees will be placed in escrow until the first franchise is opened.

2.2. Maryland. The following provisions apply if you live in Maryland or your business will be located in Maryland:

2.2.1. Limitation of Actions. The Agreement says that neither party may maintain any action or proceeding against the other party unless the party files an arbitration within one year after the party knows or should know the facts on which the arbitration is based. Any limitation on the period of time within which arbitration and/or litigation claims must be brought will not reduce the three-year period within which an area developer may bring a claim arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

2.2.2. Release. A. All representations requiring prospective area developers 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.

B. Pursuant to COMAR 02.02.08.16L, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2.2.3. Venue and Jurisdiction. Under Maryland law, you are permitted to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

2.2.4. Termination for Bankruptcy. Any provision for termination of this Agreement by us upon you becoming bankrupt may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

2.3. Minnesota. The following provisions apply to you if you live in Minnesota or your business will be located in Minnesota:

2.3.1. Notice and Cure Periods. The Agreement states the cure periods for various types of defaults that may lead to termination or non-renewal. With respect to area development franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5, which require, except in certain specified cases, that an area developer be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Agreement.

2.3.2. Limitation of Actions. The Agreement says that neither party may maintain any action or proceeding against the other party unless the party files an arbitration petition within one year after the party knows or should know the facts on which the petition is based. In spite of this, any claims arising under Minn. Stats. § 80C may be brought for three years after the cause of action accrues.

2.4. New York. The following provisions apply to you if you live in New York or your business will be located in New York:

2.4.1. Consent to Jurisdiction and Venue. The following language is added to the end of Paragraph 10.3:

> The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee or upon the area developer by article 33 of the General Business law of the state of New York.

2.5. North Dakota. The following provisions apply to you if you live in North Dakota or your business will be located in North Dakota:

2.5.1. Covenants Restricting Competition. Section 8 of the Agreement contains certain covenants restricting competition to which you must agree. Covenants not to compete such as those mentioned in Section 8 of the Agreement are generally considered unenforceable in the State of North Dakota.

2.5.2. Arbitration Venue. Section 10.9 of the Agreement provides that disputes will be mediated and/or arbitrated in California. Pursuant to the laws of North Dakota, the site of any mediation or arbitration must be agreeable to all of the parties and may not be remote from your place of business.

2.5.3. Jurisdiction and Venue. Section 10.3 of the Agreement requires litigation and venue in the State of California. Pursuant to the laws of North Dakota, litigation and venue must be in the State of North Dakota.

2.5.4. Limitation of Actions. Section 10.10 of the Agreement states that neither party may maintain any action or proceeding against the other party unless the party files an arbitration petition within one year after the party knows or should know the facts on which the arbitration is based. Pursuant to the laws of North Dakota, any claims arising under the North Dakota Franchise Investment Law may be brought within the period provided by North Dakota law.

2.6. Washington. If you live in Washington or your business will be located in Washington, the Washington Franchise Investment Protection Act applies to and amends this Agreement and supersedes any contrary terms in this Agreement. The applicable provisions of the Washington Franchise Investment Protection Act are included in the Washington Franchise Agreement Addendum to be signed by you and us and attached as Attachment 4.

(Continued on Next Page)

3. INCORPORATION OF AREA DEVELOPMENT AGREEMENT

The terms and conditions of the Agreement are incorporated into this Addendum by reference, except to the extent that they conflict with the terms and conditions of this Addendum. If there is a conflict, the terms and conditions of this Addendum will govern.

This Addendum is executed by the parties concurrently with the Area Development Agreement.

IN WITNESS TO THE FOREGOING, the parties to this Addendum sign and deliver it.

FRANCHISOR
BÜNDA FRANCHISING GROUP LLC

Date: _____

By: _____
Print Name: _____
Title: _____
15404 Sutton Street
Sherman Oaks, California 91403

Sign here if Area Developer is an individual or a married couple (Note: Multiple individuals wishing to enter into this Agreement must form a company to sign as Area Developer.):

AREA DEVELOPER

Date: _____
Name:

_____
_____

Date: _____

_____
Print Name: _____

Address:

_____
_____

Sign here if Area Developer is a corporation, limited liability company or other legal entity:

Name of Legal Entity/Area Developer: _____

Address:

_____
_____

Date: _____

By: _____
Print Name: _____
Title: _____

Attachment 1 to Area Development Agreement

Development Territory

Initials – Franchisor: _____

Initials – Area Developer: _____

Attachment 2 to Area Development Agreement

Under the Area Development Agreement, in consideration of the payment of a Development Fee of $_____, we grant you the right to develop _____ Bünda Studios within your Development Territory in accordance with the following Development Schedule:

Development Schedule

The numbers stated below are cumulative. They must be achieved at the end of each Development Period. The first Development Period begins on the effective date of this Agreement.

Deadline	Leases Signed	Studios Open and in Continued Operation Thereafter
MONTH 3		
MONTH 6		
MONTH 9		
MONTH 12		
MONTH 15		
MONTH 18		
MONTH 21		
MONTH 24		
MONTH 27		
MONTH 30		
MONTH 33		
MONTH 36		

You must also sign a new franchise agreement and pay the full initial franchise fee, less the pro rata Development Fee Credit attributable to that franchise agreement, in the currently effective form at the time you sign it, no later than the time when you sign a lease for each new Studio you develop.

Initials – Franchisor: _____

Initials – Area Developer: _____

Attachment 3A to Area Development Agreement

Complete List of Owners of Developer

Name of Developer: _____
Type of Legal Entity: _____
State of Organization: _____
(Or Residency of Sole Proprietor)

Owners of Developer

Name: _____
Position/Title: _____
Home Address: _____
_____
_____
Telephone: _____
E-Mail Address: _____
Percentage ownership: _____%

Name: _____
Position/Title: _____
Home Address: _____
_____
_____
Telephone: _____
E-Mail Address: _____
Percentage ownership: _____%

Name: _____
Position/Title: _____
Home Address: _____
_____
_____
Telephone: _____
E-Mail Address: _____
Percentage ownership: _____%

Name: _____
Position/Title: _____
Home Address: _____
_____
_____
Telephone: _____
E-Mail Address: _____
Percentage ownership: _____%

Initials – Franchisor: _____

Initials – Area Developer: _____

Attachment 3B to Area Development Agreement

Personal Guaranty and Subordination Agreement

This Personal Guaranty and Subordination Agreement (the "Guaranty") is given to induce Bünda Franchising Group LLC (the "Franchisor") to enter into that certain Area Development Agreement, dated _____, 20__ (the "Development Agreement") with _____ [*Developer's full legal name*] (the "Developer"). The undersigned guarantors (the "Guarantors"), unconditionally, jointly and severally, personally guaranty to Franchisor, its successors or its assignees, the prompt full payment and performance of all obligations of Developer that are or may become due and owing to Franchisor, including, without limitation, all obligations arising out of the Development Agreement and any other agreement between the parties and all extensions or renewals thereto, including, without limitation, all Bünda franchise agreements, as if the Development Agreement and such other agreements were signed between Franchisor and Guarantors, as Developer, directly.

Guarantors expressly waive notice of acceptance by Franchisor to or for the benefit of Developer, of the purchase of inventory and goods by Developer, the maturing of bills and the failure to pay the same, the incurring by Developer of any additional future obligations and liability to Franchisor and any other notices and demands. This Guaranty will not be affected by the modification, extension or renewal of any agreement between Franchisor and Developer, the taking of a note or other obligation from Developer or others, the taking of security for payment, the granting of an extension of time for payment, the filing by or against Developer of bankruptcy, insolvency, reorganization or other debtor relief afforded Developer under the Federal Bankruptcy Act or any other state or federal statute or by the decision of any court or any other matter, whether similar or dissimilar to any of the foregoing, and this Guaranty will cover the terms and obligations of any modifications, notes, security agreements, extensions or renewals. The obligations of Guarantors will be unconditional in spite of any defect in the validity of Developer's obligations or liability to Franchisor or any other circumstances whether or not referred to in this Guaranty that might otherwise constitute a legal or equitable discharge of a surety or guarantor.

This is an irrevocable, unconditional and absolute guaranty of payment and performance, and Guarantors agree that Guarantors' liability under this Guaranty will be immediate and will not be contingent upon the exercise or enforcement by Franchisor of whatever remedies it may have against Developer or others, or the enforcement of any lien or realization upon any security Franchisor may at any time possess.

Guarantors agree that any current or future indebtedness by Developer to Guarantors will always be subordinate to any indebtedness owed by Developer to Franchisor.

Guarantors will promptly modify any financing statements on file with state agencies to specify that Franchisor's rights are senior to those of Guarantors

Guarantors agree that as long as Developer owes any money to Franchisor, Developer will not pay, and Guarantors will not accept payment of, any part of any indebtedness owed by Developer to any of Guarantors, either directly or indirectly, without the consent of Franchisor.

In connection with any litigation or arbitration to determine Guarantors' liability under this Guaranty, Guarantors expressly waive Guarantors' right to trial by jury, if any, and agree to pay costs and reasonable attorney's fees as fixed by the court or arbitrator.

If this Guaranty is signed by more than one individual or if more than one Guaranty has been signed, each person signing a Guaranty will be jointly and severally liable for the obligations created in it.

This Guaranty will remain in full force and effect until all obligations arising out of and under the Development Agreement, including all renewals and extensions, are fully paid and satisfied.

IN WITNESS TO THE FOREGOING, the undersigned signed this Guaranty on _____ [*date*].

"Guarantors"

Signature: _____
Print Name: _____

Signature: _____
Print Name: _____

Signature: _____
Print Name: _____

CONSENT OF SPOUSE

Complete if Guarantor is a married individual:

I have read the "Area Development Agreement" and the "Personal Guaranty and Subordination Agreement" (the "Guaranty"), and I am aware of their legal effect. Except as to financial obligations relating to any separate property I own on the date of this Guaranty, I consent to all of the obligations of the Guaranty, and I agree to be bound by it.

Date: _____

Spouse

By: _____
Print Name: _____

Attachment 4 to Area Development Agreement

Washington Area Development Agreement Addendum

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor, including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time or arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee will not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act, such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in affecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The undersigned does hereby acknowledge receipt of this Addendum.

Dated this ___ day of _____, 20__.

Company	Prospective Franchisee
Bünda Franchising Group LLC	_____
By: _____	By: _____
Title: _____	Title: _____

ATTACHMENT 5
PURCHASE RECEIPT
BUNDA FRANCHISING GROUP
(Copy #1 - Purchaser)

1. **Purchaser Information:**

   Individual Name or Name of Legal Entity: _____

   Owner: _____

   Address: _____

   Telephone: _____

   Email: _____

2. **Payee:**
   Bunda Franchising Group LLC
   Attn: Kevin Lilly
   15404 Sutton Street
   Sherman Oaks, California 91403-3808
   Email: kevin@heartandhustle.com

3. **Franchise Information:**

   Approved Location of Studio (if known): _____

   Protected Area: _____

4. **Payment Information:**

   Purchase Price: _____

   Date of Payment: _____

   Amount of Payment Received: _____

5. **Depositary Information:**

   Zions Bancorporation, National Association

   550 S. Hope Street, Suite 2875, Los Angeles, California 90071

Signed and Acknowledged: _____(Purchaser/Franchisee)

_____ (Payee/Franchisor)

PURCHASE RECEIPT
BUNDA FRANCHISING GROUP
(Copy #2 - Franchisor)

1. **Purchaser Information:**

   Individual Name or Name of Legal Entity: _____

   Owner: _____

   Address: _____

   Telephone: _____

   Email: _____

2. **Payee:**
   Bunda Franchising Group LLC
   Attn: Kevin Lilly
   15404 Sutton Street
   Sherman Oaks, California 91403-3808
   Email: kevin@heartandhustle.com

3. **Franchise Information:**

   Approved Location of Studio (if known): _____

   Protected Area: _____

4. **Payment Information:**

   Purchase Price: _____

   Date of Payment: _____

   Amount of Payment Received: _____

5. **Depositary Information:**
   Zions Bancorporation, National Association

   550 S. Hope Street, Suite 2875, Los Angeles, California 90071

Signed and Acknowledged: _____(Purchaser/Franchisee)

_____ (Payee/Franchisor)

PURCHASE RECEIPT
BUNDA FRANCHISING GROUP
(Copy #3 - Depositary)

1. **Purchaser Information:**

   Individual Name or Name of Legal Entity: _____

   Owner: _____

   Address: _____

   Telephone: _____

   Email: _____

2. **Payee:**
   Bunda Franchising Group LLC
   Attn: Kevin Lilly
   15404 Sutton Street
   Sherman Oaks, California 91403-3808
   Email: kevin@heartandhustle.com

3. **Franchise Information:**

   Approved Location of Studio (if known): _____

   Protected Area: _____

4. **Payment Information:**

   Purchase Price: _____

   Date of Payment: _____

   Amount of Payment Received: _____

5. **Depositary Information:**
   Zions Bancorporation, National Association

   550 S. Hope Street, Suite 2875, Los Angeles, California 90071

Signed and Acknowledged: _____ (Purchaser/Franchisee)

_____ (Payee/Franchisor)

EXHIBIT F TO FRANCHISE DISCLOSURE DOCUMENT

TABLE OF CONTENTS TO BUNDA OPERATING MANUAL

Section	Beginning Page	Total Pages
Bünda History / Mission / Management Team	2	6
Positions, Job Titles, Roles of Team Members	8	8
BFG Support Summary	16	6
Studio Location Support	21	3
Studio Operations	24	6
The Bünda Core Value	30	8
Daily Overview	38	2
Cleaning Checklists	39	4
Customer Service Policies Summarized	42	1
Common Customer Scenarios and Resolutions	43	16
Required Maintenance / Troubleshooting Equipment	59	25
Inventory / Safety / Strategy / Communications	84	14
Sexual Harassment	98	1
Suggested New Hiring Processes	99	18
Trainer Training and Recruiting (Summary / Has its own handbook and online courses)	118	34
Suggested Payroll Processes	152	5
Suggested Sales and Marketing Techniques	157	12
Administrative Management	169	5
Franchisor Right To Audit	174	1
Software Training (Has its own handbook and courses)	175	1
ClassPass / 3rd Party Vendors	176	3
THE JOURNEY	179	1
Pre Open / Grand Opening / Expenditure Requirements	180	5
Day 1 Vendor List	185	10

Section	Beginning Page	Total Pages
Detailed Bünda Fitness Equipment	195	11
Programming Defined	206	13
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Occupational Health and Safety	226	3
Emergency Scenarios and Suggested Ways to Handle	229	6
Avoiding Employee Lawsuits	235	6
Financial Reporting Requirements	241	4
Required Advertising Expenditures	245	3
Trademark Usage Summary	248	3
Conclusion	251	1

EXHIBIT G TO FRANCHISE DISCLOSURE DOCUMENT

LIST OF CURRENT FRANCHISEES
AS OF SEPTEMBER 30, 2024

State	Franchisee Name and Address	City	Telephone No.
California	The Asskin Group LLC 1534 Adams Ave., Unit F Costa Mesa, CA 92626 Jonny Atkin and Rob Atkin	Costa Mesa	714-486-1977
California	HuckFin Fitness, LLC 15720 Ventura Blvd., Suite 101 Encino, CA 91436 Michael Kahn and Bryan Beal (3 locations)	Encino	747-208-8164
California	Wellness Enterprises LLC 3909 San Fernando Rd., Ste. 110 Glendale, CA 91204 Brian Nichols	Glendale*	
California	HoneyGirl Fitness LLC 107 S Fair Oaks Ave Unit 109 Pasadena, CA 91105 Michael Kahn and Bryan Beal	Pasadena*	
California	KJ House of Hustle, LLC 1899 Alhambra Blvd., Ste. #120 Sacramento, CA 95816 Keith Johnson	Sacramento	916-603-8039
California	Kalaka Fitness LLC 3575 Cahuenga Blvd. W #104 Los Angeles, CA 90068 Michael Kahn and Bryan Beal	Studio City*	323-378-5636
California	Queen of Wands LLC 2900 Townsgate Rd., Unit 116 Westlake Village, CA 91361 Kannie Lapack and Jaime Gorman	Westlake Village*	805-852-5225
Florida	Camilles Fit, Inc. 11507 S. Dixie Highway Pinecrest, FL 33156 Camille Gil	Pinecrest*	786-310-3336
Texas	Rylle Ventures LLC	Austin*	

	300 BOWIE ST APT 2905 AUSTIN, TX 78703 Halle Puzzitiello and Ryland Puzzitiello		
Texas	Elevated Assets Fitness Inc. 7451 Paseo Del Norte Suite B2 El Paso, TX 79911 Christy Merfa	West El Paso	*915-228-2442

*Franchise Agreement signed, but location not opened

EXHIBIT H TO FRANCHISE DISCLOSURE DOCUMENT

LIST OF TERMINATED FRANCHISEES
AS OF SEPTEMBER 30, 2024

None

EXHIBIT I TO FRANCHISE DISCLOSURE DOCUMENT

SPECIFIC STATE DISCLOSURES

California

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

Neither the franchisor nor any person 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 that association or exchange.

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

The franchise agreement and the Development Agreement contain covenants not to compete that extend beyond the termination of the franchise and the area development franchise. These provisions may not be enforceable under California law.

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

The franchise agreement and the Development Agreement require binding arbitration. The arbitration will occur at Los Angeles, California, with the costs being borne according to the Rules for Commercial Arbitration of the American Arbitration Association.

Prospective franchisees and area developers 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 or a Development Agreement restricting venue to a forum outside the State of California.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

THE REGISTRATION OF THIS FRANCHISE OFFERING BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER.

Section 31512 of the Franchise Investment Law (FIL) and 20010 of the California Franchise Relations Act (CFRA) provide that any condition, stipulation or provision purporting to bind you to waive compliance with any provision of these laws is void. Therefore, any release of claims that you must sign as a condition of renewal or transfer may not apply to claims arising under the FIL or the CFRA.

Unless the transaction is exempt, Section 31125 of the California Corporations Code requires us to give you a special disclosure document, approved by the Commissioner of Financial Protection and Innovation, before asking you to consider a proposed material modification of an existing franchise.

The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed an impound of initial fees under California Corporations Code section 31113 and 1 C.C.R. sections 310.113 through 310.113.4. All of your initial fees will be placed in an escrow account at Zions Bancorporation and released to us only after we have completed our pre-opening obligations to you and you are open for business. A copy of the escrow agreement is on file with the Department.

Illinois

The following provisions apply to you if you live in Illinois or your business will be located in Illinois:

Illinois law will govern your franchise agreement and your Development Agreement.

Litigation and venue will be in the State of Illinois for any cause of action that otherwise is enforceable in Illinois, but arbitration may take place in a forum outside of Illinois.

Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act (815 ILCS 705/1 et seq.) or any other law of this state is void.

The conditions under which your franchise or Development Agreement can be terminated and your rights upon non-renewal may be affected by Illinois statute (815 ILCS 705/1-44).

Any provision for termination of a franchisee's franchise agreement by us upon the franchisee becoming bankrupt may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

Due to the member's equity in the audited financial statements of the franchisor, the Illinois Attorney General has imposed an impound of initial fees under section 15 of the Illinois Franchise Disclosure Act of 1987 and section 200.500 of the Illinois Administrative Rules. All of your initial fees will be placed in an escrow account at Zions Bancorporation and released to us only after we have completed our pre-opening obligations to you and you are open for business. A copy of the escrow agreement is on file with the Office of the Illinois Attorney General.

Maryland

The following provisions apply to you if you live in Maryland or your business will be located in Maryland:

Limitation of Actions

The franchise agreement and the Development Agreement say that neither party may maintain any action or proceeding against the other party unless the party files an arbitration within one (1) year after the party knows or should know the facts on which the arbitration is based. In spite of this, any claims arising under the Maryland Franchise Registration and Disclosure Law may be brought for three (3) years after the grant of the franchise or development franchise. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise or the development franchise, as applicable.

General Release

All representations requiring prospective franchisees or area developers to assent to a release, estoppel or waiver of liability are not intended to nor will they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise and Disclosure Law.

Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Venue and Jurisdiction

Franchisee and area developer may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Minnesota

The franchise agreement and the Development Agreement require binding arbitration. The arbitration will occur in a state other than Minnesota, with costs being borne according to the Rules for Commercial Arbitration of the American Arbitration Association. Under Minnesota Statutes § 80C.21 and Minnesota Rule Part 2860.4400J, this provision may not in any way invalidate or reduce any of the franchise owner's rights that are listed in Chapter 80C of the Minnesota Statutes.

With respect to franchises (including area development franchises) governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5, which say that, except in certain specified cases, a franchisee (or area developer) must be given, at least 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the franchise agreement.

The franchise agreement and the Development Agreement provide for shortened statutes of limitations. Under Minnesota law, any claims arising under § 80C may be brought within three years after the cause of action accrues. Therefore, in Minnesota, the agreements are amended to provide for a three-year period within which to bring any Minnesota claims.

New York:

Notwithstanding anything to the contrary set forth in the Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of New York:

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. Item 3 "Litigation" is amended by adding the following:

Neither we nor any predecessor, any person identified in Item 2, or any affiliate offering franchises under our principal trademark:

A. Has an administrative, criminal or civil action pending against that person alleging: a felony; a violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations.

B. Has any pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

D. Is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. Item 17 "Requirements for a franchisee to renew or extend," Section (c) and "Conditions for franchisor approval of transfer" Section (m) are amended by adding the following at the end of the Summary section:

"However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; this proviso intends that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied."

4. Item 17 "Termination" Section (d) is amended by adding the following at the end of the Summary section:

"You may terminate the Franchise Agreement on any grounds available by law."

5. Item 17 "Choice of forum" Section (v) and "Choice of Law" Section (w) are amended by adding the following at the end of the Summary section:

"The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or the franchisee by Article 33 of the General Business Law of the State of New York"

6. Franchise Questionnaires and Acknowledgements--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.

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

North Dakota

In North Dakota, the disclosure document is amended as follows to conform to North Dakota law:

Item 17i is amended to provide that under the laws of North Dakota, if your franchise agreement is terminated because of your material default or repudiation of your franchise Agreement, we do not have the right to recover damages as compensation for lost future profits.

Item 17r is amended to provide that covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

Item 17u is amended to provide that the site of any mediation or arbitration must be agreeable to all of the parties and may not be remote from the franchisee's (or area developer's) place of business.

Item 17v is amended to provide that litigation and venue must be in the State of North Dakota.

The franchise agreement and the Development Agreement provide that neither party may maintain any action or proceeding against the other party unless the party files an arbitration petition within one year after the party knows or should know the facts on which the arbitration is based. Pursuant to the laws of North Dakota, any claims arising under the North Dakota Franchise Investment Law may be brought within the period provided by North Dakota law.

Under the laws of North Dakota, any waiver of trial by jury is not enforceable.

Rhode Island

The Rhode Island Securities Division requires the following specific disclosures to be made to prospective Rhode Island franchisees (and area developers):

In spite of the provisions of Item 17v of the disclosure document, any litigation or arbitration arising under the franchise agreement (and the Development Agreement) will take place in Rhode Island or other place mutually agreed to by the franchisee (area developer) and franchisor.

South Dakota

The franchise agreement and the Development Agreement include covenants not to compete after termination of the franchise (including the area development franchise). Covenants not to compete upon termination or expiration of the franchise agreement (and the Development Agreement) are generally unenforceable in the State of South Dakota, except in certain instances provided by law.

The franchise agreement and the Development Agreement provide for arbitration in a state other than South Dakota. Under South Dakota law, arbitration must be conducted at a mutually agreed upon site in accordance with § 11 of the Commercial Arbitration Rules of the American Arbitration Association.

Under South Dakota law, any provision in a franchise agreement or a Development Agreement that designate jurisdiction or venue or require the franchisee or area developer to agree to jurisdiction or venue outside South Dakota is void with respect to any cause of action which is governed by the law of South Dakota.

Under South Dakota law, termination provisions covering breach of the franchise agreement or the Development Agreement, failure to meet performance and quality standards, and failure to make royalty payments contained in the disclosure document and franchise agreement (and the Development Agreement) must afford a franchisee (or an area developer) 30 days written notice with an opportunity to cure the default prior to termination. Under SDLC 37-5B, any condition, stipulation or provision purporting to waive compliance with any provision of this chapter or any rule or order under it is void.

Any acknowledgment, provision, disclaimer or integration clause or a provision having a similar effect in a franchise agreement and a Development Agreement do not negate or act to remove from judicial review any statement, misrepresentation or action that would violate the South Dakota franchise law or a rule or order under the South Dakota franchise law.

Washington

The following provisions apply to you if you live in Washington or your business will be located in Washington:

Washington Franchise Investment Protection Act

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor, including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time or arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee will not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act, such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in affecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

EXHIBIT J TO FRANCHISE DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

The following states have franchise laws that the require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration:

California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	
Illinois	
New York	

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 K TO FRANCHISE DISCLOSURE DOCUMENT

STATEMENT OF PROSPECTIVE FRANCHISEE

IMPORTANT: READ AND REVIEW CAREFULLY
BEFORE SIGNING THE BÜNDA FRANCHISE AGREEMENT
STATEMENT BY PROSPECTIVE BÜNDA FRANCHISEE

As you know, you and we are entering into a Bünda Franchise Agreement for the operation of a Bünda franchised business. The purpose of this Statement by Prospective Bünda Franchisee is for us to conduct certain factfinding related to the offer and sale of the Bünda franchised business. Please review each of the following questions carefully and provide honest responses to each question.

1. Did you receive a copy of our Bünda Franchise Disclosure Document at least 14 calendar days before signing the Franchise Agreement (including the exhibits, addenda, attachments and related agreements like the franchise and Development Agreement) and at least 14 calendar days before you paid us any money for any reason? Check one: □ Yes. □ No.

2. Did you sign a receipt for the Disclosure Document indicating the date you received it? □ Yes. □ No.

3. Is the name, address and telephone number of any broker and each of our employees or representatives who was involved in offering you this franchised business listed on our Bünda Franchise Disclosure Document Receipt (Exhibit K to the Bünda Franchise Disclosure Document) you signed (or on any updated receipt we provided to you)? Check one: □ Yes. □ No.

4. Did you get answers to all of your questions and concerns about making an investment in a Bünda Franchise? Check one: □ Yes. □ No.

5. Have you discussed the benefits and risks of establishing and operating a Bünda Franchise with an attorney, accountant, or other professional advisor? □ Yes. □ No. If no, do you need additional time to do so? □ Yes. □ No.

   If you answered "No" to questions 1-4, please explain (attached additional sheets, if necessary): _____
   _____
   _____
   _____

6. Was any oral, written or visual claim or representation made to you that contradicted the disclosures in our Bünda Franchise Disclosure Document? Check one: □ Yes. □ No.

7. Did any employee or other person speaking on our behalf make any statement or promise or provide you with any oral, written or visual claim, computer model or spreadsheet or representation that stated, suggested, predicted or projected your sales, revenues, income or profit levels? Check one: □ Yes. □ No.

8. Did any employee or other person speaking on our behalf make any statement or promise regarding the costs involved in operating a Bünda franchised business that is not contained in our Bünda Franchise Disclosure Document or that is contrary to or different from the information in our Bünda Franchise Disclosure Document? Check one: □ Yes. □ No.

9. Did anyone offer or promise you any amendment, addendum, "side deal," "side letter" or similar arrangement that is different from or supplemental to the Bünda Franchise Agreement? Check one: □ Yes. □ No.

If you answered "Yes" to any of questions 6 through 9, please explain in detail the claim, representation or statement (attached additional sheets if necessary): _____

_____

_____

_____

_____

_____

IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS STATEMENT.

Signed: _____	Signed: _____
Print Name: _____	Print Name: _____
Date: _____	Date: _____

Approved on behalf of
Bünda Franchising Group LLC

Signed: _____	Signed: _____
Print Name: _____	Print Name: _____
Date: _____	Date: _____

EXHIBIT L TO FRANCHISE DISCLOSURE DOCUMENT
RECEIPT FOR BÜNDA FRANCHISE DISCLOSURE DOCUMENT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

The franchisor is Bünda Franchising Group LLC, located at 15404 Sutton Street, Sherman Oaks, California 91403, Telephone: (610) 517-2648.

If we offer you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or ten business days before the signing and delivery of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least ten business days before the signing and delivery of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. Iowa requires that we give you this disclosure document at the earlier of the first personal meeting or 14 calendar days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If we do 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 franchise seller(s) for this offering are Katherine (Katie) Lilly, our Manager and Chief Executive Officer and Kevin Lilly, our Co-Founder, Bünda Franchising Group LLC, 5404 Sutton Street, Sherman Oaks, California 91403. Our telephone number is (610) 517-2648.

We authorize the agents in Exhibit B to this disclosure document to receive service of process for us.

Issuance Date: March 12, 2025

On _____, I received a disclosure document dated March 12, 2025 that included the following exhibits:

Exhibit A: State Administrators
Exhibit B: Agents for Service of Process
Exhibit C: Financial Statements
Exhibit D: Franchise Agreement
Exhibit E: Area Development Agreement
Exhibit F: Table of Contents of Manual
Exhibit G: Current Franchisees
Exhibit H: Former Franchisees and Transferred Franchises
Exhibit I: State Specific Addendum to Franchise Disclosure Document
Exhibit J: State Effective Dates Page
Exhibit K: Statement of Prospective Franchisee
Exhibit L: Receipt

By: _____
Prospective Franchisee
Print Name of Prospective Franchisee: _____

(Franchisor's Copy)

Receipt for Bünda Franchise Disclosure Document

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By: _____
Prospective Franchisee
Print Name of Prospective Franchisee: _____

(Franchisor's Copy)