FRANCHISE DISCLOSURE DOCUMENT

Proexco, LLC
a Pennsylvania limited liability company
134 Pennsylvania Avenue
Malvern, Pennsylvania 19355
(610) 971-1500
fitnessmachinetechnicians.com
dpowers@fmtsupport.com

The franchise offered is for the right to own and operate a "Fitness Machine Technicians FMT" business which provides maintenance and repair products and services for exercise equipment.

The total investment necessary to begin operation of an "Fitness Machine Technicians FMT" franchise is from $81,450 **to** $127,990. This includes $40,000 to $45,000 that must be paid to the franchisor and/or its affiliate for a single Territory. If you choose to purchase more than one Territory, you must sign a Multi-Territory Addendum and pay to franchisor $22,500 to $25,000 for your second Territory and $15,000 for your third and each subsequent Territory.

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 the disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in 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 Don Powers at 134 Pennsylvania Avenue, Malvern, Pennsylvania 19355 and (610) 971-1500.

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

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

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

Issuance Date: June 28, 2022

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, and/or litigation only in Pennsylvania. 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 Pennsylvania 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. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

4. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you

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

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MICHIGAN

NOTICE REQUIRED BY THE MICHIGAN FRANCHISE INVESTMENT LAW

The following statement is required to be provided to you under the Michigan Franchise Investment Law. By providing this statement, we do not represent or warrant that any of the following provisions of the law are enforceable. We reserve the right to contest the enforceability of any of the following provisions.

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.

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

Any questions regarding this notice should be directed to:
Michigan Department of Attorney General
Consumer Protection Division
Attn: Franchise
525 W. Ottawa Street, 1st Floor
Lansing, Michigan 48909
(517) 373-7117

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RECEIPT

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

The Franchisor

The Franchisor is Proexco, LLC. For ease of reference, Proexco, LLC will be referred to as "we," "us," or "Fitness Machine Technicians FMT," which is the name under which you will operate. We will refer to the person or entity who buys the franchise as "you" throughout the Disclosure Document. If you are a corporation, limited liability company, partnership or other corporate entity, certain provisions of the agreement also apply to your owners and will be noted.

Our agents for service of process are disclosed in Exhibit A.

We are a Pennsylvania limited liability company established on October 14, 2011. Our principal address is 134 Pennsylvania Avenue, Malvern, Pennsylvania 19355.

We began offering franchises in 2012 under the name "Exertech", before rebranding in 2015 as "Fitness Machine Technicians FMT". We have not offered franchises in any other lines of business previously.

Our Parents, Predecessors and Affiliates

We have no predecessor company. Our direct parent is Main Line Brands, LLC, a Delaware limited liability company, originally formed as Authority Franchising, LLC on September 10, 2020, and which changed its name to Main Line Brands, LLC effective on March 18, 2021 ("Main Line Brands"). Main Line Brands is our sole member after acquiring all of our outstanding ownership interests by a transaction in May 2022 ("Transaction"). Main Line Brands offers franchises for mosquito, tick and fly control specialty businesses under the name and mark "Mosquito Authority," and also offers franchises for outdoor and indoor pest control services and equipment under the name and mark "Pest Authority". Main Line Brands has offered Mosquito Authority and Pest Authority franchises since October 2020. Main Line Brands' principal business address is 346 9th Street SE, Hickory, North Carolina 28602.

Main Line Brands is also the direct parent of our affiliated company, DP and Partners, LLC, a Pennsylvania limited liability company formed on April 28, 2020 ("DP"). Main Line Brands is the sole member of DP after acquiring all of its outstanding ownership interests in the Transaction. DP began offering franchises for Fitness Machine Technicians FMT businesses in Canada in late 2020. DP's principal business address is 134 Pennsylvania Avenue, Malvern, Pennsylvania 19355.

Main Line Brands is also the direct parent of our affiliated company, Powersmith, LLC, a Pennsylvania limited liability company originally formed as Powersmith, Inc. on October 17, 2002, and which was converted to a limited liability company effective on May 3, 2022 ("Powersmith"). Main Line Brands is the sole member of Powersmith after acquiring all of its outstanding ownership interests in the Transaction. Powersmith owns and operates one business of the type being franchised which has been in operation since 2002, and licenses to us the right to use and sublicense the sue of certain trademarks, including the principal mark "Fitness Machine Technicians FMT". Powersmith has not offered franchises in this or any other lines of business previously. Powersmith's principal business address is 134 Pennsylvania Avenue, Malvern, Pennsylvania 19355.

Main Line Brands' direct parent is Main Line Brands Holdings, LLC, a Delaware limited liability company originally formed as Authority Franchising Holdings, LLC on September 10, 2020, and which changed its name to Main Line Brands Holdings, LLC effective on March 18, 2021 ("Holdings"). The current principal business address for Holdings is 346 9th Street SE, Hickory, North Carolina 28602.

Holdings is majority owned and controlled by Authority Franchising Partners, LLC, a Delaware limited liability company formed on September 10, 2020 ("Partners"). Partners is ultimately controlled by Susquehanna Private Capital Fund II, LLP, a Delaware limited liability partnership formed on December 27, 2019 ("Susquehanna"). The current principal business address for Partners and Susquehanna is 401 E. City Avenue, Bala Cynwyd, Pennsylvania 19004. None of Holdings, Partners nor Susquehanna have offered franchises in this or any other lines of business previously.

Susquehanna became the indirect parent of Soccer Shots Franchising, LLC, a Pennsylvania limited liability company formed on January 15, 2005, effective December 31, 2021. Soccer Shots Franchising, LLC has offered franchises for the "Soccer Shots" brand since February 1, 2005. The current principal business address of Soccer Shots Franchising, LLC is 401 E. City Avenue #220, Bala Cynwyd, Pennsylvania 19004.

The Franchise Offered

Our affiliate has created a system for businesses that provide maintenance and repair services for exercise equipment under the name and mark "FMT" or "Fitness Machine Technicians FMT" (the "Marks" or "Proprietary Marks").

The franchise grants you the right to own and operate a single "Fitness Machine Technicians FMT" business (the "Business" or "Franchised Business") and offer all of the products and services which comprise the System in a single designated territory. In addition, you are granted an exclusive right to use and display the Proprietary Marks and trade names and to use the Fitness Machine Technicians FMT copyrighted materials and trade secrets in a defined geographical location called a "Territory." You must sign our Franchise Agreement, which is attached to this Disclosure Document as Exhibit B. If you wish to own and operate your Franchised Business in more than one designated territory, you will be required to purchase a Multi-Territory Addendum. If you purchase a Multi-Territory Addendum, you must sign a single Franchise Agreement in addition to our Multi-Territory Addendum, which will be included as Exhibit I to the Franchise Agreement. The Multi-Territory Addendum is attached to this Disclosure Document as part of the Franchise Agreement. You will not be required to sign additional franchise agreements as your territories are opened.

If permitted by your local ordinances, you may operate the Franchised Business from your home, or you may choose to lease a garage or light industrial space for your Franchised Business.

We strongly recommend that you be certified by each exercise equipment manufacturer to provide maintenance and repair services for their equipment. Not having the manufacturer's certification does not stop you from offering repair and maintenance services for that manufacturer's equipment. However, as a certified technician, the manufacturer is more likely to forward service requests to you than if you have not achieved certification. The manufacturer may require you to periodically be recertified.

Competition and Market

The market for exercise equipment repair services is developing. You will offer maintenance and repair services to companies owning exercise equipment, including colleges, universities, hotels and apartment buildings, as well as individuals owning exercise equipment. You will compete with companies offering similar services, including local, regional or national companies, some of which may be franchise systems. Fitness Machine Technicians FMT Businesses offer maintenance and repair services for a variety of manufacturers and are not exclusive to a specific manufacturer.

Industry Specific Laws

You must comply with any state or local licensing or regulatory requirements that may apply to the Franchised Business, which may require you to obtain a special permit to operate a business from your home. You must meet all local, state, or federal contracting laws that may apply to offering this Franchised Business. You should seek counsel or contact your state and local agencies for detailed information about applicable laws and regulations. There may be other laws of general applicability that could impact your operation.

ITEM 2: BUSINESS EXPERIENCE

Chief Executive Officer – Chris Buitron

Mr. Buitron has served as our Chief Executive Officer since May 2022, as wells as the Chief Executive Officer of DP and Powersmith since May 2022. Mr. Buitron has also served as the Chief Executive Officer of Main Line Brands and Holdings since October 2020. He served as President of Main Line Brands' predecessors, TMFAS, LLC ("TMFAS") and Pest Authority, LLC ("PALLC"), each located in Hickory, North Carolina from March 2020 to September 2020. From June 2018 until March 2020, Mr. Buitron was employed as Vice President of Marketing at Riptide Partners, a franchise consulting firm based in New York, New York. From January 2012 until May 2018, Mr. Buitron was employed as Chief Marketing Officer at Senior Helpers, LLC, a franchisor based in Timonium, Maryland.

Founder – Don Powers

Mr. Powers founded the Fitness Machine Technicians FMT franchise system in October 2011. Prior to the Transaction, Mr. Powers also served as our President and Chief Executive Officer since our inception in October 2011. Mr. Powers also founded our affiliates, DP and Powersmith, in April 2020 and October 2002, respectively. Prior to the Transaction, Mr. Powers served as the President and Chief Executive Officer of our affiliates, DP and Powersmith, since each of their inceptions in April 2002 and October 2002, respectively.

Manager – Kyle Squillario

Mr. Squillario has been our Manager, as well as Manager of DP and Powersmith, since May 2022. He has also served as Manager of Holdings since October 2020. Since January 2020, Mr. Squillario has also been a Partner at Susquehanna Private Capital in Bala Cynwyd, Pennsylvania. From March 2017 to December 2019, Mr. Squillario was a Director at Susquehanna Private Capital in Bala Cynwyd, Pennsylvania. From September 2013 to March 2017, Mr. Squillario was Vice President, Private Equity for TZP Group in New York, New York.

Manager – John McGinley

Mr. McGinley has been our Manager, as well as Manager of DP and Powersmith, since May 2022. He has also served as Manager of Holdings since October 2020. Since January 2020, Mr. McGinley has also been a Vice President, Private Equity at Susquehanna Private Capital in Bala Cynwyd, Pennsylvania. From August 2017 to December 2019, Mr. McGinley was Senior Associate, Private Equity at Susquehanna Private Capital in Bala Cynwyd, Pennsylvania. From June 2015 to July 2017, Mr. McGinley was Associate, Private Equity for Quad-C Management in Charlottesville, Virginia.

The following person(s) hold positions with Holdings:

Manager – Joseph Osborne

Mr. Osborne has been a Manager of Holdings since October 2020. From January 2018 to September 2020, Mr. Osborne served as PALLC's Chairman. He also served as President of Authority Franchise System International, LLC ("AFSI") from October 2016 to September 2020, President of TMA Franchise Systems, Inc. ("TMA") from January 2011 to September 2020 and of TMA's predecessor ("Original TMA") from October 2009 to September 2020. All of AFSI, TMA and Original TMA were located in Hickory, North Carolina, and were predecessors to Main Line Brands.

ITEM 3: LITIGATION

We are not party to any litigation required to be disclosed in this Franchise Disclosure Document.

Disclosures Regarding an Affiliated Franchise Program

Our affiliate, Soccer Shots Franchising, LLC, resolved a single action brought against it with settlements that involved their becoming subject to a currently effective injunctive or restrictive order or decree. This action does not have any impact on us or our brand, nor alleged any unlawful conduct by us.

In Re: Franchise No Poaching Provisions (Soccer Shots Franchising, LLC), Case No. 19-2-28301-7 SEA. On or about October 28, 2019, Soccer Shots Franchising, LLC entered into an Assurance of Discontinuance ("AOD") with the State of Washington in which Soccer Shots Franchising, LLC agreed it (1) will no longer include no-poaching provisions in any future U.S. franchise agreements; (2) will continue not enforcing no-poaching provisions in any existing franchise agreements, and will not seek to intervene or defend in any way the legality of any no-poaching provision in any litigation in which a franchisee may claim third-party beneficiary status rights to enforce an existing no-poaching provision; (3) Soccer Shots Franchising, LLC will notify all of its U.S. franchisees of the entry into the AOD with state and provide them a copy of the AOD upon request; (4) notify the Attorney General's Office of any effort by a franchisee in Washington to enforce any existing no-poaching provision; and (5) exercise all reasonable commercial efforts to amend all existing franchise agreements with entities in Washington to remove any no-poaching provisions in its existing franchise agreements. On January 2, 2020, Soccer Shots Franchising, LLC confirmed in writing its compliance with the AOD to the State of Washington.

Other than the above, no litigation is required to be disclosed in this Item.

ITEM 4: BANKRUPTCY

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

ITEM 5: INITIAL FEES

Initial Franchise Fee

You must pay us an initial franchise fee equal to $40,000 to $45,000, depending on the population size of your Territory, when you sign the Franchise Agreement. The initial franchise fee is imposed uniformly on all franchisees. The initial franchise fee is fully earned upon receipt and is not refundable.

The initial franchise fee includes a territory encompassing an area within one county or series of contiguous counties with a combined population of up approximately 1,000,000 people for a large territory (a "Large Territory") and fewer than 800,000 for a Mid-Size territory (a "Mid-Size Territory"), based on

the most recent U.S. Census data (a "Territory"). The Large Territory initial franchise fee is equal to $45,000. The Mid-Size Territory initial franchise fee is equal to $40,000. If you purchase two or more territories simultaneously (a "Multi-Territory Addendum"), the initial franchise fee for the second Territory is $25,000, for a Large Territory and $22,500 for a Mid-Size Territory and the initial franchise fee for a third and subsequent Large Territories is $15,000 each. We do not currently offer for sale more than two medium territories to any one franchisee.

From time to time, we may offer special incentive programs as part of our franchise development activities. We reserve the right to offer, modify or withdraw any incentive program without notice to you. We currently offer a ten percent (10%) discount of the Initial franchise fee to veterans of the U.S and Canadian armed forces via the VetFran program.

Unless specifically granted as part of a Multi-Territory Addendum, we will not hold any area in reserve for you, and you are not granted a right of first refusal to any territory, including those territories that are adjacent to yours.

There are no other payments to or purchases from us or our Affiliate that you must make before your Franchised Business begins operating.

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ITEM 6: OTHER FEES

Type of Fee	Amount	When Due	Remarks
Royalty Fee	Royalties are a percentage of Gross Sales: 6% of the first $499,999 of Gross Sales each calendar year; 5% of Gross Sales in excess of $500,000 each calendar year. Royalties are subject to a monthly minimum beginning in your 13th month, through the term of the contract. The minimum monthly royalty for each territory is $500. See note 2.	By the 10th business day of the month based on Gross Sales for the immediately preceding month	The term "Gross Sales" means all money received by you in the operation of the Franchised Business, less sales taxes actually paid by you and any customer refunds or adjustments you make. All royalty payments are made by electronic funds transfer. See note 3.

Type of Fee	Amount	When Due	Remarks
Brand Development Fee	Up to 2% of Gross Sales. Currently the Brand Development Fee is 1%	Payable at the same time and in the same manner as the Royalty	The Brand Development Fund is administered by us for the purpose of regional and national advertising of the System. See Item 11 for a discussion of the Brand Development Fund.
Software Fee	Estimated at $100 to $250 per month.	Payable to us at the same time and in the same manner as the Royalty or to a 3rd party vendor that we designate at the time and manner required by such third party	This fee includes required software and/or subscription service and vender fee for online access to our POS forms.
Local Advertising	$1,000 per month or 1% of your Gross Sales, whichever is greater.	Beginning in month 4	You will make payments directly to approved advertising suppliers. All advertising you propose to use must be pre-approved by us

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Grand Opening Advertising	For a Large Territory, $14,500 to $28,000. For a Mid-Size Territory, $12,500 to $23,000.	Prior to and within 90 to 120 days of opening for business.	You will spend $12,500 to $28,000 on our grand opening marketing plan, depending on the size of your territory(ies). If you purchase a single Large Territory, you will be required to spend an approximate minimum of $14,500 on our grand opening marketing plan at the time and in the manner we specify. If you purchase a single Mid-Size Territory, you will be required to spend an approximate minimum of $12,500 on our grand opening marketing plan at the time and in the manner we specify. If you purchase more than one territory, you will be required to spend an additional minimum of $4,000 to $8,000 for each additional Large Territories or $3,000 to $5,000 for an additional Mid-Size territory. If two territories are in entirely different states and/or two separate grand openings are required, then the required spend is double the cost of a single territory minus some cost savings
Cooperative Advertising	As determined by the cooperative members	As determined by the cooperative members	See Item 11 for a discussion of advertising cooperatives

Initial Training Fee (Additional or Replacement Employees)	Our then-current training fee, plus expenses Current training fee = $500	Before training begins	Training for up to three people is included in the initial franchise fee. If you request that we provide our initial training program to additional or replacement employees, whether before your Franchised Business opens or while it is operating, you must pay our training fee. You must also pay for all expenses incurred by your trainees, including travel, lodging, meals and wages
On-Site Assistance or Training	Our then-current per diem fee per trainer, plus expenses Current per diem fee = $500	Deposit paid before training then balance due 7 days after billing	If you request that we provide on-site assistance or training at your Franchised Business location. The expenses you must reimburse include travel, lodging, meals and local transportation
Refresher Training	$200 to $700, plus expenses	Before attending training	We may designate that certain refresher training courses are mandatory, unless we excuse your absence
Manufacturer's Certification	$100 to $600, as charged for Original Equipment Manufacturer training by the manufacturer to obtain Manufacturer Certification	As incurred	Once you are certified by the exercise equipment manufacturers to maintain and repair their equipment, you must maintain your certification according to the manufacturer's requirements. Paid to any approved OEM that requires certification and/or ongoing recertification.
Transfer Fee (Franchise Agreement)	25% of our then-current initial franchise fee, plus any broker fee payable by us as a result of your transfer.	At time of transfer	Payable in lump sum. We will waive the transfer fee, one time only, for a transfer from individuals to a corporate entity that has been formed for convenience of ownership

Successor Agreement Fee	25% of our then-current initial franchise fee	Upon signing of the successor Franchise Agreement	Payable in lump sum, at the time of signing the successor Franchise Agreement. Successor Agreement Fee is based on the then current territory population at the time of the successor term.
Product or Supplier Evaluation	$500	With request for approval	If you request to use a product or supplier that we have not previously approved for the System
Insurance	Reimbursement of our costs	On demand	We may, but are not obligated to, obtain insurance coverage for you if you fail to do so
Management Fee	25% of Gross Sales, plus expenses	On demand, if incurred	We have the right to step in and manage your Franchised Business in certain circumstances, including your death, disability, inability to operate the business according to our standards or prolonged absence
Mystery Shopper Service	Up to $500	As incurred	We reserve the right to engage a mystery shopper service. If you do not achieve a required minimum score, then you must pay the cost of the mystery shop and we may require you to receive additional training from us. If you achieve the minimum score, we will pay the cost of the mystery shop
Computer System Maintenance	Up to $1,000	Annually	We do not currently require you to have a maintenance contract for your computer, but we may do so in the future. Payable to approved supplier

Insufficient Funds Fee	$75	If incurred	You must make sure that there are sufficient funds in your operating account to pay fees when due. If you incur three insufficient funds fees in any 12 month period, we have the right to terminate your Franchise Agreement without giving you the opportunity to cure the default
Late Fee	$100	As Incurred	Payable to us via ACH payment if Profit & Loss Statements are not delivered to us by the 15th of each month.
Interest	18% per annum or the highest legal rate we can charge, whichever is less	Due with overdue amount	Payable on all overdue amounts. Interest will be calculated from the original due date until payment is received in full
Audit	Will vary under the circumstances, but not less than $1,000	After audit	If an audit of your books and records shows any understatement in amounts reported or paid to us, you must pay the understated amount plus interest. If the audit shows any understatement of 2% or more, you must reimburse all costs related to the audit, including fees, travel, lodging and other related expenses in addition to paying any understated amount plus interest
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Payable upon your failure to comply with your Agreement
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims arising from your operations

(1) All fees described in this Item 6 are non-refundable and are uniformly imposed. Except as otherwise indicated in the preceding chart, we impose all fees and expenses listed and you must pay them to us.

(2) Upon reaching your 13th month of operation you will be required to pay a monthly minimum Royalty payment of Five Hundred Dollars ($500.00) per territory. This monthly minimum increases with every territory your franchised business operates within. For example: If your franchised business operates within two territories, as of the 13th month of your operation, you will pay a minimum royalty payment of One Thousand Dollars ($1,000.00).

(3) "Gross Sales" means all revenues and income from any source derived or received by Franchisee from, through, by or on account of the operation of the Franchised Business or made pursuant to the rights granted hereunder, including but not limited, any and all other revenues received using Franchisor's methods, operations and/or trade secrets whether received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually received) or otherwise. "Gross Sales" also includes commissions on the sale of equipment and referrals. It does not include (i) any sales tax or similar taxes collected from customers and turned over to the governmental authority imposing the tax, (ii) properly documented refunds to customers, (iii) properly documented promotional discounts (i.e. coupons) or (iv) properly documented employee discounts (limited to 3% of Gross Sales). Gross Sales does not include gift card purchases, at the time of purchase, but Gross Sales does include the redemption amount of purchases made by gift card.

If you do not report your Gross Sales, we may debit your account for 120% of the last Royalty and Brand Development Fee that we debited. If the Royalty and Brand Development Fee we debit are less than the Royalty and Brand Development Fee you actually owe us, we will debit your account for the balance on a day we specify. If the Royalty and Brand Development Fee we debit are greater than the Royalty and Brand Development Fee you actually owe us, we will credit the excess against the amount we otherwise would debit from your account for the next payment.

(3) All fees are imposed uniformly, except that the Franchisor contributes to the local advertising of the first three franchisees. Other than modifications to the Initial Franchise Fee (as detailed in Item 5) and the Grand Opening Advertising (as detailed above), there are no additional fees that a multi-unit franchisee is subject to that a single territory franchisee does not pay.

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ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT					
Type of Expenditure	**Amount** Low	High	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Initial Franchise Fee (1)	$40,000	$45,000	Lump Sum or Installments	On signing Franchise Agreement	Us
Rent (3 months) (2)	$0	$3,600	As Arranged	As Arranged	Landlord
Leasehold Improvements (2)	$0	$5,000	As Arranged	As Agreed	Contractor
Equipment, Furnishings and Fixtures (3)	$500	$2,000	As Arranged	As Agreed	Suppliers
Signage (4)	$1,800	$3,500	As Arranged	As Incurred	Suppliers
Initial Inventory and Operating Supplies (5)	$0	$3,000	As Arranged	As Arranged	Suppliers
Security Deposits (6)	$0	$2,400	As Arranged	As Arranged	Landlord, Utility Companies
Insurance (3 months) (7)	$2,500	$5,000	As Arranged	As Arranged	Insurance Companies
Training Expenses (8)	$1,100	$3,600	As Arranged	As Incurred	Suppliers
Computer System/ Software (9)	$1,200	$2,500	As Arranged	As Incurred	Suppliers
Permits/Licenses (10)	$100	$200	As Arranged	As Required	State or Local Government
Service Vehicle (3 Months) (11)	$1,350	$1,950	As Arranged	As Arranged	Leasing Company
Professional Fees (12)	$1,500	$5,000	As Arranged	As Arranged	Attorney, Accountant
Grand Opening Advertising (13)	$12,500	$14,000	As Arranged	As Arranged	Approved Suppliers

YOUR ESTIMATED INITIAL INVESTMENT					
Type of Expenditure	**Amount** Low	High	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Service Technician (14)	$3,900	$6,240	As Arranged	As Arranged	Employee/Contractor
Additional Funds (15)	$15,000	$25,000	As Arranged	As Required	
Total	**$81,450**	**$127,990**			

In general, none of the expenses listed in the above chart are refundable, except any security deposits you must make may be refundable.

1. ***Initial Franchise Fee*** – The initial franchise fee is as follows: for a first Large Territory, the fee is $45,000, for a second Large Territory the fee is $25,000, for a third and each subsequent Large Territory, the fee is $15,000 each. For a first Mid-Size Territory the fee is $40,000, and for a second Large Territory, the fee is $22,500. We do not currently offer for sale more than two Medium Territories to any one franchisee.

2. ***Rent; Leasehold Improvements*** – The low end of our estimates assume that you will operate the Franchised Business from a home-based office and you will not incur costs for rent or leasehold improvements. If you will operate from a leased space, you will need approximately 2,000 square feet of space in a garage or light industrial location. We anticipate that any space you choose to lease will not need extensive renovation or leasehold improvements.

3. ***Equipment, Furnishings and Fixtures*** – You will need basic office furnishings, such as a desk, chair, filing cabinet and shelving.

4. ***Signage*** – The estimate includes the cost of wrapping your service vehicle. If you choose to lease space you may purchase additional signage, but these costs are not included in our estimate.

5. ***Initial Inventory and Operating Supplies*** – You will need to purchase assorted hand tools and testing equipment. If you currently own some of the hand tools we require, you may use these tools if they meet our specifications.

6. ***Security Deposits*** – If you lease space from which to operate your Franchised Business, you may have to pay security deposits to your landlord and your local utility companies.

7. ***Insurance*** – The estimate reflects average quarterly premiums for the insurance you must have for your Franchised Business. Some insurance companies may require you to pay your premiums quarterly, semi-annually, or annually. See Item 8 for a more detailed description of the insurance you must have.

8. ***Training Expenses*** – We will provide our initial training program to three people, one of whom must be you. You must pay for the travel, lodging, meals and applicable wages for you and your trainees. The low end of the estimate assumes that you are the sole trainee and are within driving distance of our training facility and will not incur additional costs. The high end of the estimate assumes that you will need to travel and arrange accommodations to attend initial training. Your actual costs will depend on how far you and your trainees must travel and the accommodations you choose. You must also pay directly to QuickBooks a training fee for small business accounting training.

9. ***Computer System/Software*** – You must have a computer system for your Franchised Business, including hardware and software components and a printer. You must also have a tablet computer. See Item 11 for a further discussion of the computer system. The low end of our estimate assumes that you own a computer that we have approved for use in your Franchised Business, and includes the cost of buying the printers. The high end of our estimate assumes you will purchase a new computer system. You will also spend about $50/month on CRM software as a service.

10. ***Permits/Licenses*** – You must obtain the business permits required by the state or town in which your Franchised Business is located. You may have to obtain a special permit to allow you to operate the Franchised Business from your home. We strongly encourage you to determine which permits and licenses you will need to obtain and the cost of these permits and licenses before you sign the Franchise Agreement.

11. ***Service Vehicle*** – You must purchase or lease the make & model of service vehicle that we specify for your Franchised Business. Each vehicle you obtain for your Franchised Business must be wrapped according to our specifications and must be in excellent condition (including no visible rust or body damage). If you have more than one service vehicle, you are permitted to have branded magnets on the body of the vehicle in lieu of wrapping for a period of 6 months. All additional vehicles operated for the benefit of your Franchised business must be wrapped to our specifications no later than 6 months after obtaining the vehicle. Our estimate assumes three months of vehicle lease payments and $100 to $300 per month in fuel. If you choose to purchase a vehicle rather lease, your initial costs will likely be higher. Our approved vehicle as of the issuance date was a Toyota Prius.

12. ***Professional Fees*** – We strongly recommend that you retain an attorney and/or an accountant to assist you in reviewing this franchise offering. You may also wish to form a corporate entity to own the franchise.

13. ***Grand Opening Advertising*** – You will be required to spend up to $14,500 on our grand opening marketing plan, at the time and in the manner we specify. If you purchase more than one territory, you will be required to spend a minimum of $3,000 to $8,000 per each additional Mid-Sized territory and a minimum of $4,000 to $8,000 for each additional Large territory.

14. ***Service Technician*** – It is anticipated that you will hire or contract with a service technician, initially on a part-time basis. Estimate assumes an average of 20 to 32 hours per week, at $18/hr, for 13 weeks

15. ***Additional Funds – 3 Months*** – You will need additional capital to support on-going expenses, such as payroll and continuing fees payable to us, if these costs are not covered by sales revenue. We estimate that the amount given will be sufficient to cover on-going expenses for the start-up phase of the business, which we calculate to be three months, but does not include any revenue that you may earn during this period. This is only an estimate, and there is no assurance that additional

working capital will not be necessary during this start-up phase or after. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. This estimate includes such items as, internet service, initial payroll and payroll taxes, technology fees, repairs and maintenance, bank charges, initial staff recruiting expenses and miscellaneous items. You should take into account the cash outlays and probable losses that you may incur while you are trying to get established. These are only estimates and your costs may vary.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

All equipment, fixtures, furnishings, computer hardware and software, supplies and materials required for the operation of your Franchised Business must be purchased by you only from suppliers designated or approved in writing by us (which may include us or our affiliates), or from suppliers selected by you and whom we approve. Currently neither we nor our Affiliate are an approved supplier for any products or services you must purchase or lease, but we reserve the right to designate ourselves or our Affiliate as an approved supplier in the future. None of our officers has an ownership interest in any approved supplier.

The estimated proportion of required purchases and leases to all purchases and leases by you of goods and services in establishing the Franchised Business is approximately 25% to 40% and in operating your Franchised Business ranges approximately from 10% to 20%.

We will give you specifications for the minimum standards of any products, equipment (including your vehicles) and supplies. We reserve the right to require you to purchase certain equipment, tools and supplies for the operation of the Franchised Business, and we reserve the right to specify the make and model for your vehicle. Our specifications, minimum standards and approved suppliers lists will be included in our Confidential Operations Manual ("Manual"), which is loaned to you for the term of your Franchise Agreement. We may also establish an intranet website for our franchisees to access this and other information. Any changes to our specifications, minimum standards, approved suppliers or the Manual will be provided to you in writing, including e-mail and/or newsletters.

You must have a reliable vehicle for your Franchised Business. We reserve the right to specify the make of a service vehicle you must purchase or lease, but in any event we must approve of the service vehicle you use. Each vehicle obtained for your Franchised Business must be lettered or painted according to our specifications and must be in excellent condition (including no visible rust or body damage). Each vehicle you obtain for your Franchised Business must be wrapped according to our specifications. You may operate additional vehicles for each technician and these vehicles may operate with branded magnets for a period of 6 months. All additional vehicles utilized for the operation of your franchised business must be wrapped to our specifications no later than 6 months after purchasing them. We prefer that your vehicle be not more than four years old.

You must purchase all replacement parts for repair of exercise equipment from the equipment manufacturers as long as the part is still being manufactured. You may only purchase replacement parts from another source, such as an "after market" seller, if a part has been discontinued or if we have given our prior written approval for you to do so.

If you wish to use a supplier or product that has not previously been approved by us, you must make a request to us in writing for our approval of the supplier or product, including any pertinent information we require and payment of our then-current fee (see Item 6). We will notify you in writing within 30 days if and when a supplier or product is approved, and our approval will not be unreasonably withheld. We reserve the right to re-inspect any supplier or product to ensure that the supplier continues to

conform to our reasonable specifications and standards. If a supplier or product fails to conform to our reasonable specifications and standards, we may revoke our approval of the supplier or product, and you must discontinue using the unapproved supplier or product after notice from us. We do not generally make available the criteria for evaluating suppliers and/or products that we deem confidential. If we notify you that a particular product or supplier's approval has been revoked by us, you must immediately stop using that product and/or stop purchasing from that supplier.

Neither we nor our affiliate collect or retain any and all allowances, rebates, credits, incentives, or benefits (collectively, "Allowances") offered by manufacturers, suppliers, and distributors to you, to us, or to our affiliates, based upon your purchases of products and services from manufacturers, suppliers, and distributors; however we retain the right to do so in the future. If we do collect and retain such Allowances, any net benefit will be contributed by us, to the Brand Development Fund. Such contributions will be in gross, and will not be allocated to or offset required fund contributions by any particular franchisee(s). Neither we nor our affiliate received any Allowances from required purchases or leases by franchisees for the most recent fiscal year ending on December 31, 2021.

At the present time there are no purchasing or distribution cooperatives established by us, nor have we negotiated any terms of any purchases that you will make. We reserve the right to establish purchasing or distribution cooperatives in the future, in our discretion. We may negotiate purchase arrangements, such as price terms, for the benefit of all Businesses in the System. We do not give you any benefits, like successor terms or the granting of additional franchises, based on your buying any items from our approved suppliers.

In addition to the purchases described above, you must obtain and maintain, at your own expense, insurance coverage. Our System may regulate the types, amounts, terms and conditions of insurance coverage required for your franchise and standards for underwriters of policies providing required insurance coverage; our protection and rights under the policies as an additional named insured; required or impermissible insurance contract provisions; assignment of policy rights to us; periodic verification of insurance coverage that must be furnished to us; our right to obtain insurance coverage at your expense if you fail to obtain required coverage; our right to defend claims; and similar matters relating to insured and uninsured claims. Our standards and requirements for insurance coverages will be included in our Manual and will periodically be updated.

The following are the current insurance requirements: (1) commercial liability insurance with coverage of not less than $2,000,000 per occurrence, $4,000,000 aggregate; (2) automobile insurance, including hired and non-hired vehicle coverage and uninsured/underinsured motorist coverage, in amounts not less than $1,000,000 combined single limit; (3) workers' compensation, employer liability and any other insurance required by law or statute for the state in which the Franchised Business is located, but not less than $500,000 per accident; and (4) any insurance required by the terms of your lease, if you choose to lease space for your Franchised Business, or that may be required by us in the future.

You must purchase your insurance policies from insurers that are qualified to sell insurance in the state in which your Franchised Business is located and that are rated at least A- by A.M. Best Company. Each insurance policy must name us, our officers, directors, parent, subsidiaries and affiliates as additional insureds, and must provide us with 30 days prior written notice of any change to or cancellation of any insurance policy. Before you complete our initial training program, and then upon renewal of each policy, you must provide us with a Certificate of Insurance showing that you have obtained the required insurance coverage.

Currently, we do not derive any revenue, rebates or other material consideration based on required purchases or leases by the franchisee.

ITEM 9: FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Disclosure Document Item
(a) Site selection and acquisition/lease	Franchise Agreement – Section 9.1	Items 7 and 11
(b) Pre-opening purchases/lease	Franchise Agreement – Sections 5.5, 5.6, 9.5 and 9.6	Item 7, 8 and 11
(c) Site development and other pre-opening requirements	Franchise Agreement – Section 9.2	Items 7 and 11
(d) Initial and ongoing training	Franchise Agreement – Sections 5.3 and 9.11	Items 6, 7 and 11
(e) Opening	Franchise Agreement – Section 9.2	Item 11
(f) Fees	Franchise Agreement – Sections 4.2.5, 8 and 15.2, Exhibit I	Items 5, 6, 7 and 11
(g) Compliance with standards and policies/ Operations Manual	Franchise Agreement – Sections 6 and 9.1	Items 8, 11 and 16
(h) Trademarks and proprietary information	Franchise Agreement – Sections 1, 7 and 13	Items 13 and 14
(i) Restrictions on products/ services offered	Franchise Agreement – Sections 3, 9.8 and 9.18	Items 12 and 16
(j) Warranty and customer service requirements	Not applicable	Not applicable
(k) Territorial development and sales quotas	Franchise Agreement – Section 2.2, 3	Item 12
(l) On-going product/service purchases	Franchise Agreement – Sections 5.5 and 9.7	Items 8 and 11
(m) Maintenance, appearance and remodeling requirements	Not Applicable	Not applicable

Obligation	Section in Agreement	Disclosure Document Item
(n) Insurance	Franchise Agreement – Section 9.15	Items 7 and 8
(o) Advertising	Franchise Agreement – Sections 5.8, 9.12 and 10	Items 6, 7 and 11
(p) Indemnification	Franchise Agreement – Sections 7.7 and 12	Item 6
(q) Owner's participation/ management/ staffing	Franchise Agreement – Sections 9.4 and 9.9	Items 11, 15 and 16
(r) Records/reports	Franchise Agreement – Sections 8.6, 9.14 and 11	Item 11
(s) Inspection/audits	Franchise Agreement – Sections 9.13 and 11	Item 6
(t) Transfer	Franchise Agreement – Section 15	Items 6 and 17
(u) Renewal	Franchise Agreement – Section 4	Items 6 and 17
(v) Post-termination obligations	Franchise Agreement – Section 17	Item 17
(w) Non-competition covenants	Franchise Agreement – Section 14	Item 17
(x) Dispute resolution	Franchise Agreement – Section 20	Item 17
(y) Liquidated damages	Not Applicable	Not Applicable
(z) Guarantee	Franchise Agreement – Exhibit E	State Cover Page, Item 15

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ITEM 10: FINANCING

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

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

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

Pre-Opening Obligations

Franchise Agreement

Before you open your Franchised Business, we will:

1. Lend you one copy of our Manual (Franchise Agreement – Section 5.1).

2. Provide our Initial Training Program (which is described below) to up to three people at no additional charge (Franchise Agreement – Section 5.3).

3. Approve or designate the particular computer hardware and peripheral equipment which you must use for your Franchised Business (Franchise Agreement – Section 5.6).

4. Approve or designate the service vehicle you wish to use for your Franchised Business (Franchise Agreement – Section 5.11).

5. Provide assistance and approved suppliers for your Grand Opening Advertising Campaign (Franchise Agreement – Section 10.3).

Continuing Obligations

During your operation of the Franchised Business we will:

1. In addition to the training program, we may occasionally furnish you with instructions, forms or other information developed by us in connection with the operation of the System (Franchise Agreement – Section 5.2).

2. At all times during the term of the Franchise Agreement, provide information pertaining to sources of supply for products and services used in our System (Franchise Agreement – Section 5.5).

3. Maintain a Brand Development Fund for the benefit of all Fitness Machine Technicians FMT Businesses in the System (Franchise Agreement – Section 10.2).

4. Following the opening of your franchise, we will be available for consultation with you to discuss any problems in the operation of the business (Franchise Agreement – Section 5.3.3).

5. Conduct an annual meeting of franchisees, which shall be mandatory for all franchisees unless the absence is excused by us. The annual meeting will be to discuss sales techniques, instructional

methods, training of personnel, performance standards, advertising, and merchandising procedures (Franchise Agreement – Section 5.10). We will not hold a franchisee meeting until we believe it is beneficial to do so.

6. Provide additional training as you may request at your Franchised Business, or as we may offer at our headquarters. Currently the per diem fee for this is $500.00. (Franchise Agreement – Section 5.12).

7. Determine the minimum and/or maximum prices you may charge, to the extent allowed by applicable law (Franchise Agreement – Section 5.7).

8. Provide periodic refresher training for you and/or your personnel. We may designate that attendance at any refresher training program is mandatory unless the absence is excused by us. Currently the fees for mandatory refresher training range from $200.00 to $700.00, based on the length and nature of the training. This fee is per course, not per diem (Franchise Agreement – Section 5.4).

9. During your first year of operation, you may submit to us for our review the preventative maintenance estimates you prepare for your customers. Our reviews will be used as a tool to teach you and refine your operation of the Business (Franchise Agreement – Section 5.13). We reserve the right to require you to provide us with copies of preventative estimates at any time for our review, including if we receive a complaint from one of your customers.

Advertising and Promotion

Grand Opening Advertising

Our grand opening marketing plan will be outlined in our Operations Manual. You will spend up to $12,500 for a Mid-Size Territory and $14,000 for a Large Territory, at the time and in the manner we specify. If you purchase more than one territory, you will be required to spend $3,000 to $5,000 in grand opening marketing per each additional Mid-Size Territory or $4,000 to $8,000 in grand opening marketing per each additional Large Territory.

Brand Development Fund

We have established a brand development fund ("Fund") to promote the System, Franchised Businesses and the products and services offered by Franchised Businesses. You must pay a non-refundable monthly Brand Development Fee in an amount equal to 1% of Gross Sales. The Fund will be used for national and regional advertising, publicity and promotion relating to our business. We will determine, in our fully unrestricted discretion, the manner in which the Fund will be spent. Some portion of the Fund may be used for creative concept production, marketing surveys, test marketing and related purposes. We have the right to direct all advertising activities with sole discretion over creative concepts, materials and media used, as well as their placement and allocation. There is no requirement for that we or the Brand Fund to spend any amount on advertising in your area or territory

We also have the right to determine, in our sole discretion, the composition of all geographic and market areas for the implementation of these advertising and promotional activities. The Fund is intended to maximize general public recognition in all media of the Proprietary Marks and patronage of Franchised Businesses, and we have no obligation to make sure that expenditures of the Fund in or affecting any geographic area are proportionate or equivalent to payments of the Brand Development Fee by franchisees operating in that geographic area, or that any Franchised Business will benefit directly or in proportion to the Brand Development Fees paid for the development of advertising and marketing materials or the

placement of advertising. No amount of the Fund will be spent for advertising that is principally a solicitation for the sale of franchises, however printed materials and/or the system website may include the words "franchises available", "own an Fitness Machine Technicians FMT franchise" or other words to this effect, with a link/tab or instructions for how those interested may obtain more information.

We have the right to reimburse ourselves out of the Fund for the total costs (including indirect costs) of developing, producing and distributing any advertising materials, the system website and collecting the Brand Development Fee (including attorneys', auditors' and accountants' fees and other expenses incurred in connection with collecting any Brand Development Fee). The Fund and its earnings will not otherwise inure to our benefit except that any resulting technology and intellectual property will be deemed our property.

Fitness Machine Technicians FMT Businesses owned by us or our affiliates will contribute to the Fund on the same basis as you. Funds from the Brand Development Fees paid will be kept separate and distinct and will be accounted for separately from our other funds. These funds will not be used to defray any of our general operating expenses, except as described in the paragraph above. Any sums paid to the Fund that are not spent in the year they are collected will carry over to the following year. We will prepare, and furnish to you upon written request, an annual, unaudited statement of funds collected and costs incurred.

The Fund was established during the 2018 fiscal year. In the most recent fiscal year ending December 31, 2021, all Fund expenditures, 69% Franchisee growth programs, 19% Trade show advertisement, 8% Print and Internet advertising and 4% Association memberships.

Local Advertising

We require, that you spend a minimum of the greater of $1,000 per month or 1% of your Gross Sales on approved local advertising and promotion to promote your Franchised Business in your Territory including a required minimum on internet advertising through our approved supplier, as further detailed in the Operations Manual. Any advertising produced by you or on your behalf may not be used until it has received our prior approval.

If you would like to use advertising that we have either not prepared or not approved within the immediately preceding 12 month period, you must submit the proposed materials to us for our review. We will have 15 days after receipt of the proposed materials to notify you whether the materials are approved. Unless we provide our specific approval of your proposed advertising materials, they are deemed not approved.

At our request, you must include certain language in your local advertising materials, such as "Franchises Available" and our website address and telephone number.

Advertising Cooperatives

We may approve the establishment of local cooperative advertising associations ("Cooperative") consisting of all franchises and any of our company-owned units within a designated geographical area. You must participate in a Cooperative if one is formed for an area that includes all or a portion of your Territory. You will not have to participate in more than one Cooperative. Each Cooperative may adopt its own written governing documents, a copy of which must be given to us. Each Cooperative shall determine its own voting procedures. Fitness Machine Technicians FMT Businesses owned by us or our Affiliate are entitled to vote on the same basis as you and other franchisees in the Cooperative. If we do not own a unit, we do not vote. No franchisee or commonly controlled group of Fitness Machine Technicians FMT

Businesses will have greater than 25% of the total vote. We will have the power to require Cooperatives to be formed, changed, dissolved or merged.

The members of a Cooperative will determine the amount and frequency of contributions to the Cooperative. Any amounts you contribute to a Cooperative are in addition to, and do not offset, the Brand Development Fee you must pay. The Cooperative is not required to provide its members with financial statements. Any advertising developed by a Cooperative that is intended to be used by the Cooperative or by its members must first be approved by us, as described above for local advertising materials.

Website / Intranet

Websites (as defined below) are considered as "advertising" under the Franchise Agreement and are subject (among other things) to our review and prior written approval before they may be used (as described above). As used in the Franchise Agreement the term "Website" means an interactive electronic document contained in a network of computers linked by communications software that you operate or authorize others to operate and that refers to the Business, Proprietary Marks, us, or the System. The term Website includes Internet and World Wide Web home pages.

In connection with any Website, the Franchise Agreement provides that you may not establish a Website related to the Proprietary Marks or the System, nor may you offer, promote, or sell any products or services, or make any use of the Proprietary Marks, through the Internet without our prior written approval. As a condition to granting any consent, we will have the right to establish any requirement that we deem appropriate, including a requirement that your only presence on the Internet will be through one or more web pages that we establish on our Website.

We will have the right to establish a website or other electronic system providing private and secure communications (*e.g.*, an intranet) between us, our franchisees, and other persons and entities that we decide are appropriate. If we require, you must establish and maintain access to the intranet in the manner we designate. Additionally, we may periodically prepare agreements and policies concerning the use of the intranet that you must acknowledge and/or sign.

You are strictly prohibited from promoting your Franchised Business or using the Proprietary Marks in any manner on social or networking Websites, such as Facebook, LinkedIn, MySpace and Twitter, without our prior written consent. If we approve the use of any such websites, other online presences or electronic mediums, including social or networking Websites, in the operation of your Fitness Machine Technicians FMT Business, or the posting of messages relating to your Fitness Machine Technicians FMT Business on other websites, you will do so only in accordance with our guidelines. We reserve the right to require our approval of any message you compose for a social networking website or commentary for any other website before you post such message or commentary, and we reserve the right to require you to allow us editing privileges on any such website or electronic medium. We also reserve the right to revoke your approval to use any website at any time.

Advisory Councils

We may form one or more advisory councils to work with us to improve the System, the products and services offered, advertising conducted for the benefit of all Fitness Machine Technicians FMT Businesses, and other matters. If an advisory council is formed it will act in an advisory capacity only and will not have decision making authority. An advisory council will include our representatives and franchisee representatives. The franchisee representatives may be chosen by us or by other franchisees in the System. If you participate on any advisory council, you must pay for the costs you incur related to your

involvement, such as travel, lodging and living expenses to attend advisory council meetings. We may form, change, merge or dissolve any advisory council at any time.

Site Selection and Opening

Because we expect that you will operate from a home office, we will not review or approve any location you choose to lease for your Franchised Business. If you choose to operate your Franchised Business from leased space, you will need up to 2,000 square feet of space in a garage or light industrial building. We do not have specific requirements for any site you may select and we will not assist you in locating a site.

We estimate that between 30 to 60 days will elapse from the date you sign the Franchise Agreement to the opening of your Franchised Business for business. Factors that may affect this timeframe include your ability to obtain financing or required licenses and permits, when you successfully complete our initial training program, or delayed installation of equipment, fixtures and signs. Your Franchised Business must be opened for business within 90 days after you sign the Franchise Agreement. You may not open your Franchised Business for business until: (1) the initial training program we provided has been completed to our satisfaction by all required persons; (2) the initial franchise fee and all other amounts due to us have been paid; (3) you have furnished us with all certificates of insurance required by the Franchise Agreement; (4) you have obtained all required governmental permits, licenses and authorizations necessary for the operation of your Franchised Business; and (5) you are in full compliance with all the terms of the Franchise Agreement.

Computer System

You must purchase or lease the computer system we specify in our Manual, including hardware, software and peripheral equipment. You must use the QuickBooks accounting program for your Franchised Business, connected with Qvinci. Qvinci allows us to independently and remotely access your QuickBooks, and provides financial data consolidation, automated reporting, workflow management and royalty payments. Additionally, you must have a system to back up your files, which may be an on-line service such as Carbonite or IDrive. While we do not currently designate a specific type of computer you must purchase or lease, the computer must meet our minimum criteria. You may purchase the computer from the vendor of your choice. If you wish to use an existing computer system for your Franchised Business, this computer system must be approved by us first. We estimate that the cost of your computer system will be between $1,200 and $2,500.

We do not require you to obtain a maintenance contract for your computer system, although you may find it beneficial to have this contract. We estimate that a maintenance contract for your computer system could cost up to $1,000 each year.

We may require you to purchase updates and/or upgrades for your computer system or the software you use in the Franchised Business. There is currently no contractual limitation on either the frequency or the cost for you to obtain these updates and/or upgrades. Neither we nor our Affiliate will provide you with any maintenance, updates or upgrades for your computer system or any required software.

You must at all times have a high speed internet connection for your computer system. We will have independent access to the information and data you collect at all times, as well as the right to download information related to your Franchised Business, and you must make sure that we have electronic access, at your expense. The information and data we obtain will include your revenues, the number of jobs you perform and the products and services provided, customer information, and similar data. There are no

contractual limits on our access to the information and data on your computer system, and all data we download will become our property.

Training Program

Within 60 days after the Franchise Agreement is signed, we will offer to you a training program to be conducted at our headquarters in Malvern, Pennsylvania or at another location we designate for approximately five days. There is no additional fee to train the first three people. If you wish to send additional people to our training program, you must pay to us our then-current training fee (see Item 6). The training program will include training regarding the operational, management and marketing pertaining to the "Fitness Machine Technicians FMT" System. If you fail to complete the training program to our satisfaction, you may re-take the training program at your expense, including payment of our then-current training fee. If you fail to complete the training program to our satisfaction a second time, we may elect to terminate the Franchise Agreement.

We will not pay compensation for any services performed by you or any other trainee in the course of training. You will pay all expenses incurred in connection with and during training, including transportation, meals, lodging, applicable wages and other expenses.

We will provide additional advisory assistance and training that we feel is advisable in the operation of the System, on the terms and conditions as we set forth in our Manual. We may periodically telephone or visit you for the purposes of rendering advice and consultation with respect to the operation of the Franchised Business, assessing your overall performance and determining whether you are conducting the Franchised Business in compliance with the standards of the System.

We may train any number of individuals from any number of franchises at the same time. We may also change our training program at any time to suit the individual needs or experience of any particular trainee. The instructional materials we use in our training program include our Manual, equipment manufacturer information, hand-outs and any other instructional materials that we believe will be beneficial to our franchisees. We do not currently have a set schedule for our training program. We will provide our training program on an "as-needed" basis. The following is a breakdown of the training program currently in effect:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
In-Home Training via Video	6		Your location
1. Introduction, History, Values,			Your location
2. General Sales, Marketing, Operations, Bookkeeping			Your location
3. CRM, Manufacturer Parts Web Site,			Your location
4. Daily Forms, Record Keeping,			Your location

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Service and Repair	3-5		
Trouble shooting, repair, maintenance		80*	Malvern, PA
Review Manufacturer web sites, Marketing, Operations	6		Malvern, PA
Totals:	15-17	80	

*Approximate—We may allow you to end training early if we determine that you are ready, however you will have the option to complete the entire 80 hours.

Our training program is conducted under the supervision of Don Powers and Pat Cahill. The minimum experience of the instructors in the field that is relevant to the subject taught and our operations is from 6 to 10 years.

When we believe it is beneficial to do so, we will hold an annual meeting of our franchisees to conduct additional training, announce new products and/or services or discuss any other matters of interest. The annual meeting will be mandatory for all franchisees, unless your absence is excused by us. You will bear all costs related to attending the annual meeting, including travel, lodging, meals, and applicable wages. The annual meeting will be held in Pennsylvania or any other location of our choice. You must use the hotel that we specify for the annual meeting, which will not be unreasonably expensive.

We may require you and any of your employees that we specify to attend periodic refresher training and we may designate that attendance at any refresher training session is mandatory, unless your absence is excused by us. You must pay our then-current fee for any mandatory refresher training (see Item 6, currently $200 to $700 per course), as well as any expenses you and your trainees occur while attending refresher training, including travel, lodging, meals and applicable wages.

If you request that we provide additional training or assistance on-site at your Franchised Business, or if we determine that you require additional training or assistance, you must pay our then-current per diem fee (currently, $500) for each representative we send to you to provide training or assistance, and you must reimburse each representative's travel, lodging and meals expenses while providing the additional on-site training or assistance.

In addition to our training and refresher training requirements, we strongly recommend that you obtain and maintain certification from each exercise equipment manufacturer, according to the manufacturer's requirements, in the maintenance and repair of that manufacturer's exercise equipment. Any fees related to recertification must be paid to the manufacturer or another third party supplier.

Confidential Operations Manual

We will loan to you a confidential operations manual containing mandatory and suggested standards. The Table of Contents of our Manual is attached as Exhibit C to this Disclosure Document. Our current Manual includes approximately 179 pages.

ITEM 12: TERRITORY

Franchise Agreement

You have the right to operate your Franchised Business at the single location designated in the Franchise Agreement, which we anticipate will be a home-based office, and will have the right to operate your Franchised Business within a designated territory ("Territory"). Each Territory will be designated as either a Large Territory or a Mid-Size Territory.

The size of your Territory is determined based on population, and your Territory consists of a portion of a single county, an entire county or group of contiguous counties. A Large Territory is a Territory with a minimum population of 1,000,000 people at the time it is granted. A Mid-Size Territory is a Territory with a population of fewer than 800,000 at the time it is granted. We will determine the boundaries of your Territory and your Territory will be described in terms of street names, contiguous zip codes, town boundaries or county boundaries, or we may depict your Territory on a map attached as an exhibit to your Franchise Agreement. We will use the U.S. Census Bureau and other similar resources to determine the population data we will use to determine your Territory. During the term of your Franchise Agreement, we will not operate or grant a franchise for the operation of another Franchised Business within your Territory. There are no circumstances under which we may reduce the size of your Territory without your consent.

We will not hold any area in reserve for you, and you are not granted a right of first refusal to any territory, including those territories that are adjacent to yours, however, you may purchase additional contiguous Territories through a Multi-Territory Addendum, as further detailed in Item 5. If you purchase a Multi-Territory Addendum, you will be required to commence business with your second and subsequent units within 12 months of commencing business with the previous unit, such that your second unit must commence business (and begin paying royalties) within 12 months of the opening date of your first unit, your third unit must commence business (and begin paying royalties) within 12 months of the opening date of your second unit and so on. You will also be subject to a minimum monthly Royalty Fee payment of $500 per territory.

You may not relocate your Franchised Business without our prior approval. We will not unreasonably withhold our approval, except that the new location must be within your Territory and must not have any adverse impact on the sales of franchisees in any adjoining Territory. If you wish to relocate your Franchised Business to a location outside of your Territory, the area to which you wish to relocate your Franchised Business must be available (not sold to another franchisee in the System) and you must be in compliance with your Franchise Agreement. If you operate the Franchised Business from a home office and you choose to sell your home and move to a new area, we reserve the right to require you to lease premises within your Territory for the Franchised Business.

You may sell our products and services to customers within your Territory. You may not engage in any promotional activities or sell our proprietary products or similar products or services, whether directly or indirectly, through or on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system (collectively, the "Electronic Media"); through catalogs or other mail order devices sent or directed to customers or prospective customers located anywhere; or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from customers or prospective customers located anywhere. While you may place advertisements in printed media and on television and radio that are targeted to customers and prospective customers located within your Territory, and you will not be deemed to be in violation of the Franchise Agreement if those advertisements, because of the natural circulation of the printed media or reach of television and radio, are viewed by prospective customers outside of your Territory, you may not make any sales or deliver any products to customers located outside of your Territory, unless the customer is located in an area where

there is not another Fitness Machine Technicians FMT Business in operation. You have no options, rights of first refusal, or similar rights to acquire additional franchises. You may not sell any products at wholesale.

We and our affiliates may sell products under the Proprietary Marks within and outside your Territory through any method of distribution other than a dedicated Fitness Machine Technicians FMT Business, including sales through channels of distribution such as our toll-free number, the Internet, catalog sales, telemarketing or other direct marketing sales (together, "alternative distribution channels"). You may not use alternative distribution channels to make sales outside or inside your Territory except as described in the following paragraph and you will not receive any compensation for our sales through alternative distribution channels except as described in the following paragraph.

If we engage in electronic commerce through any Internet, World Wide Web or other computer network site or sell through any other alternative distribution channel, including our toll-free number, and we receive orders for any products or services offered by an Fitness Machine Technicians FMT Business calling for delivery or performance in your Territory, then we will offer the order to you. If you choose not to fulfill the order or are unable to do so, then we, one of our affiliates or a third party we designate (including another franchisee) may fulfill the order, and you will not be entitled to any compensation in connection with this.

Except for the Fitness Machine Technicians FMT Business operated by our Affiliate, neither we nor any parent or affiliate has established, or presently intends to establish, other franchised or company-owned businesses which sell our products or services under a different trade name or trademark, but we reserve the right to do so in the future, without first obtaining your consent.

There is no minimum Gross Sales amount, market penetration or other contingency that you must meet to retain your rights to the Territory.

National Account Program

We also maintain National Account and Regional Account programs. A National Account is a customer that has multiple properties across multiple Territories and/or states. A Regional Account is a customer that has multiple properties in a singly Territory and/or state. You may not negotiate any contract terms with a prospective National Account or Regional Account. We will have sole discretion to negotiate terms with the National Accounts and/or Regional Accounts. We anticipate that you will participate in the National Accounts program, which will require you to provide products and services to the National Account and/or Regional Account according to the agreement we have negotiated with them. We will collect all payments from the National Account for products and services provided by you and other franchisees in the System. You will invoice us each month for any parts and services you delivered to such National Account, less your share of the revenue after deduction of any fees owed to us (such as Royalty Fees and Brand Development Fees). You will be solely responsible for collecting all payments from the Regional Account for products and services provided by you and other franchisees in the System. Upon receipt of payment by any Regional Account, you will be required to remit payment to any Regional Account salesperson, as we may designate.

If you choose not to participate in the National Account or Regional Account program, or if you are unable or unwilling to provide products and services to the National Account or Regional Account as requested, we, our affiliate or a third party (which may be another franchisee) may enter your Territory and service the National Account or Regional Account, and you are not entitled to any portion of the revenue in these circumstances. We also reserve the right to terminate your participation in the National Account

or Regional Account program if you are not providing products and services according to the terms we have negotiated or your participation is not otherwise in compliance with our policies.

ITEM 13: TRADEMARKS

You are granted the right to use the Proprietary Marks under the terms of the Franchise Agreement. We license from Powersmith the exclusive right to use or license to use the Marks, including Registration Nos. 4863883, 4863882 and 5003053 (collectively, the "Registered Marks"). The Registered Marks are registered on the Principal Register of the United States Patent and Trademark Office (USPTO) ("Principal Register"):

Mark	Registration Date	Registration Number	Register
	07/19/2016	5003053	Principal

Powersmith has granted us a license to use and sublicense to use the above mentioned Marks, dated July 19, 2016. The term of the license is for 5 years, with unlimited renewals. The license may be terminated if, pursuant to the United States Bankruptcy Code or any other federal or state law relating to insolvency or relief of debtors (a "Bankruptcy Law"), we commence a voluntary case or proceeding; consent to the entry of an order for relief against us in an involuntary case; consent to the appointment of a trustee, receiver, assignee, liquidator, or other similar official; make an assignment for the benefit of our creditors; or admit in writing our inability to pay our debts as they become due; or if a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that is for relief against us in an involuntary case, or appoints a trustee, receiver, assignee, liquidator or similar official for us. Except as provided in this license agreement, there are no agreements currently in effect that significantly limit our rights to use or to license the use of the Marks in any manner material to the Franchised Business.

There are no effective determinations of the USPTO, the Trademark Trial and Appeal Board, the Trademark Administrator of any State, or any Court; nor is there any pending infringement, opposition or cancellation proceeding or any pending material litigation involving the above-referenced service marks which is relevant to their use in this State or any state in which the Franchised Business may be located.

Powersmith has filed all required affidavits to maintain its rights in the Proprietary Marks.

The Franchise Agreement does not grant you any ownership rights to any of our Proprietary Marks, trade names, copyrighted materials or trade secrets. The license applies only to those Proprietary Marks, trade names, copyrighted materials and trade secrets which are designated by us. You may not represent to others or conduct yourself in any way that might indicate that you have any other rights in our Proprietary Marks, trade names, copyrighted materials or trade secrets.

You may not do anything to damage or contest or dispute any of our rights to our Proprietary Marks, trade names, copyrighted materials and/or trade secrets.

You must use and display the Proprietary Marks, trade names and use the copyrighted materials and trade secrets in accordance with the specifications set forth in the Manual.

You may not use the Proprietary Marks, trade names, copyrighted materials, or trade secrets, or any similar words, in your trade name. You must identify yourself and your Franchised Business as an independent contractor using the language we specify.

We do not know of either superior prior rights or infringing uses that could materially affect your use of the Proprietary Marks in this state or the state in which the Franchised Business is to be located.

If you learn of any actual or potential claim against you or us relating to the use of the Proprietary Marks, trade names, or copyrighted materials, you must promptly notify us. We have the discretionary right to take any action as we deem necessary to address any claim. We have the discretionary right to defend, compromise or settle any claim using attorneys of our own choosing and you must cooperate fully with us. We will protect, defend and indemnify you in connection with the claim unless the claim arises out of or relates to your use of the Proprietary Marks, trade names, and copyrighted materials in violation of your Agreement, the Manual or otherwise.

If you learn of any unauthorized use of the Proprietary Marks, trade names, copyrighted materials or trade secrets, you must promptly notify us. We will determine whether or not to take any action. You have no right to take any action with respect to any unauthorized use of the Proprietary Marks, trade names, or copyrighted materials.

We reserve the right to modify or discontinue the use of any names, trademarks, service marks or copyrights or to add additional names, trademarks, service marks or copyrights at our discretion. You must make any additions, deletions, and modifications to all interior and exterior signs, business cards, printed material, displays, paper products, advertising and anywhere else any of the Proprietary Marks may appear as we direct at your sole cost and expense and without compensation or reimbursement from us. You must, at your sole cost and expense and without compensation or reimbursement from us, discontinue your use of any name, trademark, service mark or copyright, as we may direct you to discontinue at any time. We are not responsible for any expenses, losses or damages sustained by you as a result of any addition, discontinuance, or modification and you are prohibited to join in any litigation against us if any of these expenses, losses or damages are incurred.

ITEM 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights

There are no patents that are material to the Franchised Business. We deem all work appearing in a tangible medium of expression, whether published or unpublished, to fall within the class of our copyrights, including our Manual, all advertisements, video tapes, documents and audio tapes. Registration with the United States Copyright Office, although a condition precedent to litigation, is not a requirement for protection. We have not filed any copyrights. Our right to use or license these copyrights are not materially limited by any agreement or known infringing use, nor is there any current determination of Copyright Office (Library of Congress) or court regarding these copyrights.

The Manual is described in Item 11 and below. Although we have not filed an application for a copyright registration for the Manual, we claim a copyright and the information in it is proprietary and confidential. You must also promptly tell us when you learn about unauthorized use of this proprietary and

confidential information. We are not obligated to take any action, but will respond to this information as we think appropriate.

Confidential Operations Manual

You must operate your Franchised Business according to the standards, methods, policies and procedures specified in the Manual. One copy of the Manual is loaned to you by us for the term of the Franchise Agreement after you complete our initial training program to our satisfaction.

You must treat the Manual, any other of our manuals which are used in the operation of your Franchised Business, and the information in them as confidential, and must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record, or otherwise reproduce these materials, in whole or in part or otherwise give them to any unauthorized person. The Manual will remain our sole property and must be kept in a secure place at your Franchised Business.

We may revise the contents of the Manual, and you must comply with each new or changed standard. You must make sure that the Manual is kept current at all times. In the event of any dispute as to the contents of the Manual, the terms of the master copy maintained by us at our home office will be controlling.

Confidential Information

You must not, during the term of your Agreement or after the term of your Agreement, communicate, divulge or use for the benefit of any other person, partnership, association, or corporation any confidential information, knowledge or know-how concerning the methods of operation of the Franchised Business which may be communicated to you or which you may learn because of your operation under the terms of your agreement with us. You may divulge this confidential information only to those of your employees who have access to and who operate your Franchised Business. Any and all information, knowledge, know-how, techniques and other data which we designate as confidential will be deemed confidential for purposes of your Agreement.

At our request, you must have your manager and any personnel having access to any of our confidential information sign agreements that say that they will maintain the confidentiality of information they receive in connection with their employment by you at your Franchised Business. The agreements must be in a form satisfactory to us, including specific identification of us as a third party beneficiary of the covenants with the independent right to enforce them and that they prohibit any direct or indirect ownership in a competing business.

ITEM 15: OBLIGATIONS TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Franchise Agreement

You must at all times faithfully, honestly, and diligently perform your contractual obligations. System Standards may regulate the staffing levels and employee and/or independent contractor's qualifications, training, dress, and appearance of the Franchised Business. For the first six months of operation, you are required to oversee the daily operations of the Franchised Business. Thereafter, we expect that you will participate full-time in the day-to-day operation of the Franchised Business. If you do not participate in the daily operations after the first six months of operation, you must hire a manager to oversee the Franchised Business' daily operation with our prior consent. You and the manager must

satisfactorily complete our initial training. The manager need not have an equity interest in the Franchised Business but must agree in writing to preserve confidential information to which he or she has access. We may regulate the form of agreement that you use and be a third party beneficiary of that agreement with independent enforcement rights.

For at least the first 3 months of operation, you are required to hire a trained professional to perform the administrative duties required to properly operate your business. This administrative professional's duties will vary but he or she will handle several day-to-day operation duties outside of what the you or your general manager may handle. These duties will be determined based on the capacity and skill of your administrative professional.

If you are a corporation, limited liability company, or partnership, your owners must personally guarantee your obligations under the Franchise Agreement and must be bound personally by every contractual provision, whether containing monetary or non-monetary obligations, including the covenant not to compete. If we do not require one of your owners to sign the full Guaranty, that owner still must comply with all non-monetary obligations, including the covenant not to compete, as if he or she were the franchise owner.

ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

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

You must operate the Franchised Business in an efficient and professional manner following the highest ethical and moral standards. You must comply with all standards of quality and service prescribed by us.

Due to changes in competitive circumstances, we may periodically change the System to better serve our interests, our franchisees and the System. We may change the components of the System, including revising the services, policies and procedures of the System, and modifying products, materials, and services which you are authorized to offer. There are no limits on our right to change the types of goods and services you must offer, and you must comply with these modifications. However, these changes will not increase your obligations under the Franchise Agreement.

We may determine the prices you may charge your customers, where permitted by applicable law. We do not guarantee that by following our pricing requirements you will earn any specific level of Gross Sales or achieve any level of profitability.

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	Article in Franchise Agreement	Summary
a. Term of the franchise term	Article 4	10 years
b. Renewal or extension of the term	Article 4	If you are in good standing, and subject to contractual requirements, you may sign a successor agreement for two separate additional terms of 10 years each unless we have determined, in our sole discretion, to withdraw from the geographical area where your Franchise Business is located.
c. Requirements for franchisee to renew or extend	Article 4	You must provide notice that you wish to sign a successor agreement; you must be current in all payments and not in default of your Franchise Agreement; if we require, you must upgrade equipment; you must sign release, sign renewal Franchise Agreement and pay the Successor Agreement fee You may be asked to sign a contract with materially different terms and conditions than your original contract, but the boundaries of your territory will remain the same, and the fees in the successor agreement will not be greater than the fees that we then impose on similarly situated franchisees with successor agreements
d. Termination by franchisee	None	You may seek termination upon any grounds available by state law
e. Termination by franchisor without cause	Not Applicable	The Franchise Agreement will terminate upon your death or permanent disability and the Franchised Business must be transferred with ninety days to a replacement franchisee that we approve.
f. Termination by franchisor with cause	Article 16	We can terminate only if you default
g. "Cause" defined – curable defaults	Article 16	Includes failure to pay fees; obtain approvals; comply with standards; use of unapproved products or services; improper use of the Marks or other confidential information; participation in a competing business; failure to maintain required insurance

Provision	Article in Franchise Agreement	Summary
h. "Cause" defined – non-curable defaults	Article 16	Non-curable defaults include: bankruptcy; assignment for the benefit of creditors; abandonment; conviction of a felony; material misrepresentation in obtaining the franchise; violation of law; failure to complete training; violation of confidentiality, non-competition provisions; impermissible transfers; repeated defaults; maintain false books and records; three insufficient funds fees in any 12 month period; violation of anti-terrorism laws
i. Franchisee's obligations on termination/ non-renewal	Article 17	Includes stop using Marks and System; cancel trade names; assign telephone and internet listings to us; comply with post-term covenants not to compete; return Manual and other confidential information; pay amounts owed
j. Assignment of contract by franchisor	Article 15	There are no restrictions.
k. "Transfer" by franchisee – definition	Article 15	The actual or purported transfer of more than 50% of the Franchised Business
l. Franchisor approval of transfer by franchisee	Article 15	We have the right to approve all proposed transfers
m. Conditions for franchisor approval of transfer	Article 15	Buyer qualifies; obligations satisfied; buyer completes training program; releases are signed; transfer fee is paid; new Franchise Agreement is signed by the buyer
n. Franchisor's right of first refusal to acquire franchisee's business	Article 15	We can match any offer to purchase
o. Franchisor's option to purchase franchisee's business	Article 17	We may purchase all or a portion of items containing the Marks after termination or expiration of the Franchise Agreement
p. Death or disability of franchisee	Article 15	The Franchise Agreement will terminate upon your death or permanent disability, and the Franchised Business must be transferred within ninety days to a replacement franchisee that we approve.
q. Non-competition covenants during the term of the franchise	Article 14	No involvement in a competing business

Provision	Article in Franchise Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	Article 14	No involvement in a competing business for two years within 20 miles of any "Fitness Machine Technicians FMT" Business or within 20 miles of any Fitness Machine Technicians FMT customer location
s. Modification of the agreement	Article 19	Franchise Agreement may not be modified unless mutually agreed to in writing. You must comply with our Manual, as it may be amended
t. Integration/merger clause	Article 19	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state and/or federal law). No other representations or promises will be binding. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments
u. Dispute resolution by arbitration or mediation	Article 20	Arbitration in Chester County, Pennsylvania (subject to state law)
v. Choice of forum	Articles 19 and 20	Chester County, Pennsylvania (subject to state law)
w. Choice of law	Article 19	Pennsylvania (subject to state law)

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.

This Item contains an historic performance representation of our existing outlets in 2021. The information generated for this Financial Performance Representation was generated by using financial reports submitted to Proexco, LLC. In calendar year 2021, we had a total of 48 outlets, of which 1 was affiliate-owned and 47 were franchise-owned. The following tables show the 2021 Gross Sales of our outlets that have been in operation for two (2) full years as of December 31, 2021. One of these outlets is affiliate-owned and the other is franchise-owned.

The table below represents the performance for the previous fiscal year of our affiliate, Powersmith, Inc., which was in operation during the entire year:

	2020	2021
Gross Sales[(1)]	**$847,478**	**$841,391**
Direct Costs		
Parts & Equipment	$139,176	$201,959
Service Technicians	$188,801	$134,227
Outside Services	$158,169	$97,367
Total Direct Costs	**$486,146**	**$433,553**
Gross Profit (Margin)	**$361,332 (43%)**	**$407,838 (49%)**
Payroll, Taxes, Benefits	$47,059	$69,334
Facility Costs	$21,208	$15,732
Auto/Truck	$17,100	$40,125
Telephone	$3,208	$11,130
Supplies	$11,963	$8,603
Professional Fees	$10,480	$8,348
Insurance	$11,503	$12,791
Advertising	$2,399	$14,965
Merchant Services Fees	$4,434	$5,858
All Other	$10,821	$1,381
Total Indirect Costs	**$140,175**	**$188,267**
EBITDA (Margin)	**$221,157**	**$219,571**
Royalty/Brand Fund Contribution	**$55,849**	**$55,484**
Adjusted EBITDA[(3)] (Margin)	**$165,308 (19.5%)**	**$164,088 (19.5%)**

The table below represents the performance for the previous fiscal year of 34 of our franchised outlets which have operated during the entire two (2) full years as of December 31, 2021: We excluded 13 outlets who operated less than 24 months because within the first 24 months of operation, franchisees will see erratic business which isn't consistent nor reliable. We also excluded new franchisees which bought an existing store and operated them less than 12 months because often they will see erratic business which is not consistent nor reliable. We have determined that franchised business that have been open for over 24 months offer a better understanding of how the franchised business will operate through the franchised term.

2021	Average of 34 Franchises	Highest Franchise	Lowest Franchise	Median Franchise
Gross Sales	**$253,522**	**$550,236**	**$43,425**	**$224,120**
Direct Costs				

Parts and Equipment	$48,362	$144,524	$0	$42,829
Service Technicians	$7,632	$124,227	$0	$0
Outside Services	$0	$0	$0	$0
Total Direct Costs	**$55,994**	**$268,751**	**$0**	**$42,829**
Gross Margin	**$197,528**	**$281,485**	**$43,425**	**$181,290**
Royalty (6%)	$15,211	$33,014	$2,605	$13,447
Brand Fund (1%)	$2,535	$5,502	$434	$2,241
Adjusted Gross Margin	**$179,782**	**$242,969**	**$40,385**	**$165,602**
Percentage of Gross Sales				

2020	**Average of 13 Franchises**	**Highest Franchise**	**Lowest Franchise**	**Median Franchise**
Gross Sales	**$193,248**	**$373,376**	**$47,378**	**$177,509**
Direct Costs				
Parts and Equipment	$32,207	$50,784	$19,478	$31,325
Service Technicians	$61,661	$119,977	$0	$46,543
Outside Services	$301	$1,901	$0	$0
Total Direct Costs	**$94,169**	**$164,860**	**$19,578**	**$77,927**
Gross Margin	**$99,079**	**$216,872**	**$27,800**	**$89,402**
Royalty (6%)	$11,595	$22,403	$2,843	$10,651
Brand Fund (1%)	$1,932	$3,734	$474	$1,775
Adjusted Gross Margin	**$85,551**	**$190,736**	**$24,484**	**$76,976**
Percentage of Gross Sales	**44.3%**	**70.2%**	**27.7%**	**45.3%**

(1) Gross Sales include all money received in the operation of the business, less sales taxes and customer refunds/adjustments.

(2) For our Affiliate owned location, this amount represents the hypothetical Royalty and Brand Fund Contribution our Affiliate would pay under the Franchise Agreement

(3) Adjusted EBITDA includes Gross Sales less direct costs, indirect costs & royalty and brand fund contributions

Notes regarding the above financial performance representation:

1. These results are unaudited.
2. These results represent sales of services which will be available for franchisees to sell.
3. Powersmith has been in business since 2002.
4. Our affiliate operates without territorial restrictions. Other than the size of your territory and the hypothetical royalty and brand fund contributions disclosed above, there are no material differences between our Affiliate outlet and the outlet you will operate.
5. The above results do not include owner's compensation, debt service or other fees assessed under the franchise agreement. Please see Item 6 for a full list of fees which you may incur after you have begun operations.
6. Client attrition occurs when a client upgrades or replaces certain pieces of exercise equipment with new equipment.

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

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

Other than the preceding financial performance representation, Proexco, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Don Powers at 134 Pennsylvania Avenue, Malvern, PA 19355 and (610) 971-1500, the Federal Trade Commission, and the appropriate state regulatory agencies**.**

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For years 2019 through 2021

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised*	2019	15	41	+26
	2020	41	40	-1
	2021	40	47	+7
Company-Owned**	2019	1	1	0
	2020	1	1	0
	2021	1	1	0
Total Outlets	2019	16	42	+26
	2020	42	41	-1
	2021	41	48	+7

* The Company-Owned Outlet in the above chart is owned and operated by our Affiliate.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2019 through 2021

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Colorado	2019	0

Column 1 State	Column 2 Year	Column 3 Number of Transfers
	2020	1
	2021	0
Total	2019	0
	2020	1
	2021	0

Table No. 3
Status of Franchised Outlets
For years 2019 through 2021

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Termina-tions	Col 6 Non-Renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased Operations – Other Reasons	Col 9 Outlets at End of the Year
Arizona	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
California	2019	0	3	0	0	0	0	3
	2020	3	1	0	0	0	0	4
	2021	4	2	0	0	0	0	6
Colorado	2019	0	2	0	0	0	0	2
	2020	2	0	0	0	0	1	1
	2021	1	0	0	0	0	0	1
Delaware	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Florida	2019	0	2	0	0	0	0	2
	2020	2	1	0	0	0	0	3
	2021	3	1	0	0	0	1	3
Georgia	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Illinois	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Indiana	2019	0	1	0	0	0	0	1

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Termina-tions	Col 6 Non-Renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased Operations – Other Reasons	Col 9 Outlets at End of the Year
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Kansas	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Kentucky	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Maryland	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Massachusetts	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Michigan	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Minnesota	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
Missouri	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
Nebraska	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	1	0
	2021	0	1	0	0	0	0	1
Nevada	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
New Jersey	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	1	1
	2021	1	0	0	0	0	0	1
New York	2019	1	3	0	0	0	0	4

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Termina-tions	Col 6 Non-Renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased Operations – Other Reasons	Col 9 Outlets at End of the Year
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	1	3
North Carolina	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Ohio	2019	1	2	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Oregon	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Pennsylvania	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
South Carolina	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Tennessee	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
Texas	2019	1	2	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Utah	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Washington	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Wisconsin	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2019	0	0	0	0	0	0	0

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Termina-tions	Col 6 Non-Renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased Operations – Other Reasons	Col 9 Outlets at End of the Year
Alberta, Canada	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
British Columbia, Canada	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
Manitoba, Canada	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
Total	2019	15	26	0	0	0	0	41
	2020	41	4	0	0	0	5	40
	2021	40	9	0	0	0	2	47

The Franchised Outlets in the above chart include franchised outlets operated in the U.S. pursuant to franchises agreements with us, as well as franchised outlets operated in Canada pursuant to franchise agreements with our affiliated company, DP and Partners, LLC. There are no material operational differences between our U.S. and Canadian franchisees.

Table No. 4
Status of Company-Owned Outlets
For years 2019 through 2021

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Outlets Reacquired from Franchisee	Col 6 Outlets Closed	Col 7 Outlets Sold to Franchisee	Col 8 Outlets at End of the Year
Pennsyl-vania	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
Total	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1

We do not own or operate an Fitness Machine Technicians FMT Business. The outlet in the above chart is owned and operated by our Affiliate.

Table No. 5
Projected Openings as of December 31, 2021

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Next Fiscal Year
Kansas	1	0	0
Michigan	1	0	0
Total	2	0	0

A list of the names of all franchisee and the addresses and telephones numbers of their Businesses will be provided in Exhibit D to this Disclosure Document when applicable.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had a Business terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under its agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document will be listed on Exhibit E to this Disclosure Document when applicable. **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, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the Fitness Machine Technicians FMT System.

There are no trademark-specific organizations formed by our franchisees that are associated with the Fitness Machine Technicians FMT System.

ITEM 21: FINANCIAL STATEMENTS

Attached as Exhibit F are our audited financial statements for the fiscal years ending December 31, 2019, 2020, and 2021. Also included in Exhibit F are our unaudited financial statements as of October 31, 2022.

Our fiscal year end is December 31.

ITEM 22: CONTRACTS

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

Franchise Agreement – Exhibit B
Form of General Release – Exhibit H

ITEM 23: RECEIPTS

Attached are two copies of an acknowledgment of receipt by you, acknowledging receipt of this Disclosure Document by you, together with accompanying documents. Please sign and date both, keeping one for your files.

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EXHIBIT A TO THE DISCLOSURE DOCUMENT
AGENTS FOR SERVICE OF PROCESS/STATE ADMINISTRATORS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
CONNECTICUT	State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Banking Commissioner
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce

State	State Agency	Agent for Service of Process
NEW YORK	Office of the New York State Attorney General Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8211 Phone (212) 416-6042 Fax	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, 5th Floor Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Director of the Department of Consumer and Business Services
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

EXHIBIT B TO THE DISCLOSURE DOCUMENT
FRANCHISE AGREEMENT

PROEXCO, LLC

FRANCHISE AGREEMENT

_____

FRANCHISEE

_____

DATE OF AGREEMENT

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ATTACHMENTS:

1 Territory
2 Franchisee Disclosure Acknowledgment Statement
3 Confidentiality and Non-Competition Agreement
4 Internet Website and Listings Agreement; Telephone Listings Agreement
5 Guaranty
6 Multi-State Addendum
7 Electronic Funds Transfer Authorization
8 Transfer of Franchise to a Corporation or Limited Liability Company
9 Multi-Territory Agreement Addendum
10 Accounts Program Participation Agreement

FRANCHISE AGREEMENT

THIS AGREEMENT is made and entered into this _____ between Proexco, LLC, a Pennsylvania limited liability company with its principal office at 134 Pennsylvania Avenue, Malvern, Pennsylvania 19355 ("we", "us" or "our"), and _____ whose principal address is _____, an individual/partnership/corporation domiciled in the State of _____ and _____ _____'s principals _____, an individual residing at _____ _____, an individual residing at _____ ("Principal(s)"). _____ _____ And Principal(s) shall be collectively referred to in this Agreement as "you" or "your" or the "Franchisee".

W I T N E S S E T H:

WHEREAS, we and our affiliate have developed, and are in the process of further developing, a unique, proprietary and evolving system ("System") relating to the establishment and operation of a business that provides maintenance and repair products and services for exercise equipment using the Proprietary Properties, Copyrights, Know How, and Proprietary Marks, all as defined in further detail below;

WHEREAS, you desire to enter into the business of owning and operating an "Fitness Machine Technicians FMT" Franchised Business ("FMT Business" or "Franchised Business") in accordance with the System and wish to obtain a franchise from us for that purpose, as well as to receive the training and other assistance provided by us in connection therewith;

WHEREAS, you understand and acknowledge the importance of and benefits to be derived from the System, as well as our high standards of quality and service and the necessity of operating the Franchised Business in conformity with our standards and specifications;

WHEREAS, you desire to obtain a Franchise to use the System and the Proprietary Marks at the location described in Attachment 1 pursuant to the provisions of this Agreement, and you have had a full and adequate opportunity to be thoroughly advised of the terms and conditions of this Franchise Agreement by counsel of your own choosing, and you represent and warrant that you have the business experience and financial ability to operate an FMT Business;

WHEREAS, you acknowledge that you have read this Agreement and our Disclosure Document and that you understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain uniform high standards of quality at all locations and to protect the goodwill of the Proprietary Marks;

WHEREAS, you acknowledge that you have no knowledge of, nor have you received or relied upon, any representations or warranties by us, our officers, directors, shareholders or representatives about the franchise offered hereunder, about us or our franchising programs and policies that are contrary to the statements in our Disclosure Document or to the terms of this Agreement, or regarding the potential revenues, profits or success of the business venture contemplated hereunder; and

WHEREAS, you acknowledge that this Agreement places detailed and substantial obligations on you including strict adherence to our reasonable present and future requirements regarding facilities, equipment, suppliers, operating procedures, licensing requirements, management protocols and procedures, merchandising strategies, sales promotion programs and related matters. You acknowledge that future

improvements, changes and developments in the System may require additional expense to be undertaken by you, but shall not be unreasonably imposed by us.

BEFORE SIGNING THIS AGREEMENT, YOU SHOULD READ IT CAREFULLY WITH ASSISTANCE OF LEGAL COUNSEL.

NOW, THEREFORE, for and in consideration of the mutual undertakings, covenants, premises and commitments contained above and below, and other good and valuable consideration-, the receipt and sufficiency of which are hereby acknowledged, **IT IS AGREED**, as follows:

ARTICLE 1: DEFINITIONS

1.1 In addition to any other terms defined in this Agreement, the following definitions shall govern this Agreement:

1.1.1 "Agreement" means this document, including all exhibits hereto and documents referenced and incorporated herein, and any properly executed documents or agreements modifying the System.

1.1.2 "Copyrights" means all work rendered in a tangible medium of expression as defined under U.S. Copyright Law, 17 U.S.C. Sec. 101, *et seq.*, that relates to the FMT Business, whether published or unpublished, whether confidential or not, whether created by us, our affiliates or one (1) or more of our franchisees, assigned hereunder to and owned by us and licensed for use by you as part of the FMT Business under this Agreement, including without limitation, the Confidential Operations Manual.

1.1.3 "Franchised Business" or "FMT Business" means the business that you are licensed to conduct in the Territory.

1.1.4 "Know How" means our: (a) trade secrets and know-how, whether existing now or created during the term of this Agreement by us, our affiliates and/or one (1) or more of our franchisees (and assigned back to us), as conveyed to you, that relate to, *inter alia*, our products and/or processes, marketing practices, and business methods, affairs, tools and techniques, as well as including our client lists and trade relationships including pricing information, which tends to give us and our network of franchisees a competitive edge over others who provide the same or similar products or services in the field of exercise equipment maintenance and repair; (b) inventions that may be protected by the filing of U.S. patent applications under Title 35 of the United States Code and/or foreign statutory counterparts; and (c) all unpublished or otherwise confidential work that has been rendered and "work made for hire" protected under Title 17 of the United States Code and other applicable foreign copyright statutes. Know How need not take the form of any particular tangible medium of expression, but may also be found or contained in the form of records, magnetic media, papers, photographs, catalogs, books, cassettes, videotapes, computer files, or stored or fixed on computer hard or soft disks or diskettes.

1.1.5 "Proprietary Marks" means all the Proprietary Marks, service marks, logos, emblems, and indicia of origin used or contemplated to be used by us and/or one (1) or more of our franchisees and other such trade names, service marks and Proprietary Marks as may be designated now or hereafter by us.

1.1.6 "Proprietary Properties" means the Copyrights, Know How, and Proprietary Marks.

1.1.7 "System" means the conglomerate of Proprietary Properties created as a result of the expenditure of time, skill, effort, and money, for the provision of exercise equipment maintenance and repair services, consisting of all services provided and the marketing of such services.

1.1.8 "Territory" means and constitutes the territorial limits of the exclusive license granted to you hereunder (geographically defined in Attachment 1) to use the Proprietary Marks, Know How, Copyrights, and any other Proprietary Properties as part of the System in connection with the Franchised Business, in accordance with the definitions and terms of this Agreement. A typical large territory (a "Large Territory") will include an area containing a population of approximately one million (1,000,000) people. A typical Mid-Size territory (a "Mid-Size Territory") will include an area containing a population of approximately eight hundred thousand (800,000) or fewer. The Territory is designated as either a Large Territory or Mid-Size Territory in Attachment 1.

ARTICLE 2: GRANT OF FRANCHISE AND LICENSE

2.1 Grant of Franchise

Subject to the provisions of this Agreement and all documents or other agreements ancillary thereto:

2.1.1 We hereby grant to you, and you hereby accept, the exclusive franchise and license to operate an FMT Business within your Territory, in accordance with our specifications and this Agreement, and subject to our approval. This license is not sub-licensable, sub-contractable, nor assignable, except as may be set forth in this Agreement.

2.1.2 You agree to use the Proprietary Properties solely for the Franchised Business in your Territory, and for no other purpose.

2.1.3 The initial franchise fee shall be: [__] $45,000.00 for a Large Territory [__] $40,000.00 for a Mid-Size Territory.

2.1.4 If Franchisee is purchasing multiple territories simultaneously, the parties shall execute a multi-territory addendum in the form attached hereto as Attachment 9, and incorporated herein ("Multi-Territory Addendum").

2.2 Relocation of the Franchised Business

You may not relocate your Franchised Business without our prior approval. We will not unreasonably withhold our approval, except that the new location must be within your Territory and must not have any adverse impact on the sales of franchisees in any adjoining Territory. If you wish to relocate your Franchised Business to a location outside of your Territory, the area to which you wish to relocate your Franchised Business must be available (not sold to another franchisee in the System) and you must be in compliance with this Agreement. If you operate the Franchised Business from a home office and you choose to sell your home and move to a new area, we reserve the right to require you to lease premises within your Territory for the Franchised Business.

ARTICLE 3: TERRITORIAL SCOPE, RESTRICTIONS ON YOU AND OUR RESERVED RIGHTS

3.1 Restriction on Use of Proprietary Properties

Your right to operate the Franchised Business and the right to use and display the Proprietary Marks and other Proprietary Properties is restricted to the Territory described in Attachment 1. No use of any part or all of the Proprietary Properties is permitted outside of the Territory, unless in accordance with this paragraph.

3.2 Limitations on Your Activities

Your activities are limited to offering and selling those products and services permitted by way of this Agreement under the System from the approved location(s) in the Territory. You have been granted no right of ownership in and/or to any part or all of the Proprietary Properties.

3.3 Rights Reserved to Us

We reserve the right: (i) of ownership in, and control over the Proprietary Properties; (ii) to grant additional franchises, whether similar or dissimilar to the franchise granted by this Agreement, outside of the Territory; (iii) to engage fully and freely and without limitation in each and every aspect of the business of selling related services, products and equipment; (iv) to offer to the public-at-large, separately, jointly or with others, all related services and/or products of every type and kind; and (v) to employ and exploit the Proprietary Marks, Copyrights, and Know How in connection therewith.

3.4 National and Regional Account Programs

We maintain National Account and Regional Account programs. A National Account is a customer that has multiple properties across multiple Territories and/or states. A Regional Account is a customer that has multiple properties in a singly Territory and/or state. You may not negotiate any contract terms with a prospective National Account or Regional Account. We will have sole discretion to negotiate terms with the National Accounts and/or Regional Accounts. We anticipate that you will participate in the National Accounts program, which will require you to provide products and services to the National Account and/or Regional Account according to the agreement we have negotiated with them. We will collect all payments from the National Account for products and services provided by you and other franchisees in the System. You will invoice us each month for any parts and services you delivered to such National Account, less your share of the revenue after deduction of any fees owed to us (such as Royalty Fees and Brand Development Fees). You will be solely responsible for collecting all payments from the Regional Account for products and services provided by you and other franchisees in the System. Upon receipt of payment by any Regional Account, you will be required to remit payment to any Regional Account salesperson, as we may designate.

If you choose not to participate in the National Account or Regional Account program, or if you are unable or unwilling to provide products and services to the National Account or Regional Account as requested, we, our affiliate or a third party (which may be another franchisee) may enter your Territory and service the National Account or Regional Account, and you are not entitled to any portion of the revenue in these circumstances. We also reserve the right to terminate your participation in the National Account or Regional Account program if you are not providing products and services according to the terms we have negotiated or your participation is not otherwise in compliance with our policies. Should you choose to participate in the National Account and Regional Account programs, you shall execute the Accounts Program Participation Agreement, annexed hereto as Attachment 10.

ARTICLE 4: TERM AND SUCCESOR OPTION

4.1 Initial Term

The term of this Agreement shall be ten (10) years commencing on the date of this Agreement, unless sooner terminated in accordance with the provisions of this Agreement (the "Initial Term").

4.2 Successor Option

Subject to the provisions of this Section, you shall have an option (exercisable only by written notice delivered to us less than nine (9) months, but more than six (6) months, prior to the end of the Initial Term of this Agreement) to enter into a new franchise agreement with other agreements and legal instruments and documents customarily employed by us and in the form then generally being offered to prospective franchisees in the state in which the Franchise Business is located (the "Successor Franchise Agreement") for two (2) additional periods of ten (10) years each, if:

4.2.1 you have been, throughout the Initial Term of this Agreement, in substantial compliance, and at the expiration of such Initial Term are in full compliance, with this Agreement, the lease and all other agreements between you and us or companies associated or affiliated with us;

4.2.2 you enter into our then-current Franchise Agreement and all other ancillary agreements, instruments and documents then customarily used by us in the granting of franchises (which then-current Franchise Agreement may materially differ from this Agreement, including a higher rate of fees, different methods of calculating fees due, and different payment methods, which shall be the same as those set out in the franchise agreements being executed at the time of the successor term);

4.2.3 at the time the successor option is exercised and at the time such successor term commences, all monetary obligations to us and any affiliate of ours must be current and must have been current at all times during the preceding twelve (12) months;

4.2.4 you execute a general release running in favor of us, our affiliates and our respective officers, directors and shareholders releasing all claims against us, our officers, directors and shareholders; and

4.2.5 you pay to us a Successor Agreement fee equal to twenty five percent (25%) of our then-current initial franchise fee.

4.3 Refusal to Grant a Successor Franchise Agreement

We can refuse to grant a successor term for your franchise if you fail to substantially comply with the terms of this Agreement, you fail to pay amounts owed to us when due, or you fail to cure of any defaults incurred during the initial term of this Agreement, if applicable.

4.4 Successor Term Under Law

Even though we decline the to grant you a successor term for your franchise, it is possible that we can be required to grant you a successor term under a law, rule, regulation, statute, ordinance, or legal order that is applicable at the time. If that happens, to the extent it is allowed by the concerned law, rule, regulation, statute, ordinance or order, your successor term will be subject to the conditions of the Franchise Agreement we are using for new franchisees at the time the successor term begins. If we are not then offering new franchises, your successor term will be subject to the terms in the Franchise Agreement that we indicate. If for any reason that is not allowed, the successor term will be governed by the terms of this Agreement.

4.5 Your Election Not to Sign a Successor Franchise Agreement

For the purposes hereof, you shall be deemed to have irrevocably elected not to sign a Successor Franchise Agreement hereunder (and the option to do so shall thereupon terminate) if you fail to execute and return to us our then-standard Franchise Agreement and other ancillary documents required by us for a successor franchise within thirty (30) days after we have delivered them to you.

ARTICLE 5: OUR DUTIES

5.1 Confidential Operations Manual

We will, in conjunction with our training program and in conformity with the terms and conditions of this Agreement, loan to you for the Initial Term one (1) copy of our Confidential Operations Manual (the "Manual"). Use of any part or all of the Manual shall be only as permitted under this Agreement, and during its term.

5.2 Additional Documentation

In addition to any other training offered to you, we will from time to time furnish to you other documents and things comprising the Copyrights or Know How, including instructions, data, materials, forms or other information to the extent developed by us in connection with the operation of the System. We have the right to reasonably incorporate such matters in the Manual and you are required to conduct the operations of the Franchised Business in accordance therewith.

5.3 Initial Training Program and Additional Assistance

With respect to all franchisees, within sixty (60) days after signing this Agreement, we will offer and you will be required to complete to our satisfaction a training program (the "Training Program") of such duration as we deem necessary at our headquarters or at such location(s) as we designate. The Training Program will include training regarding operational, management and marketing training pertaining to the FMT System for you and up to two (2) additional persons, for a maximum of three (3) trainees. You shall pay for all of the expenses your trainees incur while attending training, including, but not limited to, travel, lodging, meals and applicable wages.

5.3.1 We will pay no compensation for any services performed by the trainees in the course of training.

5.3.2 We reserve the right to determine and change the subject matter and content of the Training Program.

5.3.3 We will provide such additional advisory assistance and training as we deem advisable in the operation of the System, on such terms and conditions as we determine and set forth in the Manual or otherwise. We may, in our sole and exclusive discretion, cause our representatives to telephone or visit you from time to time for the purpose of rendering advice and consultation with respect to the operation of the Franchised Business, assessing your overall performance and determining whether you are conducting the Franchised Business in compliance with the standards of the System. You will comply with all such requests and visitations, and provide all information requested upon reasonable notice. If we generate an inspection report as a result of any such telephone call or visit, then we shall supply a copy of that inspection report to you, upon your reasonable written request.

5.3.4 We may, at your reasonable request, enroll additional individuals in the Training Program, provided that you pay us our then-current training fee (as set forth in the Manual), as well as the

expenses of the additional trainees, including travel, lodging, meals and applicable wages. Such requests will be honored in accordance with the availability of our training staff.

5.3.5 We reserve the right to elect or decline to train any number of individuals representing any number of franchises individually, or at the same time. Every trainee must sign a Confidentiality and Non-Compete Agreement in advance of receiving any such training.

5.4 Refresher Training

We may hold periodic refresher training classes, and we may designate that attendance at such refresher training is mandatory for all franchisees unless absence is excused by us. We may charge a fee for refresher training, and you must pay all expenses you and your trainees incur while attending any refresher training, including travel, lodging, meals and applicable wages.

5.5 Purchases of Materials; Approved Suppliers

In order to maintain uniformity of concept, color and quality, all proprietary materials and forms, the FMT equipment and materials bearing the Proprietary Marks (including letterhead, business cards, brochures, labels, uniforms, etc.) that are used by you in the operation of your Franchised Business must be purchased from us, our affiliates or the suppliers we designate. We and our affiliate, if an approved supplier of any item, reserve the right to earn a profit on the sale of such items to you. The use or sale of unapproved products or services constitutes a material and incurable breach of this Agreement unless such use or sale occurs as a consequence of an extreme situation and does not constitute a normal business activity.

We will, at all times during the term of this Agreement, provide information pertaining to sources of supply of those proprietary and non-proprietary products and services which may be used in this System. A list of approved suppliers for the System will be included in the Manual and may be modified or updated by us at any time upon written notice to you. If you wish to use a supplier or product that has not previously been approved by us, you must make a request to us in writing for our approval of the supplier or product, including any pertinent information we require. We will notify you in writing within thirty (30) days if and when a supplier or product is approved, and our approval will not be unreasonably withheld. You or the supplier must reimburse us for our costs related to evaluating the proposed supplier or product. We reserve the right to re-inspect any supplier or product to ensure that the supplier or product continues to conform to our reasonable specifications and standards. If a supplier or product fails to conform to our reasonable specifications and standards, we may revoke our approval of the supplier or product, and you must discontinue using the unapproved product or purchasing from the unapproved supplier after notice from us.

5.6 Computer System

We reserve the right to specify the particular computer hardware, software and peripheral equipment which you must purchase or lease in order to effectively operate your Franchised Business.

5.7 Pricing

We may advise you in writing, from time to time and to the extent permitted by applicable law, concerning the minimum and/or maximum prices which you shall charge your customers for services provided or goods sold under the System. You understand and acknowledge that you are required to adhere to our pricing requirements, but nothing contained herein shall be deemed a representation by us that if you comply with our requirements you will, in fact, generate or optimize profits.

5.8 Brand Development Fund

We will administer the Brand Development Fund, as described in Article 10 hereof.

5.9 Force Majeure

Delays in the performance by either party of any obligations that are not the fault of nor within the reasonable control of the delayed or non-performing party, including fire, flood, natural disasters, acts of God, governmental acts or orders, or civil disorders, do not give rise to a default by the other party. Rather, the other party will be required to extend the time of performance of any such obligations for the period of such delay or for such other reasonable period of time as may be appropriate in the circumstances. In no event shall any "force majeure" event as described herein include your lack of sufficient operating capital.

5.10 Meetings of Franchisees

In our discretion, we may choose to hold an annual meeting of FMT franchisees to conduct additional training, announce new products and/or services or discuss any other matters of interest. We reserve the right to designate that the annual meeting will be mandatory for all franchisees, unless your absence is excused by us. You will bear all costs related to attending the annual meeting, including travel, lodging, meals and wages for all of your attendees.

5.11 Service Vehicles

We shall approve each vehicle you proposed to use in connection with your Franchised Business, which shall include the signage and/or vehicle wrap we require. We will not unreasonably withhold our approval of a service vehicle you propose, provided that it meets our specifications and requirements. We reserve the right to designate a specific make and model of vehicle that you must use in the operation of the Franchised Business. Each vehicle you obtain for your Franchised Business must be wrapped according to our specifications and must be in excellent condition (including no visible rust or body damage). If you have more than one service vehicle, you are permitted to have branded magnets on the body of the vehicle in lieu of wrapping for a period of 6 months. All additional vehicles operated for the benefit of your Franchised business must be wrapped to our specifications no later than 6 months after obtaining the vehicle.

5.12 Additional Assistance or Training

During the term of this Agreement, if you request that we provide additional training or assistance on-site at your Franchised Business, or if we determine that you require additional training or assistance (including, without limitation, related to a mystery shop as described in Section 9.18 below), you must pay our then-current per diem fee for each representative we send to you to provide training or assistance, and you must reimburse each representative's travel, lodging and meals expenses while providing the additional on-site training or assistance. We require you to pay a deposit to us of a portion of the estimated costs related to such additional assistance or training, and the balance due is payable by you to us within seven (7) days after your receipt of our invoice.

5.13 Preventative Maintenance Estimate Review

During your first year of operation, we strongly encourage you to forward to us for our review the preventative maintenance estimates you prepare for your customers. Our review of any estimates you forward to us will assist us in providing training to you to refine your operation of the Franchised Business. We reserve the right to require you to provide us with copies of your preventative maintenance estimates at any time for our review, including if we receive a complaint from one of your customers.

ARTICLE 6: CONFIDENTIAL OPERATIONS MANUAL

6.1 Operation of Franchised Business in Accordance with Manual

In order to protect the reputation and goodwill of the Franchisor, the System, and the Proprietary Properties, and to maintain requisite operating standards under the Proprietary Marks, you will conduct your Franchised Business in accordance with the provisions, standards, and procedures set forth in this Agreement and in the Manual, which governs solely operational issues. We reserve the right to provide the Manual electronically, such as via a CD-ROM or a password-protected intranet website.

6.2 Confidentiality

You will at all times treat the Manual, and any other manuals created for or approved for use in the operation of the Franchised Business, and the information contained therein as confidential Know How, and shall use all efforts to maintain such information as secret and confidential in accordance with the terms and conditions governing Know How and Copyrights, including the following. You will not, at any time, without our prior written consent, copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person. The persons who are authorized include your management personnel who have executed the Confidentiality and Non-Competition Agreement, annexed hereto as Attachment 3.

6.3 The Manual Remains Our Property

The Manual will at all times remain our sole property, and shall be returned to us immediately upon the expiration or termination of this Agreement.

6.4 Revisions to the Manual

We may, from time to time, revise the contents of the Manual when we reasonably consider such revisions to be necessary to improve or maintain the standards of the System and you expressly agree to comply with each new or changed standard, provided, however, that such revisions relate solely to operational matters, are made for all franchisees, are reasonable in nature, and comply with the conditions of Section 5.2 above. Any such revisions to the contents of the Manual are deemed effective seven (7) days after the date of notification to you unless otherwise specified by us.

6.5 Precedence of Terms

You acknowledge the contents of the Manual, and any revisions or modifications made to the Manual, constitute additional provisions of and modifications to this Agreement as if fully set forth in this Agreement. Should any term of the Manual not be consistent with any term of this Agreement, then this Agreement will take precedence over the inconsistent term in the Manual, the inconsistent term of the Manual will not be followed, and the inconsistent term of the Manual, once brought to our attention, will be promptly changed to conform with the term of this Agreement.

6.6 Manual Kept Up to Date

You will at all times insure that your copy of the Manual is kept current and up to date, and in the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by us at our home office is controlling. All changes and revisions will be dated and numbered by us. You will receive one (1) copy of the Manual on loan from us for operations purposes.

6.7 Improvements to the System

To the extent that any improvements, inventions or discoveries are made by you or your employees or agents during the course of this Agreement and relating to the Proprietary Properties or System ("improvements"), such improvements are deemed assigned to, and owned by us for the purpose of improving the entirety of the franchised network, and the provision of goods and services in accordance with the System. All documents and other information concerning any such improvements will be disclosed to us promptly after creation or invention. We will, in our sole reasonable discretion, determine whether such improvements are worthy of inclusion in the System, and the best and most practical method of implementation and protection. You will execute all documents reasonably necessary to perfect our ownership in and to any such improvements, and will cooperate with us in the creation, implementation, use and protection thereof.

ARTICLE 7: PROPRIETARY MARKS, TRADE NAMES AND COPYRIGHTED MATERIALS

7.1 No License to the Proprietary Properties

The license granted in Section 2.1 does not grant you any right, title or interest, at law or in equity, in or to any of the Proprietary Properties, including the Proprietary Marks, Copyrights, and Know How, beyond the license. Further, the license applies only to those portions of the Proprietary Properties which have been or may in the future be designated in writing by us for use by you in conjunction with the operation of the Franchised Business. You will not represent to others, or conduct yourself in any manner that might indicate to others, that you possess any other legal or equitable rights in or to the Proprietary Properties by virtue of the license granted hereunder. The execution of this Agreement by you further establishes your consent that the Proprietary Marks, Copyrights and Know How are valid and enforceable (without defense or recourse), and owned by us or our affiliates. You represent and warrant that you will not attack the validity or, enforceability or ownership of any of the Proprietary Properties, or assist another in any such attack, during the course of this Agreement or thereafter. The terms of this Section shall survive termination or expiration of this Agreement for any reason, in addition to any of the other remedies or survival provisions otherwise contained in this Agreement.

7.2 No Act in Derogation

You will not do or permit any act in derogation of any of the rights of us or our affiliates to the Proprietary Properties.

7.3 No Contest or Dispute

You will not contest or dispute our or our affiliates' title to any part or all of the Proprietary Properties.

7.4 Use of Proprietary Properties

You shall use the Proprietary Properties solely in accordance with this Agreement and the Manual.

7.5 Restriction on Use of Proprietary Properties

You shall not use the Proprietary Properties, or any words, phrases, symbols, trade dress, colors, logos or materials which we deem confusingly similar thereto, in your trade name (or for any other purpose) without our prior written approval. In that connection, you will identify yourself to the public as an independent contractor using such language as we shall specify.

7.6 Discontinuance of Use; Telephone Numbers

In addition to all post-termination provisions contained in this Agreement, you agree that after the expiration or termination of this Agreement, you will discontinue the use of the telephone number(s) of the Franchised Business and any internet websites or domain names, whether or not established with our consent; you will not advertise in any telephone directory under the name "FMT" or any other name, phrase or logo used by the System; you will discontinue the use of any or all of the Proprietary Properties; and you will not use any words, phrases, logos, designs, colors, trade dress or the like that in any manner may cause customer confusion, or resemble, be confusingly similar to, or be a colorable imitation of the Proprietary Properties. Additionally, upon our demand, you will direct your local telephone company and internet service provider(s) to transfer the telephone number(s) and any internet websites, domain names or listings to us or our designee by utilization of the forms annexed hereto as Attachment 4, to be signed by you concurrently with signing this Agreement. If you fail promptly to direct your telephone company and internet service provider(s) to effect such transfer, you hereby irrevocably appoint us as your attorney-in-fact to so act.

7.7 Notification of Claim

If you receive notice or learn of any actual or potential claim, suit or demand that has been or may be asserted against you or us involving any alleged infringement, unfair competition, or similar matter relating to the use of the Proprietary Properties, you will promptly notify us of any such actual or potential claim, suit or demand (a "Claim") and provide complete disclosure of all information concerning or relating to such Claim, including, if requested, affidavit or other sworn testimony as we shall reasonably request to evaluate the Claim. Thereupon, we will promptly take such action as we may deem necessary in our sole discretion to address the Claim. We shall have the sole right to defend, compromise or settle the Claim using attorneys of our own choosing, and you agree to cooperate fully with us in connection with the defense of the Claim. We shall protect, defend and indemnify you in connection with the Claim unless it arises out of or relates to your use of the Proprietary Properties in violation of this Agreement, the Manual, the Training Program or otherwise.

7.8 Notification of Unauthorized Use

If you learn of any unauthorized use of the Proprietary Properties, you will promptly notify us of the facts relating to such alleged infringing use. We will, in our discretion, determine whether or not to take any action with respect to such information. You have no right to take any action with respect to any unauthorized use of the Proprietary Properties without our prior written consent. We will exercise our discretion based upon, among other things, a cost/benefit analysis of the specific situation as well as the status of any cost sharing agreements that exist or may be arranged with the franchisees to support the subject litigation. We have no obligation, expressed or implied, to take any action with respect to any unauthorized use of the Proprietary Properties when such action does not, at our sole discretion, satisfy our cost/benefit requirements.

You expressly consent and agree that representation of you (or any other franchisee, including its principals) in any Claim by our legal counsel is not substantially related to any issue that may arise between you and us under this Agreement, and that any conflict of interest, actual or implied, as a result of the representation of you in any such Claim by our designated legal counsel is hereby waived. You expressly agree that you will take no action whatsoever to attempt to create any such conflict of interest, nor shall you seek the disqualification of our legal counsel as a consequence of the representation of you in any such Claim. Violation of this provision governing the status of our designated legal counsel shall result in automatic and incurable breach of this Agreement.

7.9 No Ownership; Modification of Proprietary Properties (including Proprietary Marks)

You understand and agree that the limited license to use the Proprietary Properties granted by this Agreement applies only to such properties as are designated by us, together with those which may hereafter be designated by us in writing. You expressly understand and agree that you are bound not to represent in any manner that you have acquired any ownership or equitable rights in any of the Proprietary Properties by virtue of the limited license granted under this Agreement, or by virtue of your use or creation of any of the Proprietary Properties, or upon any other basis.

7.9.1 If it becomes advisable at any time, in our discretion, to modify or discontinue use of any aspect of the Proprietary Properties and/or to adopt or use one or more additional or substitute items, then you shall be obligated to comply with any such instruction by us, at your own expense. We shall have no obligation in such event be to reimburse you for any expenses of compliance, such as changing signs, stationery, uniforms, advertising, etc., and you waive any claim arising from or relating to any change, modification or substitution to the Proprietary Properties. You covenant not to commence or join in any litigation or other proceeding against us for any of these expenses.

7.9.2 We represent and warrant that our affiliate, Powersmith, Inc., owns the Proprietary Marks free and clear from any liens or encumbrances, that our affiliate has granted to us a license to use and to sub-license the use of the Proprietary Marks, and to the best of our knowledge the license conveyed by this Agreement does not infringe any valid or enforceable trademark rights owned by any other party. We hereby indemnify you from any claims, costs or fees associated with any violation of this provision, subject to the requirement that we be immediately notified of all facts and circumstances that may give rise to liability under this Subsection, and be permitted to control the defense of the action.

7.9.3 Neither we nor you shall take any steps or actions that would in any manner impair, dilute or devalue the Proprietary Marks, and such action shall constitute a material breach of this Agreement. For the purposes of this Subsection, dilution shall be *prima facie* demonstrated by a use of the Proprietary Marks in connection with any other word, phrase or logo confusingly similar with, or otherwise not authorized or licensed under this Agreement.

7.10 Website

As used in this Agreement, the term "Website" means an interactive electronic document, series of symbols, or otherwise, that is contained in a network of computers linked by communications software. The term Website includes, but is not limited to, Internet and World Wide Web home pages. In connection with any Website, you agree to the following:

7.10.1 We shall establish and maintain a Website which may, without limitation, promote the Proprietary Marks, any or all of the services, FMT Businesses, the franchising of FMT Businesses, and/or the System. We shall have the sole right to control all aspects of the Website, including without limitation its design, content, functionality, links to the websites of third parties, legal notices, and policies and terms of usage. We shall also have the right to discontinue operation of the Website.

7.10.2 We shall designate one or more web page(s) to describe you and/or your Franchised Business, with such web page(s) to be located within our Website. You shall comply with our policies with respect to the creation, maintenance and content of any such web pages; and we shall have the right to refuse to post and/or discontinue posting any content and/or the operation of any web page.

7.10.3 You shall not establish a separate Website related to the Proprietary Properties or the System, nor may you offer, promote, or sell any products or services, or make any use of the Proprietary

Marks, through the Internet without our prior written approval (which we shall not be obligated to provide). If approved to establish a Website, you shall comply with our policies, standards and specifications with respect to the creation, maintenance and content of any such Website. You specifically acknowledge and agree that any Website owned or maintained by you or for your benefit shall be deemed "advertising" under this Agreement, and will be subject to (among other things) our approval under Article 10 below. Notwithstanding the foregoing, you agree to work with our approved supplier to establish a Website for your Franchised Business according to our standards and specifications, and to pay such supplier's initial set-up fee and any continuing maintenance fees for such Website. You understand and acknowledge that we will be the sole and exclusive owner of all domain names used by our franchisees' Websites, including all information posted thereon. We shall have the right, if you are in default under this Agreement, to suspend operation of your Website until such default has been cured to our satisfaction.

7.10.4 We shall have the right to modify the provisions of this Article 7 relating to Websites as we shall solely determine is necessary or appropriate.

7.10.5 You understand and acknowledge that you are strictly prohibited from using any Proprietary Properties or promoting your Franchised Business in any manner on social and/or networking Websites, including, but not limited to, Facebook, LinkedIn, MySpace and Twitter, without our prior written consent. You further understand and acknowledge that we shall have the right to control all social media initiatives.

ARTICLE 8: PAYMENTS TO US

8.1 Initial Franchise Fee

Upon execution of this Agreement and to initiate the Franchise rights conveyed under this Agreement, you shall pay to us an Initial Franchise Fee, as described in Section 2.1, herein. The Initial Franchise Fee is not refundable in whole or in part and is deemed fully earned by us upon execution of this Agreement.

8.2 Royalty Fee

In addition to the Initial Franchise Fee and in accordance with the report required under Section 8.6, you shall pay to us a monthly royalty fee ("Royalty Fee") equal to six percent (6%) of the first $499,999 of Gross Sales of the Franchised Business (as defined below) each calendar year; five percent (5%) of Gross Sales in excess of $500,000 each calendar year.

Such Royalty Fee is payable on the fifth (5^{th}) business day of each month based on your Gross Sales during the previous calendar month. If any state imposes a sales or other tax on the Royalty Fees, then we have the right to collect this tax from you.

Royalty Fees are subject to a monthly minimum of five hundred dollars ($500) beginning in your thirteenth (13^{th}) month, and continuing through the term of the Agreement and any successor terms

8.3 Brand Development Fee

In addition to the Initial Franchise Fee and Royalty Fee, and in accordance with the report required under Section 8.6, you shall pay to us a Brand Development Fee (to be expended as provided in Section 10.2) in an amount up to two percent (2%) of Gross Sales, as defined below, into the Brand Development Fund ("Brand Development Fee"). The Brand Development Fee is payable to us at the same time and in the same manner as the Royalty Fee.

8.4 Software Fee

You shall pay to us, or the third party provider we designate, a monthly software fee ("Software Fee") of up to Two Hundred Fifty Dollars ($250). The Software Fee is payable at the same time and in the same manner as the Royalty Fee, unless we designate a third party provider and require you to pay such third party provider directly.

8.5 Definition of Gross Sales

The term "Gross Sales" means all monies received by you (including actual deposits in your bank accounts as well as undeposited cash receipts) from, through, by or on account of the operation of your Franchised Business , whether received in cash, in services or in kind, less: (i) the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to customers; and (ii) the amount of any documented refunds, credits and allowances given in good faith to customers by you.

8.6 Report of Gross Sales

You will submit to us, and we will receive, not later than the fifth (5^{th}) day of each month, a report of your Gross Sales for the preceding calendar month. Such reports shall be transmitted by you to us in the manner specified by us (*i.e.,* by e-mail, facsimile or by a computer-generated report). You represent and warrant that you shall use your best efforts to provide the information, that we are relying upon such provision, and that errors may jeopardize the franchise or other rights granted under this Agreement. If we have not received the report of your Gross Sales for the preceding month by the (15^{th}) day of any month, we reserve the right to charge you a late fee of one hundred dollars ($100).

If you do not report your Gross Sales, we may debit your account for one hundred twenty percent (120%) of the last Royalty Fee and Brand Development Fee (described below) that we debited. If the Royalty Fee and Brand Development Fee we debit are less than the Royalty Fee and Brand Development Fee you actually owe us, we will debit your account for the balance on a day we specify. If the Royalty Fee and Brand Development Fee we debit are greater than the Royalty Fee and Brand Development Fee you actually owe us, we will credit the excess against the amount we otherwise would debit from your account for the next payment.

8.7 Obligation to Pay Fees

Except as otherwise specified herein, your obligation to pay the Royalty Fee and the Brand Development Fee accrues on the day that you commence operation of the Franchised Business. "Commencement of the Business" is defined as the first (1^{st}) day on which the Franchised Business receives revenues, offers services, or conducts any of the activities contemplated by this Agreement.

8.8 Electronic Funds Transfer

Unless a different method is designated by us, all amounts due and owing under this Agreement will be payable on the fifth (5^{th}) day of each month (or the next business day, if applicable) by electronic funds transfer. You agree to execute and deliver to us any documents required by us, our bank or your bank to permit us to initiate debit and credit entries to your operating account, including, but not limited to, the form of authorization attached hereto as Attachment 7.

8.9 Interest on Overdue Amounts

In the event you fail to pay to us any amounts owed by you hereunder to us or any of our affiliates, you shall pay, in addition to such overdue amounts, interest on the overdue amount at the rate of eighteen percent (18%) per annum or the highest legal contract interest rate we can charge, whichever amount is

less. Any default by you in the timely payment of any indebtedness of you owing to us, or to any affiliate of ours, or your default in the payment of any indebtedness of yours with respect to which we or any of our affiliates is a guarantor, co-signer, endorser or obligor, shall constitute a breach of this Agreement, rendering the same subject to termination in accordance with the provisions of Article 16.

8.10 Insufficient Funds Fee

If, for any reason, any payment owed by you to us is denied by your bank due to insufficient funds in your account, then you shall, in addition to applicable interest as described in Section 8.9 above, pay us an insufficient funds fee in the amount of Seventy-Five Dollars ($75). If you incur three (3) insufficient funds fees within any twelve (12) month period, we will have the right to terminate this Agreement without providing you an opportunity to cure the default.

8.11 Payment of Taxes and Assessments

You agree to pay promptly, when due, all taxes and assessments that may be assessed or otherwise due against your income, premises, equipment and/or supplies used in connection with your Franchised Business, to discharge all liens and encumbrances of every kind and character created or placed upon or against any of said property and to pay all accounts and other indebtedness of every kind incurred by you in the conduct of your Franchised Business. In the event you should default in making any such payment and have failed to stay enforcement through a proper legal contest, we shall be authorized, but not required, to pay the same on your behalf, and you covenant promptly to reimburse us for any such payment. We shall also maintain the right of set off, to permit deductions of any such amounts from payments that may be due to you hereunder. Any such amounts advanced by us shall be due and payable immediately on your receipt of written demand from us, and if not paid within five (5) days shall be subject to interest as set forth in Section 8.9 of this Agreement.

8.12 Waiver of Claims; Application of Payments

You waive any and all existing and future claims and set offs against any amounts due us under this Agreement, which amounts shall be paid when due regardless of any other claims which you may have against us. However, we shall be entitled to apply or cause to be applied against amounts due to us any amounts which may from time to time be held by us on your behalf or be owed to you by us. Notwithstanding any designation by you, we shall use sound business adjustment and be reasonable in applying any payments received from you, whether designated as payable to us, the Brand Development Fund or otherwise, to any past due or other indebtedness of yours for fees, purchases, late fees, interest or otherwise. We may set off from any amounts that may be owed to you any amount that you owe to us or with respect to any payment overdue for over thirty (30) days. In particular, we may retain any amounts we have received for your account (whether rebates or other funds and whether paid by or due from suppliers or otherwise) as a credit and payment against any amounts that you owe or will owe to us, should you be then overdue in any payments due to us for at least thirty (30) days. We may do so without notice at any time.

You understand and acknowledge that you do not have the right to offset or withhold payments owed to us for amounts purportedly due to you from us. We may condition your participation in any program (including, but not limited to, the National Account program or any program involving payments from third party suppliers or otherwise) as we determine in our reasonable discretion, including, but not limited to, your being an "FMT" franchisee in good standing and not in default under this or any other agreement with us. You agree that you will not withhold any amounts otherwise due us as a result of any dispute of any nature, but will pay such amounts to us and only thereafter seek reimbursement.

ARTICLE 9: YOUR OBLIGATIONS

9.1 Compliance with System

Each component of the System is vital to us, to the network of other franchisees of the System and to the operation of the Franchised Business, as well as to the members of the purchasing public who have come to rely upon us and our network of FMT Businesses for prompt and efficient services. Compliance with each such component is of the essence to this Agreement. Hence, you undertake to conduct the Franchised Business at all times in full compliance with the System and each of its components, including any services as may be offered by us to the System from time to time, in your Territory, pursuant to Section 18.1.

9.1.1 You shall operate the Franchised Business in an efficient and professional manner in accordance with the highest ethical and moral standards. You shall, as well, comply with all recommendations and standards of quality and service prescribed from time to time by us in the Manual or otherwise.

9.1.2 You may operate your Franchised Business from your home ("Approved Location"), if you are so permitted under applicable law and zoning regulations. If you elect to operate your Franchised Business from a leased premises, such leased premises shall be within your Territory. We will not review any location you propose to use for your Franchised Business, and we do not represent, warranty or guarantee that you will be successful at the Approved Location or at any other location you select for your Franchised Business.

9.2 Development and Opening of the Franchised Business

After execution of this Agreement and payment of the Initial Franchise Fee, you shall equip the Franchised Business, complete the Training Program (as required by Section 5.3 of this Agreement), and commence operation of the Franchised Business not later than ninety (90) days after the Effective Date of this Agreement. You may not open your Franchised Business for business until: (1) the Training Program we provided has been completed to our satisfaction by all required persons; (2) the Initial Franchise Fee and all other amounts due to us have been paid; (3) you have furnished us with all certificates of insurance required by this Agreement; (4) you have obtained all required governmental permits, licenses and authorizations necessary for the operation of your Franchised Business; and (5) you are in full compliance with all the terms of this Agreement.

You are excused from the timely performance of your obligations under this Section if the cause of delay is beyond your reasonable control. Such cause includes strikes, fires and acts of God or other causes which you could not, by the exercise of due diligence, have reasonably avoided.

9.3 Operation in Compliance with Applicable Laws

You will operate the Franchised Business in strict compliance with all applicable laws. You and your owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your owners certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your owners, or any blocking of your or

your owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement, as provided herein.

9.4 Supervision

You are required to personally and directly to operate and exercise adequate and substantial supervision over the operation of the Franchised Business unless otherwise permitted in writing by us. Our approval of the operation of your Franchised Business by a manager will not be unreasonably withheld; provided, however, that both you and your manager have satisfactorily completed our Training Program and have otherwise met our requirements.

9.5 Service Vehicles

You shall be obligated to use a vehicle in the operation of your Franchised Business that has been approved by us. Each service vehicle used in the operation of your Franchised Business shall be lettered and/or decaled to our specifications and shall be in excellent condition according to our specifications (including that there is no visible rust or body damage on the vehicle). We reserve the right to specify the make and/or model of vehicle that you shall purchase or lease to be used in the operation of the Franchised Business.

9.6 Technology

The following terms and conditions shall apply with respect to the Computer System and Required Software:

9.6.1 We shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware to be used by, between, or among FMT Businesses, including without limitation: (a) back office and point of sale systems, data, audio, video, and voice storage, retrieval, and transmission systems for use at FMT Businesses, between or among FMT Businesses, and between and among your Franchised Business and us; (b) physical, electronic, and other security systems; (c) printers and other peripheral devices; (d) archival back-up systems; and (e) internet access mode and speed (collectively, the "Computer System").

9.6.2 We shall have the right, but not the obligation, to develop or have developed for us, or to designate: (a) computer software programs and accounting system software that you must use in connection with the Computer System ("Required Software"), which you shall install; (b) updates, supplements, modifications, or enhancements to the Required Software, which you shall install; (c) the tangible media upon which you shall record data; and (d) the database file structure of your Computer System.

9.6.3 You shall record all sales and other information required by us on your Computer System and/or by means of the Required Software.

9.6.4 You shall make, from time to time, such upgrades and other changes to the Computer System and Required Software as we may request in writing (collectively, "Computer Upgrades").

9.6.5 You shall comply with all specifications issued by us with respect to the Computer System and the Required Software, and with respect to Computer Upgrades. You shall also afford us unimpeded access to your Computer System and Required Software as we may request, in the manner, form, and at the times requested by us.

9.6.6 We may, from time to time, specify in the Manual or otherwise in writing the information that you shall collect and maintain on the Computer System, and you shall provide to us such reports as we may reasonably request from the data so collected and maintained. All data pertaining to the Franchised Business, and all data created or collected by you in connection with the System, or in connection with your operation of the Franchised Business (including without limitation data pertaining to or otherwise concerning your customers) or otherwise provided by you (including, without limitation, data uploaded to or downloaded from your Computer System or via the Required Software) is and will be owned exclusively by us, and we will have the right to use such data in any manner that we deem appropriate without compensation to you. Copies and/or originals of such data must be provided to us upon our request. We hereby license use of such data back to you for the Initial Term, at no additional cost, solely for your use in connection with the operation of the Franchised Business.

9.6.7 You shall abide by all applicable laws pertaining to privacy of information collected or maintained regarding customers or other individuals ("Privacy"), and shall comply with our standards and policies pertaining to Privacy. If there is a conflict between our standards and policies pertaining to Privacy and applicable law, you shall: (a) comply with the requirements of applicable law; (b) immediately give us written notice of said conflict; and (c) promptly and fully cooperate with us and our counsel as we may request to assist us in our determination regarding the most effective way, if any, to meet our standards and policies pertaining to Privacy within the bounds of applicable law.

9.6.8 You shall comply with our requirements (as set forth in the Manual or otherwise in writing) with respect to establishing and maintaining telecommunications connections between your Computer System and our Intranet (as defined below), if any, and/or such other computer systems as we may reasonably require.

9.6.9 We may establish a website providing private and secure communications between us, you, other franchisees, and other persons and entities as determined by us, in our sole discretion (an "Intranet"). You shall comply with our requirements (as set forth in the Manual or otherwise in writing) with respect to connecting to the Intranet, and utilizing the Intranet in connection with the operation of the Franchised Business. The Intranet may include, without limitation, the Manual, other assistance materials, and management reporting solutions (both upstream and downstream, as we may direct). You shall purchase and maintain such computer software and hardware as may be required to connect to and utilize the Intranet.

9.6.10 You shall not use the Proprietary Marks or any abbreviation or other name associated with us and/or the System as part of any e-mail address, domain name, and/or other identification of you in any electronic medium, except for any e-mail address and/or web page we may establish for you and your Franchised Business. You agree not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without our prior written consent as to your plan for transmitting such advertisements and the content of such advertisements.

9.6.11 You and we acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, you agree that we shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and you agree that you shall abide by those reasonable new standards established by us as if this Section 9.6 were periodically revised by us for that purpose. You acknowledge and understand that this Agreement does not place any limitations on either our right to require you to obtain Computer Upgrades or the cost of such Computer Upgrades.

9.7 Purchases from Approved Suppliers

Any products, supplies and materials required for the operation of the FMT Franchised Business must be purchased only from us, our designees or from suppliers approved in writing by us. The procedures for your obtaining approval of alternate suppliers are set forth in the Manual. In addition, you understand and agree that you shall purchase replacement parts only from the applicable equipment manufacturer, unless a replacement part has been discontinued in which event you may purchase the replacement part from any supplier or we have provided you with our prior approval for you to purchase such replacement part from a supplier other than the manufacturer.

9.8 Approved Products and Services

You shall offer and sell only those products and services which are part of the System or have received our prior written approval, which approval shall not be unreasonably withheld.

9.9 Administrative Professional.

You shall be required, for at least the first three (3) months of operation, to hire an administrative professional who will assist with the internal tasks required to operate your Franchised Business properly.

9.10 Employees and Independent Contractors

You are required to comply with the policies and procedures for the selection of employees and independent contractors as set forth in the Manual.

9.11 Training Programs

You will offer such continuing training programs to your personnel as are specified in the Manual, in accordance with Subsection 5.3.7.

9.12 Advertising

You will comply with all of the obligations regarding advertising set forth in Article 10.

9.13 Inspections

We or any of our authorized agents or representatives may, upon reasonable notice, inspect the Franchised Business during normal business hours to determine whether it is in compliance with this Agreement and with the System. Unannounced spot checks will be conducted from time to time, although discretion will be used so as not to interfere or disrupt the normal course of business. All records will be kept confidential.

Further, you understand and consent to our ability to access all files, data, accounts, reports and the like resulting from or relating to your transmission of any required reports to us via computer.

9.14 Reports

You shall submit to us such reports regarding the Franchised Business as we prescribe in the Manual, in addition to those required under Section 8.6. All records will remain confidential, except as required by the franchise laws.

9.15 Insurance

To afford you and us protection against insurable risks, we shall prescribe in the Manual minimum standards and limits for insurance coverage which must be purchased by you. Your failure to purchase

such insurance coverage before commencement of business or to maintain such coverage throughout any Term is a ground for termination of this Agreement.

9.15.1 All insurance purchased by you must name us, our affiliates and their respective officers, directors and shareholders as additional named insureds and must provide that we be given at least thirty (30) days' prior written notice of any termination, amendment, cancellation, or modification. All insurance shall require the insurer to defend you and us in any action based on personal injury or property damage suffered as a result of or arising out of the operation of the Franchised Business.

9.15.2 You must provide us with Certificates of Insurance for all required insurance before you complete our initial training program and thereafter upon renewal of each policy during the Initial Term.

9.15.3 If you fail or refuse to purchase or maintain the prescribed insurance coverage, or to comply with any other requirement set forth in this Section 9.15, we shall have the right, without waiver of any other remedies, to secure such insurance on your behalf, at your expense, through agents and insurance companies of our choosing, and to take all other action necessary to protect our interests under this Agreement.

9.15.4 You are obligated to obtain and maintain, at your expense, insurance coverage. Our System may regulate the types, amounts, terms and conditions of insurance coverage required for your Franchise and standards for underwriters of policies providing required insurance coverage; our protection and rights under such policies as an additional named insured; required or impermissible insurance contract provisions; assignment of policy rights to us; periodic verification of insurance coverage that must be furnished to us; our right to obtain insurance coverage at your expense if you fail to obtain required coverage; our right to defend claims; and similar matters relating to insured and uninsured claims. The following are the insurance requirements as of the date of this Agreement:

(a) commercial liability insurance with coverage of not less than Two Million Dollars ($2,000,000) per occurrence, Four Million Dollars ($4,000,000) aggregate;

(b) automobile insurance, including hired and non-hired vehicle coverage and uninsured/underinsured motorist coverage, in amounts not less than One Million Dollars ($1,000,000) combined single limit;

(c) workers' compensation, employer liability and any other insurance required by law or statute for the state in which the Franchised Business is located, but not less than Five Hundred Thousand Dollars ($500,000); and

(d) any insurance required by the terms of your lease, if you choose to lease space for your Franchised Business, or that may be required by us in the future.

9.15.5 You must purchase your insurance policies from insurers that are qualified to sell insurance in the state in which your Franchised Business is located and that are rated at least A- by A.M. Best Company. Each insurance policy must name us, our officers, directors, parent, subsidiaries and affiliates as additional insureds, and must provide us with 30 days prior written notice of any change to or cancellation of any insurance policy. In each case in which we are required to be an additional insured the endorsement for the additional insured status must be worded and have such coverage as specified by us and the additional insured endorsement may not have any exclusions or limitations not allowed by us.

9.15.6 Nothing contained herein shall be deemed to constitute an undertaking or representation by us that any such insurance will insure you against any or all insurable risks of loss which may or can arise out of or in connection with the operation of the Franchised Business.

9.16 Good Faith

Each of the parties hereto will act in good faith and use its best efforts to comply with its obligations under this Agreement, and will cooperate with the other in accomplishing the purposes of this Agreement. Further, you shall not directly or indirectly engage in any activities which would be detrimental to or interfere with the operation or reputation of the Franchised Business, us, the System, or the operations of any other franchisee.

9.17 Guaranty

Upon execution of this Agreement, your majority owners (if a corporate entity), the General or Managing Partner (if a limited partnership) or the individual partners (if a standard partnership) shall each execute the Guaranty in the form annexed hereto as Attachment 5 of all obligations, including payment of money under this Agreement. We agree that unless you are guilty of having misappropriated trust money or otherwise unjustifiably or willfully breached any material term of this Agreement, we will not seek enforcement of our right to money damages against the primary residence of any guarantor under this Subsection.

9.18 Manufacturer Certification

We strongly recommend, but do not require, that you become certified by each applicable exercise equipment manufacturer to perform maintenance and repair services for such manufacturer's equipment. You understand and acknowledge that obtaining such certification shall be at your own expense and that the manufacturer may require you to be recertified from time to time, also at your expense. You understand and acknowledge that we cannot guarantee that any specific manufacturer will award you such certification.

9.19 Mystery Shopping Service

We reserve the right to establish and use a mystery shopping service to assist us in verifying that each FMT Business is providing products and services according to our requirements and standards. If we elect to use such a service we will pay the expenses related to any mystery shops related to your Franchised Business; provided, however, that such mystery shops reflect a minimum score as determined by us. In the event a mystery shop of your Franchised Business reflects less than the required minimum score, then you shall (a) reimburse us for the costs related to said mystery shop; and (b) participate, at your expense, in additional training as may be required by us.

ARTICLE 10: ADVERTISING

10.1 Advertising to be Approved by Us

You shall use for your advertising and promotional activities only those materials, concepts and programs which have been furnished or approved in advance by us by specification in the Manual or otherwise. Our approval will not be unreasonably withheld. Any materials, concepts and/or programs submitted to us for our review shall become our property.

If you would like to use advertising that we have either not prepared or not approved within the immediately preceding 12 month period, you must submit the proposed materials to us for our review. We will have 15 days after receipt of the proposed materials to notify you whether the materials are approved.

Unless we provide our specific approval of your proposed advertising materials, they are deemed not approved. At our request, all advertising shall include the language "Franchises Available" and our Website address and telephone number.

10.2 Brand Development Fund

Recognizing the value of uniform advertising and promotion to the goodwill and public image of the System, you agree that we or our designee shall have the right to establish, maintain and administer a brand development fund (hereinafter referred to as the "Brand Development Fund") for such national and regional advertising programs as we may deem necessary or appropriate, in our sole discretion, as follows:

10.2.1 We shall direct all national and regional advertising programs with sole discretion over the creative concepts, materials, endorsements and media used therein, and the placement and allocation thereof. You understand and acknowledge that the Brand Development Fund is intended to maximize general public recognition and acceptance of the System and the Proprietary Marks for the benefit of all FMT Businesses operating under the System, and that we undertake no obligation in administering the Brand Development Fund to ensure that expenditures from the Brand Development Fund are proportionate or equivalent to your contributions made for your Franchised Business, or that any particular FMT Business or franchisee benefits directly or pro rata from the placement of any such advertising;

10.2.2 You agree that the Brand Development Fund may be used to meet any and all costs of maintaining, administering, directing and preparing national and/or regional advertising materials, programs and public relations activities (including, without limitation, the cost of preparing and conducting television, radio, magazine, billboard, newspaper, direct mail and other media programs and activities, for conducting marketing surveys, test marketing, employing advertising agencies to assist therewith, and providing promotional brochures, coupons and other marketing materials to all franchisees of the System). The Brand Development Fund shall be accounted for separately from our other funds and shall not be used to defray any of our general operating expenses, except we have the right to reimburse ourselves out of the Brand Development Fund for the total costs (including indirect costs) of developing, producing and distributing any advertising materials and collecting the Brand Development Fee (including attorneys', auditors' and accountants' fees and other expenses incurred in connection with collecting any Brand Development Fee);

10.2.3 an unaudited statement of the operations of the Brand Development Fund shall be prepared annually by our accountants and shall be made available to you on written request. The cost of the statement shall be paid by the Brand Development Fund. Except as expressly provided in this Section 10.2, we assume no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the Brand Development Fund;

10.2.4 Each FMT Business owned by us or our affiliates shall make contributions to the Brand Development Fund as are required to be contributed by franchisees generally within the System. Any sums paid to the Brand Development Fund that are not spent in the year they are collected will carry over to the following year.

10.3 Grand Opening Advertising

You are required to conduct a grand opening advertising campaign to promote the opening of your FMT Business. The details of the program will be provided to you prior to the opening.

10.4 Local Advertising

You acknowledge that the proper conduct of all promotion programs is not only necessary to the success of the Franchised Business, but is also likely to affect the goodwill and reputation of us, the Proprietary Marks, and that of the System. It is therefore agreed as follows:

10.4.1 You are required to spend a minimum of the greater of $1,000 per month or 1% of your Gross Sales on local advertising and promotion, all or a portion of which we may direct you to spend on a specific campaign and/or with a specific supplier.

10.4.2 You shall not use any advertising or sales promotion materials of any kind other than those approved and/or produced and distributed by us, or conduct any print or broadcast advertising, or any promotion, without first obtaining our approval in the manner described in Section 10.1.

10.5 Advertising Cooperatives

We may approve the establishment of local cooperative advertising associations ("Cooperative") consisting of all franchises and any of our company-owned units within a designated geographical area. You must participate in a Cooperative if one is formed for an area that includes all or a portion of your Territory. You will not have to participate in more than one Cooperative. Each Cooperative must adopt its own written governing documents, a copy of which must be given to us. Each Cooperative may determine its own voting procedures. Our company-owned units, if any, are entitled to vote on the same basis as you and other franchisees in the Cooperative. If we do not own a unit, we do not vote. No franchisee or commonly controlled group of FMT Businesses will have greater than twenty-five percent (25%) of the total vote. We will have the power to require Cooperatives to be formed, changed, dissolved or merged.

The members of a Cooperative will determine the amount and frequency of contributions to the Cooperative. Any amounts you contribute to a Cooperative are in addition to, and do not offset, the Brand Development Fee you must pay. The Cooperative is not required to provide its members with financial statements. Any advertising developed by a Cooperative that is intended to be used by the Cooperative or by its members must first be approved by us, as described in Section 10.1 above.

10.6 Advisory Council

We may form one or more advisory councils to work with us to improve the System, the products and services offered, advertising conducted for the benefit of all FMT Businesses, and other matters. If an advisory council is formed it will act in an advisory capacity only and will not have decision making authority. An advisory council will include our representatives and franchisee representatives. The franchisee representatives may be chosen by us or by other franchisees in the System. If you participate on any advisory council, you must pay for the costs you incur related to your involvement, such as travel, lodging and living expenses to attend advisory council meetings. We may form, change, merge or dissolve any advisory council at any time.

ARTICLE 11: REPORTING AND FINANCIAL MANAGEMENT REQUIREMENTS

11.1 Records Retention

You shall keep true and accurate records, including those which may be specified by us from time to time, from which all sums payable under this Agreement and the dates of accrual thereof may be readily determined. You shall keep such records on your business premises at all times, unless we permit them to be kept at another location. In any event, you shall at all times inform us of any change in the location of your records. You will make these records available to us at the business premises during normal business

hours. All records relating to the Franchised Business shall be retained by you at all times during the Initial Term (and any Successor Term), and for a period of three (3) years after this Agreement or any Successor Franchise Agreement expires or is terminated.

11.2 Reporting Systems

You agree to utilize such reporting and financial control systems as we may reasonably direct.

11.2.1 You will maintain on forms approved or provided by us a monthly sales report and profit and loss statement accurately reflecting the operations and condition of the Franchised Business.

11.2.2 You will employ such methods of filing, record-keeping, bookkeeping, accounting and reporting as we may from time to time reasonably require.

11.2.3 You will be required to utilize a Bookkeeping firm that we specify. This Bookkeeping firm that we will require will be utilized for Education as well as Account adjustments within the Bookkeeping software we require. The fee to utilize for this Bookkeeping service shall be equal to Five Hundred Dollars ($500) which shall be paid one time directly to the Bookkeeping firm we specify at the time of initially setting up the service.

11.2.3 You will adopt and shall strictly adhere to such methods for control and protection of cash receipts (and of records pertaining thereto) as we may from time to time direct.

11.3 Annual Reports

You will have prepared and furnished to us each year your annual financial statements, consisting of a balance sheet, statement of earnings or loss, and statement of changes in financial position, including all notes to all such statements and any schedules of partners' or shareholders' capital. The annual statements must be furnished to us no later than one hundred twenty (120) days following the close of your fiscal year. We reserve the right to require you to use the same fiscal year end that we use. All accounting must be on a cash basis. If you are unable, for any reason, to provide such statements in a suitable format or if we have a reasonable suspicion that such statements are inaccurate, we may require such statements to be compiled and/or reviewed by a certified public accountant ("CPA") admitted to practice accountancy in the state in which the Territory is situated, and be published on the stationery of, and signed by, the CPA. .Should you be deemed by us to have under-reported or improperly reported or paid any amount (as determined under Section 11.4 or Subsections 11.4.1 or 11.4.2), we may, at our sole discretion, require that all future statements provided you be audited by the CPA.

In addition to the reports described above, you shall also provide to us copies of all federal, state and local tax returns (including, without limitation, sales tax returns and income tax returns). You agree to provide us with copies of such tax returns within fifteen (15) days after such returns are filed.

Reports shall be deemed timely made if personally delivered to our offices, electronically transmitted to and received by us, or postmarked by the U.S. Postal Service (with proper first-class postage prepaid) on or before the required date.

11.4 Inspections

We and our authorized representatives shall have the right at all times during the business day to enter your Franchised Business or any other location where books and records relative to the Franchised Business are kept, and to inspect, copy and audit such books and records, including your state and federal income tax returns and state sales and use tax and personal property tax returns, and you waive any

privileges with regard to any tax returns. You will cooperate completely and in good faith with the audit, and will provide and explain all records requested by the auditor or necessary to provide information sought by the auditor. All records produced will be maintained by us in confidence, except for the uses intended under this Agreement.

11.4.1 If an audit or inspection discloses that you have underpaid any sums due us under this Agreement, you will pay the amount underpaid immediately. Any such underpayment amounts shall also be subject to applicable interest as set forth in Section 8.9. If an audit or inspection reveals any overpayment by you, the amount of the overpayment will be credited against Royalty Fees and Brand Development Fees next falling due.

11.4.2 If any audit of your books and records reveals that you have underpaid and/or understated any amount paid and/or reported to us by two percent (2%) or more, then in addition to paying such understated amount with interest thereon as set forth in Section 8.9, you agree to reimburse us for any fees and expenses related to the audit, including, but not limited to, auditor's fees and travel, lodging, meals and local transportation expenses, but not less than One Thousand Dollars ($1,000).

ARTICLE 12: INDEPENDENT CONTRACTOR AND INDEMNIFICATION

12.1 No Fiduciary Relationship

It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them (unless otherwise stated), that you are, and shall at all times be and remain an independent contractor, and that nothing in this Agreement is intended to constitute either party as an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever.

12.2 Notice of Independent Contractor

During the Initial Term and Successor Term of this Agreement, you shall hold yourself out to the public as an independent contractor operating the business pursuant to a Franchise granted by us. You will take such affirmative action as may be necessary to indicate same, including exhibiting a notice of that fact in a conspicuous place within the Approved Location, the content of which we reserve the right to specify.

12.3 Indemnification by You

You agree at all times to defend, at your own cost, and indemnify and hold harmless to the fullest extent permitted by law, us, our corporate parent, the corporate subsidiaries, affiliates, successors, assigns, and designees of either entity and the respective directors, officers, employees, agents, shareholders, designees, and representatives of each (collectively, the "Indemnitees") from all losses and expenses (as hereinafter defined) incurred in connection with any action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry (regardless of whether reduced to judgment) or any settlement thereof which arises out of or is based upon any of the following: your infringement or any other violation of any patent, trademark or copyright or other proprietary right owned or controlled by third parties; your violation or breach of any contract, federal, state, or local law, regulation, ruling, standard, or directive or of any industry standard; libel, slander or any other form of defamation by you; your violation or breach of any warranty, representation, agreement, or obligation in this Agreement; any acts, errors, or omissions of you or any of your agents, servants, employees, contractors, partners, proprietors, affiliates, or representatives at the Approved Location or in any manner in connection with the Franchised Business; the inaccuracy, lack of authenticity, or non-disclosure of any information by you or any customer or client of yours; any service provided by you at, from, or related to the operation at the Approved Location; any services provided by

any affiliated or non-affiliated participating entity; and any action by any customer or client of yours. For the purpose of this Section, the term "losses and expenses" is deemed to include all losses, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, attorneys' fees, experts' fees, court costs, settlement amounts, judgments, compensation for damages to our reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space, and costs of changing, substituting, or replacing same, and any and all expenses of recall, refunds, compensation, public notices, and other such amounts incurred in connection with the matters described. You agree to give us notice of any such action, suit, proceeding, claim, demand, inquiry, or investigation. The foregoing indemnification shall not apply to losses or expenses arising from our gross negligence or willful acts.

12.3.1 At your expense and risk, we may elect to assume (but under no circumstance are obligated to undertake) the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation, provided that we will seek your advice and counsel and shall keep you informed with regard to any such proposed or contemplated settlement(s). Such an undertaking by us shall in no manner or form diminish your obligation to indemnify us and to hold us harmless.

12.3.2 All losses and expenses incurred under this Section 12.3 shall be chargeable to and paid by you pursuant to your obligations of indemnity under this Section, regardless of any actions, activity or defense undertaken by us or the subsequent success or failure of such actions, activity or defense.

12.3.3 The Indemnitees do not assume any liability whatsoever for acts, errors, or omissions of those with whom you may contract, regardless of the purpose. You hold harmless and indemnify the Indemnitees for all losses and expenses that arise out of any acts, errors, or omissions of these third parties.

12.3.4 Under no circumstances will the Indemnitees be required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against you. You agree that the failure to pursue such recovery or mitigate loss will in no way reduce the amounts recoverable by the Indemnitees from you.

12.4 Indemnification by Us

We agree at all times to defend, at our own cost, and to indemnify and hold harmless to the fullest extent permitted by law, you, your corporate parent, the corporate subsidiaries, affiliates, successors, assigns, and designees of either entity, and the respective directors, officers, employees, agents, shareholders, designees, and representatives of each from all losses and expenses (as hereinafter defined) incurred in connection with any action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry (regardless of whether reduced to judgment) or any settlement thereof which arises out of or is based upon any of the following: our infringement or any other violation of any patent, trademark, or copyright or other proprietary right owned or controlled by third parties; our violation or breach of any contract, federal, state, or local law, regulation, ruling, standard, or directive or of any industry standard; libel, slander, or any other form of defamation by us; our violation or breach of any warranty, representation, agreement, or obligation in this Agreement; any acts, errors, or omissions of us or any of our agents, servants, employees, contractors, partners, proprietors, affiliates, or representatives at the Approved Location. For the purpose of this Section, "losses and expenses" are deemed to include all losses, compensatory, exemplary, or punitive damages, fines, charges, costs, expenses, lost profits, attorneys' fees, experts' fees, court costs, settlement amounts, judgments, compensation for damages to your reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space, and costs of changing, substituting, or replacing same, and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described. We agree to give you notice of any such action, suit, proceeding, claim, demand, inquiry, or investigation.

The foregoing indemnification shall not apply to losses or expenses arising from your gross negligence or willful acts.

ARTICLE 13: CONFIDENTIAL INFORMATION

13.1 Non-Disclosure of Confidential Information

You will not, during the term of this Agreement or at any time thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, association or corporation any confidential information or Know How concerning, as well as the methods of operation of, the FMT Business hereunder which may be communicated to you or of which you may become apprised by virtue of the operation at the Approved Location under this Agreement. You will divulge such confidential information only to such of your employees or officers and directors who must have access to it in order to operate the Franchised Business. All information, knowledge and know how, including, without limitation, the materials, equipment, specifications, techniques, and other data which we designate as confidential shall be deemed confidential for purposes of this Agreement, except information which you can demonstrate came to your attention prior to disclosure thereof by us; or which, at the time of disclosure by us to you, had become a part of the public domain through publication or communication by others; or which, after disclosure to you by us, becomes a part of the public domain through publication or communication by others.

13.2 Covenants

Prior to any disclosure of Know How, you will require all personnel having access to any Know How or confidential information provided by us, or otherwise playing a role in the solicitation or provision of services to customers, to sign covenants that they will maintain the confidentiality of information they receive in connection with their employment or engagement by you, in accordance with the form provided as Attachment 3 hereto. It is expressly understood that we are designated as a third party beneficiary of such covenants with the independent right to enforce them.

13.3 Failure to Comply

You acknowledge that any actual or threatened failure to comply with the requirements of this Article 13 will cause us to suffer immediate and irreparable injury, non-compensable by the payment of mere money damages, permitting us with or without notice to seek immediate injunctive relief. The losing party agrees to pay all court costs and reasonable attorneys' fees incurred by the prevailing party when we seek to obtain specific performance or an injunction against violation of the requirements of this Article 13, and succeed.

ARTICLE 14: COVENANTS NOT TO COMPETE

14.1 In-Term Covenants

You specifically acknowledge that, pursuant to this Agreement, you shall receive valuable training and confidential information, including, without limitation, information regarding the promotional, operational, sales, and marketing methods and techniques of us and the System, and that the covenants not to compete set forth below are fair and reasonable and will not impose any undue hardship on you, since you have other considerable skills, experience, and education which afford you the opportunity to derive income from other endeavors. You covenant that during the term of this Agreement and for a period of two (2) years thereafter, except as otherwise approved in writing by us, you will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, persons, or legal entity:

14.1.1 Divert or attempt to divert any member, business or customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System;

14.1.2 Knowingly employ or seek to employ any person who is at that time employed by us, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment; or

14.1.3 Own, maintain, advise, help, invest in, make loans to, be employed by, engage in, or have any interest in any business specializing, in whole or in part, in the activities conducted by you under this Agreement, and any other type of service which you have rendered under this Agreement and sell any other products and services which you have sold under this Agreement.

14.2 Post-Term Covenants

You covenant that, except as otherwise approved in writing by us, you shall not, for a continuous uninterrupted period commencing upon the expiration or termination of this Agreement, regardless of the cause for termination, or upon transfer of this Agreement or the Franchised Business pursuant to Article 15 of this Agreement, and continuing for two (2) years thereafter (and in case of any violation of this covenant, for two (2) years after the violation ceases), either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, advise, help, invest in, make loans to, be employed by, engage in, or have any interest in any business that is substantially the same as an FMT Business:

14.2.1 Within your Territory;

14.2.2 Within a radial distance of twenty (20) miles of the perimeter of the Territory; or

14.2.3 Within a radial distance of twenty (20) miles of the location of any business using the System and/or the Proprietary Marks, whether franchised, licensed or owned by us or any subsidiary or affiliated companies of ours; or

14.2.4 Within a radial distance of twenty (20) miles of any FMT customer location.

14.3 Unenforceability

The parties agree that each of the foregoing covenants are construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Article is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which we are a party, you expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law as if the resulting covenant were separately stated in and made part of this Article 14.

14.4 Modification of Covenants

You understand and acknowledge that we shall have the right, in our sole discretion, to reduce the scope of any covenant set forth in Sections 14.2 and 14.3, or any portion thereof, without your written consent, effective immediately upon receipt by you of written notice. You agree that you shall comply forthwith with any covenant as so modified, which will be fully enforceable notwithstanding the provisions of this Article.

14.5 Claim is Not a Defense

You expressly agree that the existence of any claim that you may have against us, regardless of whether arising from this Agreement, shall not constitute a defense to our enforcement of the covenants in this Article. Your remedies, should we default, consist of specific performance and damages arising from the default, but such remedies do not constitute a defense to enforcement of this Article.

14.6 Failure to Comply

You acknowledge that any threatened or actual failure to comply with the requirements of this Article would cause us to suffer immediate and irreparable injury for which no adequate remedy at law may be available, and you hereby accordingly consent to the *ex parte* entry of an injunction prohibiting any conduct by you in violation of the terms of this Article. We may further avail ourselves of any other legal or equitable rights and remedies which we may have under this Agreement, statute, common law or otherwise.

14.7 Covenants from Key Persons

At our request, you will require and obtain execution of covenants identical in scope to those set forth in this Article (including covenants applicable upon the termination of a person's relationship with you) from any or all of the following persons:

14.7.1 Any key person employed or engaged by you who has been given access to or otherwise receives knowledge of the Know How;

14.7.2 All officers, directors and holders of a beneficial interest of five percent (5%) or more of your securities, and of any corporation or limited liability company directly or indirectly controlling you, if you are a corporation or limited liability company;

14.7.3 The general partners and any limited partners (including any corporation, and the officers, directors, and holders of a beneficial interest of five percent (5%) or more of the securities of any corporation which controls, directly or indirectly, any general or limited partner), if you are a partnership; and

14.7.4 Each covenant required to be signed pursuant to this Section 14.7 shall be on a form supplied by us, including specific identification of us as a third party beneficiary of such covenants with the independent right to enforce them. Your failure to obtain execution of a covenant required by this Section 14.7 shall constitute a default under Section 16.2.

ARTICLE 15: ASSIGNMENT AND RIGHT OF FIRST REFUSAL

15.1 Our Right to Assign

We shall have the right to assign this Agreement and all of our attendant rights and privileges to any person, firm, corporation or other entity provided that, with respect to any assignment resulting in the subsequent performance by the assignee of our functions the assignee shall expressly assume and agree to perform such obligations.

You expressly affirm and agree that we may sell our assets, our rights to the Proprietary Marks or to the System outright 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; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and, with

regard to any or all 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 said Proprietary Marks (or any variation thereof) and/or the loss of association with or identification of "Proexco, LLC" as Franchisor. Nothing contained in this Agreement shall require us to remain in the same business or to offer the same products and services, whether or not bearing the Proprietary Marks, in the event that we exercise our right to assign our rights in this Agreement.

15.2 Assignment by You

Neither your interest in this Franchise Agreement nor any of your rights or privileges under this Agreement, nor the Franchised Business nor any interest therein, may be assigned, transferred, shared or divided, voluntarily or involuntarily, directly or indirectly, without our prior written consent, which shall not be unreasonably withheld, and without your first complying with this Section 15.2. (The use of the term "assignment" encompasses any actual or purported assignment, sale, transfer or other arrangement having the purpose or effect of shifting ownership or control in the Franchised Business.) Any actual or purported assignment of this Agreement or of the Franchised Business in violation of the terms is null and void and constitutes an incurable breach of this Agreement. The actual or purported transfer in the aggregate of more than fifty percent (50%) of the Franchised Business shall be deemed to be an "assignment" under this Agreement.

15.2.1 Our consent to any assignment is subject to the following conditions:

(a) The proposed assignee must demonstrate that it has the skills, qualifications and economic resources necessary, in our reasonable judgment, to conduct the Franchised Business and to fulfill its obligations to you and to us.

(b) The assignee must expressly assume in writing all of your obligations under the most current version of our Franchise Agreement in existence at the time of assignment (the "new Franchise Agreement"), which will be the prevailing agreement.

(c) As of the date of any such assignment, you shall have fully complied with all of your obligations to us, whether under this Agreement or any other agreement, arrangement or understanding with us.

(d) The assignee must execute the new Franchise Agreement in the form and on the terms and conditions then being offered by us to franchisees (except that the assignee shall not be obligated to pay another Initial Franchise Fee and the term of such new Franchise Agreement shall expire on the expiration date of this Agreement).

(e) We shall be paid a transfer fee equal to twenty five percent (25%) of our then-current initial franchise fee, plus any broker fee payable by Us as a result of your transfer.

(f) The assignee must satisfactorily complete the training then required of all new franchisees, unless otherwise waived by us.

(g) We will be furnished copies of the signed contract between you and any such assignee and all related documentation in advance of the assignment, and for our prior written approval, which contract shall be contingent upon our approval, which shall not be unreasonably withheld.

(h) You must have executed a general release in a form satisfactory to us of any and all claims against us, our subsidiaries, affiliates, and designees, and their respective officers,

directors, shareholders and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances. At your request, we will sign a general release running in your favor having the same scope as the release signed by you, except for those matters which survive termination.

(i) The assignee shall not be affiliated in any way with a competitor of ours.

15.2.2 The grant of rights under this Agreement is personal to you and on the death or permanent disability of you or any of your Principals, the executor, administrator, conservator or other personal representative of yours or of the deceased principal, as the case may be, shall be required to transfer your or your principal's interest in this Agreement within ninety days (90) from the date of death or permanent disability to a third party approved by us. Failure to transfer in accordance with the forgoing will constitute a material default and the franchise granted by this Agreement will terminate. For purposes of this Agreement, the term "permanent disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent such person from providing continuous and material supervision of the operation of the Franchise business during the ninety (90) day period from its onset.

(a) The heirs, legatees, personal representatives, conservators, or surviving owner(s) meet our standards for qualification of new franchisees and agree in writing to be bound by the terms and conditions of this Agreement.

(b) Within ninety (90) days after your death or permanent disability, a person designated by your heirs, legatees, personal representative(s), conservator(s), or surviving owner(s) shall have satisfactorily completed our then-current Training Program. If at the time of such death or permanent disability you have employed a manager who has satisfactorily completed any version of our Training Program, this requirement shall be deemed satisfied for the duration of that manager's management of the Franchised Business.

(c) In the event that the conditions in this Section 15.2.2 are not satisfied, we shall have the right in our sole discretion to terminate this Agreement by notice, in the case of death, to your estate and, in the case of your permanent disability, to you.

15.3 Transfer to a Corporate Entity

If you desire to transfer your interests in this Agreement to a corporate entity formed by you solely for the convenience of ownership, you must obtain our prior written consent of such transfer, which consent shall be granted if:

15.3.1 You are the owner of all the voting interests of the entity or, if you are comprised of more than one (1) individual, each such individual has the same proportionate ownership interest in the entity as it held in the Franchised Business before the contemplated transfer; and

15.3.2 Appropriate forms of corporate resolutions and minutes, which have been duly adopted, are furnished to us before the transfer.

A transfer pursuant to this Section 15.3 may occur one (1) time only without payment of the transfer fee described in Section 15.2.1 above.

15.4 Our Right of First Refusal

Your right to assign, transfer or sell your interest in this Agreement (voluntarily or by operation of law) and/or the Franchised Business, as provided above, is subject to our right of first refusal. (We maintain the option of waiving this right, in writing.) That is, we have the right to be offered by you the opportunity to purchase such interest in the Franchise Agreement and/or the Franchised Business on the terms and conditions which have been offered to and accepted by a bona fide third party in a wholly arms-length transaction. Our right of first refusal will be exercised in the following manner:

15.4.1 You shall serve upon us a written notice setting forth all of the terms and conditions of the proposed assignment specifying the purchase price established by the parties and including reasonably complete information concerning the identity, financial standing and character of the proposed purchaser. You will attach to the notice a copy of a binding agreement between you and the proposed purchaser, which agreement is subject to cancellation if we exercise our right of first refusal or disapprove of the proposed transfer under Section 15.2.

15.4.2 Within fifteen (15) days after our receipt of such notice (or, if we shall request additional information, within fifteen (15) days after receipt of such additional information), we may, at our option, purchase the Franchised Business upon the terms and conditions specified in the notice and the agreement.

15.4.3 If we elect not to exercise our right of first refusal and consent to an assignment, you are, subject to the provisions of this Article 15, free to assign this Franchise Agreement and/or the Franchised Business to the proposed assignee on the terms and conditions specified in the notice and the agreement. If, however, the terms of the agreement are materially modified after submission to us, we have the right to evaluate the modified agreement for an additional thirty (30) days and, if we choose to do so, to exercise our right of first refusal on the modified terms.

15.5 No Right to Pledge

You do not have the right to pledge, encumber, hypothecate or otherwise give any third party any security interest in this Agreement or in the Proprietary Properties or the Franchised Business in any manner whatsoever without our express written permission, which permission may be withheld for any reason. The foregoing does not apply to the lease, financing, or purchase money security interest granted to a lender in connection with the procurement of equipment or service vehicles by you for the Franchised Business.

ARTICLE 16: DEFAULT AND TERMINATION

16.1 Automatic Termination

You shall be in default under this Agreement, and all rights granted to you herein shall automatically terminate without notice to you, if you, or any of your partners, if you are a partnership, or any of your officers, directors, shareholders, or members, if you are a corporation or limited liability company, shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; if you are adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian for you or your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a *supersedeas* bond is filed); if you are dissolved; if execution is levied against your business

or property; if suit to foreclose any lien or mortgage against the premises or equipment of the Franchised Business is instituted against you and not dismissed within thirty (30) days; or if the real or personal property of the Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable.

16.2 Termination Upon Notice – No Right to Cure

Upon the occurrence of any of the following events, you are deemed to be in default and we may, in our sole and exclusive discretion, terminate this Agreement and all rights granted hereunder without affording you any opportunity to cure the default. Termination under this Section shall be effective immediately upon the earlier of the occurrence of any of the following or receipt of notice you:

16.2.1 If you abandon the Franchised Business by failing to operate such business for a period of five (5) consecutive days, or any shorter period after which it is reasonable for us to conclude that you do not intend to continue to operate the Franchised Business, unless such failure to operate is due to fire, flood, earthquake, or other similar causes beyond your reasonable control; provided, however, that your lack of adequate financing shall not be considered beyond your reasonable control;

16.2.2 If you are or any of your owners is convicted of a felony, a fraud, a crime involving moral turpitude or any other crime or offense that is reasonably likely to have an adverse effect on the System, the Proprietary Marks, or the goodwill associated therewith;

16.2.3 If you make any material misrepresentation relating to the creation, acquisition or operation of the Franchised Business or engage in conduct which reflects materially and unfavorably upon the operation and reputation of the Franchised Business, us or the System;

16.2.4 If you fail, for a period of ten (10) days after notification of non-compliance by any duly constituted authority, to comply with any federal, state or local law, regulation or requirement applicable to the operation of the Franchised Business and fail promptly to notify us of such notification and to satisfy us of the steps taken to cure any such non-compliance;

16.2.5 If you repeatedly fail (i.e., at least three (3) or more times) to comply with any one requirement of this Agreement, whether or not such failures are ultimately corrected;

16.2.6 If your default under this Agreement is by its very nature incapable of being cured;

16.2.7 If you fail to attend and successfully complete our Training Program or fail to attend any mandatory refresher training course or meeting of franchisees unless such requirement is waived by us;

16.2.8 If you (or any of your shareholders, directors, officers, managers, members, partners or employees) acquire any interest in a business similar to or competitive with the Franchised Business, except that you or such other persons may own less than five percent (5%) of the shares of any company listed on any national or regional securities exchange and may own more than one (1) FMT Business pursuant to a valid Franchise Agreement with us;

16.2.9 If you engage in the unauthorized use or duplication of any aspect of our business, services or products;

16.2.10 If you engage in the unauthorized use or disclosure of any confidential information or Know How relating to us, the Franchised Business or the System;

16.2.11 If you sell, sublicense, assign or transfer any interest in this Agreement or the Franchised Business in violation of this Agreement, or if your representatives fail to nominate a manager for the Franchised Business upon your death or disability;

16.2.12 If you violate any covenant not to compete set forth in Article 14 of this Agreement;

16.2.13 If you misrepresent, substitute or "palm off" non-authentic services and/or products for or as our services and/or products;

16.2.14 If you knowingly maintain false books or records or submit any false reports to anyone;

16.2.15 If you purport to transfer any rights or obligations under this Agreement or any interest in you to any third party without our prior written consent or otherwise in violation of the terms of this Agreement;

16.2.16 If you violate any state or federal law or ordinance that in any manner relates to or impacts upon the provision of or ability to provide any of the services that you are required to offer and provide hereunder by the Franchised Business as an entity, or by any individuals who exercise any level of dominion or control over the operations of the Franchised Business, including, without limitation, a conviction based upon such a violation, allegation or charge of such violation without explanation that we shall deem to be reasonably satisfactory, or failure on your part to inform us of the existence of, threat of, charge or allegation of, or conviction of such violation;

16.2.17 If you or any of your owners violate any Anti-Terrorism Law;

16.2.18 If you incur three (3) insufficient funds fees in any twelve (12) month period during the Initial Term; or

16.2.19 If you fail to comply with any other provision or requirement of this Agreement or the Manual after written notice and an opportunity to cure, under Section 16.3.

16.3 Notice of Termination – Right to Cure

Except as provided in Sections 16.1 and 16.2 of this Agreement, you shall have ten (10) days (for monetary defaults) and thirty (30) days (for non-monetary defaults) after receipt from us of a written notice of termination in which to remedy the default (or, if the default cannot reasonably be cured within such period, to initiate within that time substantial and continuing action to cure the default) and to provide evidence of such cure to us. If any default is not cured within that time (or if substantial and continuing action to cure the default is not initiated within that time), or such other period as applicable law may require, this Agreement shall terminate without further notice to you effective immediately upon expiration of the cure period, or such longer period as applicable law may require. Defaults under this Section include the occurrence of any of the following events:

16.3.1 If you fail, refuse or neglect promptly to pay when due any monies owed to us (or our affiliates, subsidiaries or designees) or fail, refuse or neglect promptly to submit financial or other information required by us under this Agreement, or make any false statements in connection therewith;

16.3.2 If you fail to maintain and operate the Franchised Business in accordance with the provisions or requirements of this Agreement or the Manual;

16.3.3 If you fail to obtain our prior written approval or consent where the same is required pursuant to this Agreement;

16.3.4 If you misuse, or use in an unauthorized manner, any of the Proprietary Marks, Know How, Copyrights or materially impair the goodwill associated therewith or our rights therein;

16.3.5 If you participate in any business or in the marketing of any service or product under a name or mark which, in our reasonable opinion, is confusingly similar to or a colorable imitation of any of the Proprietary Marks;

16.3.6 If you offer or sell, as part of the Franchised Business, any unapproved product or service or fail to offer or provide on a regular basis all products and services which comprise part of the System;

16.3.7 If you, by act or omission, knowingly permit a violation of any law, ordinance, rule or regulation of any governmental entity to remain uncorrected in the absence of a good faith dispute over its applicability or legality and without promptly resorting to an appropriate administrative or judicial forum for relief therefrom; or

16.3.8 If you fail to obtain and maintain all required insurance policies or fail to name us and other required parties as an additional insured thereunder in accordance with the terms of this Agreement.

16.4 Cross Default

Any default by you (or any person/company affiliated with you) under this Agreement may be regarded as a default under any other agreement between us (or any of our affiliates) and you (or any of your affiliates). Any default by you (or any person/company affiliated with you) under any other agreement, including, but not limited to, any lease and/or sublease, between us (or any of our affiliates) and you (or any person/company affiliated with you), and any default by you (or any person/company affiliated with you) under any obligation to us (or any of our affiliates) may be regarded as a default under this Agreement. Any default by you (or any person/company affiliated with you) under any lease, sublease, loan agreement, security interest or otherwise, whether with us, any of our affiliates and/or any third party may be regarded as a default under this Agreement and/or any other agreement between us (or any of our affiliates) and you (or any of your affiliates).

In each of the foregoing cases, we (and any of our affiliates) will have all remedies allowed at law, including termination of your rights (and/or those of any person/company affiliated with you) and our (and/or our affiliates') obligations. No right or remedy which we may have (including termination) is exclusive of any other right or remedy provided under law or equity and we may pursue any rights and/or remedies available.

16.5 Amendment Pursuant to Applicable Law

Notwithstanding anything to the contrary contained in this Article, if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this franchise and the parties hereto shall limit our rights of termination under this Agreement or shall require longer notice periods than those set forth above, this Agreement is deemed amended to satisfy the minimum notice periods or restrictions upon such termination required by such laws and regulations; provided, however, that such constructive amendment shall not be deemed a concession by us that the grounds for termination set forth in this Agreement do not constitute "good cause" for termination within the meaning ascribed to that term

by any applicable law or regulation. We shall not be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, hearing or proceeding relating to this Agreement or the termination of this Agreement.

16.6 Our Right to Discontinue Services to You

If you are in breach of any obligation under this Agreement, and we deliver to you a notice of termination pursuant to this Article 16, we have the right to suspend our performance of any of our obligations under this Agreement including, without limitation, the sale or supply of any services or products for which we are an approved supplier to you and/or suspension of your Website, until such time as you correct the breach.

ARTICLE 17: FURTHER OBLIGATIONS AND RIGHTS OF THE PARTIES UPON TERMINATION OR EXPIRATION

17.1 Discontinuance of Use of Proprietary Properties

Upon the termination or expiration of this Franchise Agreement, you shall forthwith discontinue the use of the Proprietary Marks, Know How, Copyrights and Manual, and you will not thereafter operate or do business under any name or in any manner that might tend to give the general public the impression that you are in any manner affiliated with us or an "FMT" Business, or any business similar thereto, or any words, phrases or logos confusingly similar thereto or colorable imitations thereof, and you shall not thereafter use, in any manner, or for any purpose, directly or indirectly, any of our confidential information, knowledge or Know How concerning the operation, products, services, trade secrets, procedures, policies, techniques or materials or customers acquired by you by virtue of the relationship established by this Agreement, including the following:

17.1.1 Standards, specifications or descriptions of our products and services;

17.1.2 Our Manual and any supplements thereto;

17.1.3 Any forms, advertising matter, marks, devices, signs, insignia, slogans or designs used from time to time in connection with the Franchised Business;

17.1.4 Any copyrights, Proprietary Marks, trade names and patents now or hereafter applied for or granted in connection therewith, or any marks, logos, words or phrases confusingly similar thereto or colorable imitations thereof;

17.1.5 Any telephone number listed in any telephone directory under the name "FMT" or any similar designation or directory listing which relates to the Franchised Business;

17.1.6 Any internet Websites, listings, advertisements and/or domain names, whether or not established in accordance with this Agreement; and

17.1.6 Any and all of the systems, procedures, techniques, criteria, concepts, designs, advertising and promotional techniques, products or service specifications, and all other components, specifications and standards which comprise (or in the future may comprise) part of the System.

17.2 Cancellation of Assumed Names

Upon termination or expiration of this Agreement, you will take such action as may be necessary to cancel any assumed name or equivalent registration which contains any name or mark identical or similar to "FMT" or any other name, trademark or service mark of ours, or colorable imitations thereof, and you shall furnish us with proof of discharge of this obligation within thirty (30) days following the termination or expiration of this Agreement.

17.3 We are Attorney-In-Fact

We may, if you fail or refuse to do so, sign in your name and on your behalf any and all documents necessary to cause discontinuation of your use of the name "FMT" or any other related or similar name or use thereunder, and we are hereby irrevocably appointed by you as your attorney-in-fact to do so.

17.4 Survival of Obligations

The expiration or termination of this Agreement shall be without prejudice to the rights of one party against the other party, and such expiration or termination shall not relieve a party of any of its obligations to the other party existing at the time of expiration or termination or terminate those obligations of a party which by their nature survive the expiration or termination of this Agreement.

17.5 Telephone and Internet Listings

Upon termination or expiration of this Agreement, you will cease and desist from using (or renewing the listing for) any telephone number(s) listed in the "Yellow Pages" or "White Pages" of any telephone directory under the name "FMT" or any other name similar thereto and, upon our demand, shall direct the telephone company servicing the Franchised Business to transfer said telephone number(s) to us, or to such other person or persons at such location or locations as we shall direct. You shall likewise cease and desist from using (or renewing the listing for) any internet Websites, advertising, domain names or the like under the name "FMT" or any other name similar thereto, whether or not established in compliance with this Agreement, and upon our demand shall direct the appropriate companies to transfer said Websites, advertising, domain names and the like to us or to such other person or persons we designate.

17.6 Payment of Monies Owed

Upon termination or expiration of this Agreement, you will promptly pay all sums owing to us (and our subsidiaries, affiliates or designees). In the event of termination based upon a default by you, such sums shall include all damages, costs and expenses (including actual attorneys' fees) incurred by us as a result of the default. The obligation created under this Section shall give rise to and remain, until paid in full, a lien in our favor against any and all of the personal property, furnishings, equipment, signs, inventory, fixtures or other assets owned by you at the time of default.

17.7 Compliance with Post-Term Covenants

Upon termination or expiration of this Agreement, you will comply with the post-term covenants not to compete set forth in Article 14 hereof.

17.8 Our Right to Repurchase Trademarked Items

Upon termination or expiration of this Agreement for any reason whatsoever, you will immediately return to us all materials which bear any of the Proprietary Marks, trade names or copyrighted material. To the extent that we may make use of these materials, we will pay to you your documented and verified costs for those useful materials. You will destroy any and all materials not otherwise required to be returned to us in accordance with this Agreement or the Manual. Contemporaneously, you will return to us all copies

in your possession of materials and documents (including, among other things, the Manual, corporate records and files, correspondence, brochures, agreements, and disclosure statements) relating to the grant or operation of the Franchised Business.

You agree fully to cooperate with us in effectuating any repurchase transaction contemplated hereunder, and you undertake to use your best efforts to provide us and our designees with all data and documentation as reasonably may be required to give effect to the purposes of this Section.

17.9 No Right to Proprietary Properties

Upon expiration or termination, you shall immediately discontinue the use of each and every aspect of the Proprietary Properties, including the Proprietary Marks and trade dress, and Know How, and thereafter shall no longer use or have the rights to use the Proprietary Properties, or any colorable or confusingly similar variations thereof, or any word, logo or figure similar to the Proprietary Marks, or Know How. In the event of any litigation between the parties hereto with respect to the subject matter hereof, the party in any such litigation in whose favor a judgment is entered shall be entitled to have and recover, and the other party agrees to pay, its reasonable attorneys' fees, court costs, collection fees and expenses, with interest, in addition to any award to which the prevailing party may be otherwise entitled.

ARTICLE 18: MODIFICATION OF SYSTEM

18.1 You understand and agree that the System must not remain static if it is to meet (without limitation) presently unforeseen changes in technology, competitive circumstances, demographics, populations, consumer trends, societal trends and other market place variables, and if it is to best serve the interests of us, you, the network of all other franchisees, and FMT customers. Accordingly, you expressly understand and agree that we may, from time to time, change the components of the System including altering the products, programs, services, methods, standards, forms, policies and procedures of that System; abandoning the System altogether in favor of another system in connection with a merger, acquisition, other business combination or for other reasons; adding to, deleting from or modifying those products, programs and services which your Franchised Business is authorized and required to offer modifying or substituting entirely the building, premises, equipment, signage, trade dress, décor, color schemes and uniform specifications and all other unit construction, design, appearance and operation attributes which you are required to observe hereunder; and changing, improving, modifying or substituting the Proprietary Properties. You expressly agree to comply with any such modifications, changes, additions, deletions, substitutions and alterations; provided, however, that such changes shall not materially and unreasonably increase your obligations under this Agreement.

18.2 You shall accept, use and effectuate any such changes or modifications to, or substitution of, the System as if they were part of the System at the time that this Agreement was signed.

18.3 We shall not be liable to you for any expenses, losses or damages sustained by you as a result of any of the modifications contemplated hereby. You hereby covenant not to commence or join in any litigation or other proceeding against us or any third party complaining of any such modifications or seeking expenses, losses or damages caused thereby. Finally, you expressly waive any claims, demands or damages arising from or related to the foregoing activities including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

ARTICLE 19: GENERAL PROVISIONS

19.1 Sums of Money

All references in this Agreement to sums of money shall be deemed to refer to lawful money of the United States of America.

19.2 Severability

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

19.3 Waiver

A party's waiver of any breach(es) under this or any other agreement (whether by failure to exercise a right available, failure to insist on strict compliance with the terms of any agreement, development of a custom or practice which is at variance with the terms of any agreement, acceptance of partial or other payments or otherwise) will not affect the party's rights with regard to any breach by the other party or anyone else. The rights and remedies provided in this Agreement are cumulative and neither party will be prohibited from exercising any rights or remedies provided under this Agreement or permitted under law or equity.

19.4 Acknowledgments

You and we agree that there does not exist any fiduciary, trust or similar relationship between you and us, that the relationship between you and us is a normal commercial relationship between independent businesspeople intended for mutual but independent economic benefit and is not in any sense nor is intended to be a fiduciary, trust or similar relationship.

19.4.1 You acknowledge that you and each of your owners (if you are a corporate entity) and investors has read this Agreement and our Disclosure Document and all exhibits, and that you and your owners understand and accept the terms, conditions, and covenants contained in this Agreement as being necessary to maintain our high standards of quality and service and the uniformity of those standards at all "FMT" Businesses and to protect and preserve the goodwill of the Proprietary Marks and the System.

19.4.2 You and we, each agreeing on the critical practical business importance of our relationship being governed solely by written documents signed by you and us (including any concurrently executed written personal guarantees, confidentiality and non-competition agreements, Franchisee Disclosure Acknowledgment Statement and/or exhibits, schedules, addenda, promissory note(s), security agreement(s) or other written documents signed by the party to be bound thereby, all of which will be deemed to be part of this Agreement for the purposes of this Subsection) and not wishing to create misunderstandings, confusion and possible conflict through reference to any alleged prior and/or contemporaneous oral and/or written representations, understandings, agreements or otherwise, jointly intend and agree that (i) this Agreement contains the final, complete and exclusive expression of the terms of the parties' agreement and entirely supersedes and replaces any and all prior and/or concurrent understandings, agreements, inducements, prior course(s) of dealing, representations (financial or otherwise), promises, options, rights of first refusal, guarantees, warranties (express or implied) or

otherwise (whether oral or written) between you and us, (ii) there are no prior and/or concurrent understandings, agreements, inducements, course(s) of dealing, representations (financial or otherwise), promises, options, rights of first refusal, guarantees, warranties (express or implied) or otherwise (whether oral or written) which are not fully expressed in this Agreement, and (iii) no prior and/or concurrent understandings, agreements, inducements, course(s) of dealing, representations (financial or otherwise), promises, options, rights of first refusal, guarantees, warranties (express or implied) or otherwise (whether oral or written) of any kind or nature whatsoever have been made by us or anyone else, nor have been relied upon by you nor will have any force or effect. We expressly disclaim any understandings, agreements, inducements, course(s) of dealing, representations (financial or otherwise), promises, options, rights of first refusal, guarantees, warranties (express or implied) or otherwise (whether oral or written) which are not fully expressed in this Agreement. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us.

19.4.3 You acknowledge and represent that you have not been promised, nor have we or any of our representatives, employees or agents made any promises, representations and/or warranties, nor have you received or relied on any promises, representations or warranties, that (i) any payments by you are refundable at your option, (ii) we will repurchase any rights granted under this Agreement (or any associated business) or will be able to assist you in any resale, (iii) you will succeed in the Franchised Business, (iv) you will achieve any particular sales, income or other levels of performance, (v) you will have any exclusive rights of any type other than as specifically set forth in this Agreement, or (vi) you will receive any level of advertising (television or otherwise), marketing assistance, site location, development or other services, operational assistance or otherwise other than as expressly set forth in this Agreement. No contingency, condition, prerequisite, prior requirement, or otherwise (including obtaining financing, obtaining a site or otherwise) exists with respect to your fully performing any or all of your obligations under this Agreement.

19.4.4 You have not received or relied on (nor have we or any of our representatives, employees or agents provided) any: sales, income or other projections of any kind or nature or any statements, representations, data, charts, tables, spreadsheets or mathematical calculations or otherwise which stated or suggested any level or range of actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise, and neither we nor any of our representatives, employees or agents made, nor have you relied on, any promises, representations or warranties as to any profits you may realize in the operation of the Franchised Business, nor have you received or relied on any representations regarding any working capital or other funds necessary to reach any "break-even" or any other financial level except as set forth in the Disclosure Document. We are unable, and do not attempt, to predict, forecast or project future performance, revenues, profits or otherwise of any Franchised Business. If any such information, promises, representations and/or warranties has been provided to you, it should not be relied on, we will not be bound by it, and, if you do rely on such information, promises, representations and/or warranties, you do so at your own risk.

19.4.5 You acknowledge and agree that the success of the business venture contemplated to be undertaken hereunder is speculative, is and will be dependent upon your personal efforts, that entry into any business enterprise is always associated with risk and that no assurance of success has been or can be given to you. You acknowledge and represent that you have entered into this Agreement and made an investment only after (i) making an independent investigation of the opportunity, including having received a list, in connection with the presentation of our Disclosure Document, of (and having spoken with) other franchisees currently operating "FMT" Businesses (if applicable), and (ii) having had an opportunity to have this transaction and all related documents reviewed by an attorney and a financial advisor of your own choosing, such review having been strongly recommended by us. You acknowledge that you and each person signing this Agreement as Franchisee (and/or having any investment and/or interest in the

Franchised Business) have received, reviewed, understood and fully read and all questions have been answered regarding a copy of our Disclosure Document with all exhibits at least fourteen (14) calendar days before the earlier of you and/or any such person (a) signing any binding documents or (b) paying any sums.

19.4.6 You understand that we are relying on you to bring forward in writing at this time any matters inconsistent with any of the matters set forth in this Article or otherwise so that we can correct any misunderstandings and you agree that if any of the statements or matters set forth in this Article or otherwise are not true, correct and complete, you will make a written statement regarding such next to your signature below so that we may address and resolve any such issue(s) at this time and before either party goes forward.

19.4.7 You acknowledge and agree that in all of your dealings with us, our officers, directors, employees, and agents act only in a representative capacity and not in an individual capacity. You further acknowledge that this Agreement, and all business dealings between you and such individuals as a result of this Agreement, are solely between you and us. You further represent to us, as an inducement to our entry into this Agreement, that you have made no misrepresentations in obtaining the Franchised Business.

19.4.8 You are aware of the fact that some present or future franchisees of ours may operate under different forms of Franchise Agreements and, consequently, that our obligations and rights in respect to our various franchisees may differ materially in certain circumstances. This fact will not be used to unfairly discriminate against you.

19.5 Notices

Except as otherwise provided in this Agreement, any notice, demand or communication provided for in this Agreement shall be in writing, signed by the party giving the same, and personally delivered or deposited in the United States mail, first-class postage prepaid, by facsimile or by overnight courier asset forth in the introductory paragraph of this Agreement, or at such other address or addresses as the parties may from time to time designated in writing

Either party may change its address for notice purposes by giving the other party written notice of such change.

19.6 Gender

Reference to you as male, female, or no gender shall include male or female franchisee, general or limited partnership, joint venture, corporation, limited liability company, trust, or any other association or business entity, as relevant in the context.

19.7 Headings

Headings and captions in this Agreement are for convenience of reference only and shall not be taken into account in construing or interpreting this Agreement.

19.8 References

Any reference in this Agreement to any paragraph or other part of this Agreement shall be deemed to include a reference to every subordinate part and/or subparagraph.

19.9 Delays in Performance

It is acknowledged and agreed by both parties that any delay in the performance of its obligations under this Agreement would irreparably and irrevocably injure the other party in the conduct of its business and the value of its property. The parties agree that time is of the essence of this Agreement. Except as otherwise specifically permitted in this Agreement, no extension of time shall be implied, nor any delay allowed, in the timely and complete performance of all covenants contained in this Agreement.

19.10 Variances

Complete and detailed uniformity under many varying conditions may not be possible or practicable, and we therefore reserve the right and privilege, in our sole and absolute discretion and as we may deem in the best interest of all concerned in any specific instance, to vary standards to accommodate special needs of you, or those of any other franchisee, based upon the peculiarities of a particular site or location, density of population, business potential, population of trade area, existing business practices, requirements of local law or local custom, or any other condition which we deem to be of importance to the successful operation of such franchisee's business. Further, we may from time to time allow certain franchisees to depart from normal System standards and routines in certain respects in order to experiment with or test new products or services, equipment, service vehicles, designs, procedures and the like. In no event shall such variance, or such testing, be deemed a waiver of any of our rights, or an excuse from performance of any of your duties hereunder. We may at any time require you to commence full compliance with all of our standards and procedures. We shall not under any circumstances be required to grant any variance to you. Nothing contained in this Article is intended to confer on you any right to compel us to grant a variance to you or to grant, withdraw or modify any variance given to any other franchisee. Such matters shall at all times remain within our sole and absolute discretion.

19.11 Resolution of Conflicts

The parties are urged, but are not required, to discuss and seek resolution of any conflicts that may arise under this Agreement prior to resorting to litigation. The foregoing notwithstanding, in any instance in which we demonstrate by affidavit evidence to a court of competent jurisdiction that we will suffer immediate and irreparable injury as a consequence of your violation of this Agreement, then you agree to the entry of *ex parte* injunctive relief.

19.12 Provisions are Self-Executing

Each provision of this Article and those provisions in this Agreement relating to covenants against post-termination/expiration use of the Proprietary Marks, Know How, and Copyrights will be deemed to be self-executing and continue in full force and effect subsequent to and notwithstanding the expiration, termination, setting aside, cancellation, rescission, unenforceability or otherwise of this Agreement (or any part of it) for any reason, and will survive and will govern any claim for rescission or otherwise. Each party reserves the right to challenge any law, rule or judicial or other construction which would have the effect of varying or rendering ineffective any provision of this Agreement.

19.13 Acceptance of Agreement

This Agreement becomes valid when signed and accepted by us at our headquarters.

19.14 Binding Effect; No Modification

This Agreement is binding upon the parties hereto and their respective executors, administrators, heirs, assigns, and successors in interest, and will not be modified except by written agreement signed by both parties.

19.15 Construction

Nothing in this Agreement is intended, nor will be deemed, to confer any rights or remedies upon any person or legal entity not a party hereto. Except where this Agreement expressly provides otherwise, we have the right to condition, withhold and/or refuse, in our sole and absolute discretion, any request by you and our approval of, or consent to, any action or omission by you. The headings of the several articles and sections hereof are for convenience only and do not define, limit, or construe the contents of such articles or sections. The term "attorneys' fees" will include, without limitation, legal fees, whether incurred prior to, in preparation for or in contemplation of the filing of any written demand or claim, action, hearing or proceeding to enforce the obligations of this Agreement. References to a "controlling interest" in you will mean more than fifty percent (50%) of the voting control of you if you are a corporate entity. The term "Franchisee" as used herein is applicable to one or more persons, a corporation, limited liability company or a partnership, as the case may be. The singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If two (2) or more persons are at any time the Franchisee under this Agreement, whether or not as partners or joint venturers, their obligations and liabilities to us will be joint and several. This Agreement will be executed in multiple copies, each of which will be deemed an original. Each of the provisions of this Article shall apply to any claim brought (or which could be brought) by any principal of yours or by you or on your behalf.

19.16 You Shall Not Withhold Sums

If you in good faith believe that we have or any other person/entity has violated any legal duty to you, you will nevertheless not withhold any sums due us, any affiliate or any Brand Development Fee until such matter has been finally determined.

19.17 Governing Law

The parties agree that this Agreement (and all of its attachments) and all other matters concerning the parties will be governed by, and construed and enforced in accordance with, the laws of the Commonwealth of Pennsylvania. The parties consent to personal jurisdiction in the Courts of Chester County, Pennsylvania as to all issues and matters under this Agreement, to the extent suit is brought by us, and to the extent suit is brought by you, we waive a defense of absence of personal jurisdiction if the suit is brought in the county and state in which you reside.

19.18 Operation in the Event of Absence or Disability

In order to prevent any interruption of the Franchised Business operations which would cause harm to the Franchised Business, thereby depreciating the value thereof, you authorize us, who may, at our option, in the event that you are absent for any reason or are incapacitated by reason of illness and are unable, in our sole and reasonable judgment, to operate the Franchised Business, operate the Franchised Business for so long as we deem necessary and practical, and without waiver of any other rights or remedies we may have under this Agreement. All monies from the operation of the Franchised Business during such period of operation by us shall be kept in a separate account, and the expenses of the Franchised Business, including reasonable compensation and expenses for our representative, shall be charged to said account. If, as herein provided, we temporarily operate the Franchised Business franchised herein for you, you agree to indemnify and hold harmless us and any representative of ours who may act hereunder, from any and all acts which we may perform, as regards the interests of you or third parties.

19.19 Step-In Rights

If we determine in our sole judgment that the operation of your Franchised Business is in jeopardy, or if a default occurs, then in order to prevent an interruption of the Franchised Business which would cause harm to the System and thereby lessen its value, you authorize us to operate your Franchised Business for

as long as we deem necessary and practical, and without waiver of any other rights or remedies which we may have under this Agreement. In our sole judgment, we may deem you incapable of operating the Franchised Business if, without limitation, you are absent or incapacitated by reason of illness or death; you have failed to pay when due or have failed to remove any and all liens or encumbrances of every kind placed upon or against your Franchised Business; or we determine that operational problems require that we operate your Franchised Business for a period of time that we determine, in our sole discretion, to be necessary to maintain the operation of the Franchised Business as a going concern.

We shall keep in a separate account all monies generated by the operation of your Franchised Business, less the expenses of the Franchised Business, including reasonable compensation and expenses for our representatives. In the event of our exercise of the Step-In Rights**,** you agree to hold harmless us and our representatives for all actions occurring during the course of such temporary operation. You agree to pay all of our reasonable attorneys' fees and costs incurred as a consequence of our exercise of the Step-In Rights. Nothing contained herein shall prevent us from exercising any other right which we may have under this Agreement, including, without limitation, termination.

ARTICLE 20: DISPUTE RESOLUTION

20.1 Arbitration

Except to the extent we elect to enforce the provisions of this Agreement by judicial process and injunction in our sole discretion, all disputes, claims and controversies between the parties arising under or in connection with this Agreement or the making, performance or interpretation thereof (including claims of fraud in the inducement and other claims of fraud and the arbitrability of any matter) which have not been settled through negotiation or mediation will be settled by binding arbitration in Chester County, Pennsylvania under the authority of Pennsylvania Statutes. The arbitrator(s) will have a minimum of five (5) years' experience in franchising or distribution law and will have the right to award specific performance of this Agreement. If the parties cannot agree upon a mutually agreeable arbitrator, then the arbitration shall be conducted as per the selection method set forth in the Pennsylvania Statutes. The proceedings will be conducted under the commercial arbitration rules of the American Arbitration Association, to the extent such rules are not inconsistent with the provisions of this arbitration provision or the Pennsylvania Statutes. The decision of the arbitrator(s) will be final and binding on all parties. This Section will survive termination or any extension or refusal of a successor term under any circumstances. Judgment upon the award of the arbitrator(s) may be entered in any court having jurisdiction thereof. During the pendency of any arbitration proceeding, you and we shall fully perform our respective obligations under this Agreement.

20.2 Prior Notice of Claims by You

Prior to your taking any legal or other action against us, whether for mediation, arbitration, damages, injunctive, equitable or other relief (including but not limited to rescission) and whether by way of claim, counterclaim, cross-complaint, raised as an affirmative defense or otherwise, based on any alleged act or omission of ours, you will first give us sixty (60) days' prior written notice and opportunity to cure such alleged act or omission.

20.3 Periods In Which to Make Claims

20.3.1 The parties agree that, except as provided below, no arbitration proceeding, action or suit (whether by way of claim, counterclaim, cross-complaint, raised as an affirmative defense or otherwise) by either party will lie against the other (nor will any action or suit by you against any person and/or entity affiliated with us), whether for damages, rescission, injunctive or any other legal and/or equitable relief, in respect of any alleged breach of this Agreement, or any other claim of any type, unless

such party will have commenced such arbitration proceeding, action or suit before the expiration of the earlier of:

(a) One hundred eighty (180) days after the date upon which the state of facts giving rise to the cause of action comes to the attention of, or should reasonably have come to the attention of, such party; or

(b) One (1) year after the initial occurrence of any act or omission giving rise to the cause of action, whenever discovered.

20.3.2 Notwithstanding the foregoing limitations, where any federal, state or provincial law provides for a shorter limitation period than above described, whether upon notice or otherwise, such shorter period will govern.

20.3.3 The foregoing limitations may, where brought into effect by our failure to commence an action within the time periods specified, operate to exclude our right to sue for damages but will in no case, even upon expiration or lapse of the periods specified or referenced above, operate to prevent us from terminating your rights and our obligations under this Agreement as provided herein and under applicable law nor prevent us from obtaining any appropriate court judgment, order or otherwise which enforces and/or is otherwise consistent with such termination.

20.3.4 The foregoing limitations shall not apply to our claims arising from or related to: (1) your under-payment or non-payment of any amounts owed to us or any affiliated or otherwise related entity; (2) indemnification by you; (3) your confidentiality, non-competition or other exclusive relationship obligations; and/or (4) your unauthorized use of the Proprietary Properties.

20.4 Withholding Consent

In no event will you make any claim, whether directly, by way of setoff, counter-claim, defense or otherwise, for money damages or otherwise, by reason of any withholding or delaying of any consent or approval by us. Your sole remedy for any such claim is to submit it to arbitration as described in this Agreement and for the arbitrator to order us to grant such consent.

20.5 Survival and Construction

Each provision of this Article 20, together with the provisions of Article 19, will be deemed to be self-executing and continue in full force and effect subsequent to and notwithstanding the expiration, termination, setting aside, cancellation, rescission, unenforceability or otherwise of this Agreement (or any part of it) for any reason, will survive and will govern any claim for rescission or otherwise. Each provision of this Agreement will be construed as independent of, and severable from, every other provision; provided that if any part of this Agreement is deemed unlawful in any way, the parties agree that such provision will be deemed interpreted and/or modified to the minimum extent necessary to make such provision lawful or, if such construction is not permitted or available, the remainder of this Agreement will continue in full force and effect. Each party reserves the right to challenge any law, rule or judicial or other construction which would have the effect of varying or rendering ineffective any provision of this Agreement.

20.6 Costs and Attorneys' Fees

Except as expressly provided otherwise in this Agreement with respect to appeal of an arbitration award, each party will each bear their respective costs of enforcement and/or defense (including but not limited to attorneys' fees) in any claim or dispute between the parties (including your and/or our affiliates, related persons/entities, etc.) and will make no claim against the other with regard thereto.

20.7 Waiver of Punitive Damages; Waiver of Jury Trial

You and we hereby waive, to the fullest extent permitted by law, any right to or claim or any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against either party, their officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, either party shall be limited to the recovery of any actual damages sustained by it. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions of waiver by agreement of punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) shall continue in full force and effect. We and you irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of us against the other.

ARTICLE 21: SUBMISSION OF AGREEMENT

The submission of this Franchise Agreement to you does not itself constitute an offer to sell a franchise. This Franchise Agreement becomes effective only upon the signing by us and you . I HAVE READ THE AGREEMENT AND I AGREE TO AND ACCEPT EACH OF ITS PROVISIONS.

[Signatures appear on the next page]

The parties hereto have executed this Agreement under seal as of the day and year first above written.

FRANCHISOR:

PROEXCO, LLC

By:_____
Name:_____
Title:_____
Dated:_____

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____
Dated:_____

ATTACHMENT 1 TO FRANCHISE AGREEMENT
TERRITORY

□ Large Territory □ Mid-Size Territory

ATTACHMENT 2 TO FRANCHISE AGREEMENT

FRANCHISEE ACKNOWLEDGEMENT STATEMENT

Franchisee hereby acknowledges the following:

1. Franchisee has conducted an independent investigation of all aspects relating to the financial, operational, and other aspects of the business of operating the Franchised Business. Franchisee further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee by Franchisor and Franchisee and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee may experience as a franchisee under this Agreement.

_____
Initial

2. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee and its efforts as an independent business operation.

_____
Initial

3. Franchisee agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement and that it/she/he understands all the terms and conditions of the Franchise Agreement. Franchisee further acknowledges that the Franchise Agreement contains all oral and written agreements, representations, and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

_____
Initial

4. Franchisee has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents, or servants, about the business contemplated by the Franchise Agreement that are contrary to the terms of the Franchise Agreement or the documents incorporated herein. Franchisee acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement. Franchisee represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement.

_____
Initial

5. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement.

_____
Initial

6. Franchisee acknowledges that Franchisor's approval or acceptance of Franchisee's Business location does not constitute a warranty, recommendation, or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

_____
Initial

7. Franchisee acknowledges that it has received the Proexco, LLC Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement was executed. Franchisee further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its contents.

_____
Initial

8. Franchisee acknowledges that it has had ample opportunity to consult with its own attorneys, accountants, and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee with respect to the Franchise Agreement or the relationship thereby created.

_____
Initial

9. Franchisee, together with Franchisee's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement.

_____
Initial

10. Franchisee is aware of the fact that other present or future franchisees of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

_____
Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that

Franchisor does not warrant that such products will not be sold within the Franchisee's Territory by others who may have purchased such products from Franchisor.

_____
Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT, FRANCHISEE AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE PROEXCO, LLC, POWERSMITH, INC, AND ANY OF EITHER'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF.

_____
Initial

FRANCHISEE:

_____

By: _____

_____, _____
(Print Name, Title)

Date: _____

PRINCIPAL:

_____

_____
(Print Name)

Date: _____

PRINCIPAL:

_____

_____
(Print Name)

Date: _____

ATTACHMENT 3 TO FRANCHISE AGREEMENT

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT
(for trained employees, shareholders, officers, directors, general partners, members and managers of Franchisee)

In consideration of my being a _____of _____ ("Franchisee"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

1. Pursuant to a Franchise Agreement dated _____ (the "Franchise Agreement"), Franchisee has acquired the right and franchise from Proexco, LLC (the "Company") to establish and operate an FMT Business (the "Franchised Business") and the right to use in the operation of the Franchised Business the Company's trade names, service marks, Proprietary Marks, logos, emblems, and indicia of origin (the "Proprietary Marks"), as they may be changed, improved and further developed from time to time in the Company's sole discretion, only at the following authorized and approved location: _____ (the "Approved Location").

2. The Company, as the result of the expenditure of time, skill, effort and resources has developed and owns a distinctive format and system (the "System") relating to the establishment and operation of Franchised Businesses, which maintenance and repair products and services for exercise equipment. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary trade secrets, methods, techniques, formats, specifications, systems, procedures, methods of business practices and management, sales and promotional techniques and knowledge of, and experience in, the operation of the Franchised Business (the "Confidential Information").

3. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

4. As _____ of the Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me training programs, the Company's Confidential Operations Manuals (the "Manuals"), and other general assistance during the term of the Franchise Agreement.

5. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term of the Franchise Agreement, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

6. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as _____ of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

7. Except as otherwise approved in writing by the Company, I shall not, while in my position with the Franchisee, either directly or indirectly for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any retail business or e-commerce business which: (a) is the same as, or substantially similar to, a Franchised Business; or (b) offers to sell or sells any products or services which are substantially the same as the products Franchised Business (a "Competitive Business"); and for a continuous uninterrupted period commencing upon the cessation or termination of my position with Franchisee, regardless of the cause for termination, or upon the expiration, termination, transfer, or assignment of the Franchise Agreement, whichever occurs first, and continuing for two (2) years thereafter, either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any Competitive Business that is, or is intended to be, located at or within:

7.1 Franchisee's Territory, as defined in the Franchise Agreement ("Franchisee's Territory");

7.2 Twenty (20) miles of Franchisee's Territory; or

7.3 Twenty (20) miles of any Franchised Business operating under the System and the Proprietary Marks; or

7.4 Twenty (20) miles of any FMT customer location.

The prohibitions in this Paragraph 7 do not apply to my interests in or activities performed in connection with a Franchised Business. This restriction does not apply to my ownership of less than five percent (5%) beneficial interest in the outstanding securities of any publicly held corporation.

8. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

9. I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

10. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

11. This Agreement shall be construed under the laws of the Commonwealth of Pennsylvania. The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

_____
Signature

_____
Name

_____
Address

_____
Title

ACKNOWLEDGED BY FRANCHISEE

By:_____

Name:_____

Title:_____

ATTACHMENT 4 TO FRANCHISE AGREEMENT

INTERNET ADVERTISING, SOCIAL MEDIA AND TELEPHONE ACCOUNT AGREEMENT

THIS INTERNET ADVERTISING, SOCIAL MEDIA AND TELEPHONE ACCOUNT AGREEMENT (the "Agreement") is made and entered into this day of _____ (the "Effective Date") by and between Proexco, LLC, a Pennsylvania limited liability company (the "Franchisor"), and _____, a _____ (the "Franchisee").

WHEREAS, Franchisee desires to enter into a franchise agreement with Franchisor for a Fitness Machine Technicians FMT business ("Franchise Agreement") which will allow Franchisee to conduct internet-based advertising, maintain social media accounts, and use telephone listings linked to the Fitness Machine Technicians FMT brand.

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee's agreement to enter into, comply with, and be bound by all the terms and provisions of this Agreement;

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Definitions**

All terms used but not otherwise defined in this Agreement shall have the meanings set forth in the Franchise Agreement. "Termination" of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. **Internet Advertising and Telephone Accounts**

2.1 Interest in Websites, Social Media Accounts and Other Electronic Listings. Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of Franchise Agreement, certain right, title, or interest in and to certain domain names, social media accounts, hypertext markup language, uniform resource locator addresses, access to corresponding internet websites, and the right to hyperlink to certain websites and listings on various internet search engines (collectively, "Electronic Advertising") related to the Franchised Business or the Marks.

2.2 Interest in Telephone Numbers and Listings. Franchisee has or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, internet page, and other telephone directory listings (collectively, the "Telephone Listings") related to the Franchised Business or the Marks.

2.3 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately:

2.3.1 direct all internet service providers, domain name registries, internet search engines, social media companies, and other listing agencies (collectively, the "Internet Companies") with which Franchisee has Electronic Advertising: (i) to transfer all of Franchisee's interest in such Electronic Advertising to Franchisor; and (ii) to execute such documents and take

such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Electronic Advertising, Franchisee will immediately direct the Internet Companies to terminate such Electronic Advertising or will take such other actions with respect to the Electronic Advertising as Franchisor directs; and

2.3.2 direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the "Telephone Companies") with which Franchisee has Telephone Listings: (i) to transfer all Franchisee's interest in such Telephone Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Listings or will take such other actions with respect to the Telephone Listings as Franchisor directs.

2.4 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor's benefit under the Franchise Agreement and this Agreement or otherwise, with full power of substitution, as Franchisee's true and lawful attorney-in-fact with full power and authority in Franchisee's place and stead, and in Franchisee's name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.4.1 Direct the Internet Companies to transfer all Franchisee's interest in and to the Electronic Advertising to Franchisor, or alternatively, to direct the Internet Companies to terminate any or all of the Electronic Advertising;

2.4.2 Direct the Telephone Companies to transfer all Franchisee's interest in and to the Telephone Listings to Franchisor, or alternatively, to direct the Telephone Companies to terminate any or all of the Telephone Listings; and

2.4.3 Execute such standard assignment forms or other documents as the Internet Companies and/or Telephone Companies may require in order to affect such transfers or terminations of Franchisee's interest.

2.5 Certification of Termination. Franchisee hereby directs the Internet Companies and Telephone Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.6 Cessation of Obligations. After the Internet Companies and the Telephone Companies have duly transferred all Franchisee's interests as described in paragraph 2.3 above to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations with respect to the particular Electronic Advertising and/or Telephone Listing. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet Companies and Telephone Companies for the respective sums Franchisee is obligated to pay to them for obligations Franchisee incurred before the date

Franchisor duly accepted the transfer of such interests, or for any other obligations not subject to the Franchise Agreement or this Agreement.

3. **Miscellaneous**

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet Companies and/or Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertible in, or in any way related to this Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's interest in any matter hereunder.

3.4 Further Assurances. Franchisee agrees that at any time after the date of this Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Agreement, all provisions of the Franchise Agreement and attachments and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Agreement shall survive the Termination of the Franchise Agreement.

3.8 Governing Law. This Agreement shall be governed by and construed under the laws of the Commonwealth of Pennsylvania, without regard to the application of Pennsylvania conflict of law rules.

-Remainder of Page Intentionally Blank-

The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISOR:

Proexco, LLC

By:_____

_____, _____
(Print Name, Title)

FRANCHISEE:

_____

By:_____

_____,_____
(Print Name, Title)

PRINCIPAL:

_____

_____
(Print Name)

PRINCIPAL:

_____

_____
(Print Name)

ATTACHMENT 5 TO FRANCHISE AGREEMENT
GUARANTY

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement, and any revisions, modifications and amendments thereto (hereinafter collectively the "Agreement") dated _____, by and between Proexco, LLC, a Pennsylvania limited liability company (hereinafter the "Franchisor"), and _____ (hereinafter the "Franchisee"), each of the undersigned Guarantors agrees as follows:

1. The Guarantors do hereby jointly and severally unconditionally guaranty the full, prompt and complete performance of the Franchisee under the terms, covenants and conditions of the Agreement, including, without limitation, the complete and prompt payment of all indebtedness to the Franchisor under the Agreement. The word "indebtedness" is used herein in its most comprehensive sense and includes, without limitation, any and all advances, debts, obligations and liabilities of the Franchisee, now or hereafter incurred, either voluntarily or involuntarily, and whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, or whether recovery thereof may be now or hereafter barred by any statute of limitation or is otherwise unenforceable.

2. The obligations of the Guarantors are independent of the obligations of the Franchisee and a separate action or actions may be brought and prosecuted against any or all of the Guarantors, whether or not actions are brought against the Franchisee or whether the Franchisee is joined in any such action.

3. If the Franchisee is a corporation, partnership or limited liability company, the Franchisor shall not be obligated to inquire into the power or authority of the Franchisee or its partners or the officers, directors, agents, members or managers acting or purporting to act on the Franchisee's behalf and any obligation or indebtedness made or created in reliance upon the exercise of such power and authority shall be guaranteed hereunder. Where the Guarantors are corporations or partnerships, it shall be conclusively presumed that the Guarantors and the partners, agents, officers and directors acting on their behalf have the express authority to bind such corporations or partnerships and that such corporations or partnerships have the express power to act as the Guarantors pursuant to this Guaranty and that such action directly promotes the business and is in the interest of such corporations or partnerships.

4. The Franchisor, its successors and assigns, may from time to time, without notice to the undersigned: (a) resort to the undersigned for payment of any of the indebtedness, whether or not it or its successors have resorted to any property securing any of the indebtedness or proceeded against any other of the undersigned or any party primarily or secondarily liable on any of the indebtedness; (b) release or compromise any indebtedness of any of the undersigned hereunder or any indebtedness of any party or parties primarily or secondarily liable on any of the indebtedness; (c) extend, renew or credit any of the indebtedness for any period (whether or not longer than the original period); (d) alter, amend or exchange any of the indebtedness; or (e) give any other form of indulgence, whether under the Agreement or otherwise.

5. The undersigned further waive presentment, demand, notice of dishonor, protest, nonpayment and all other notices whatsoever, including without limitation: notice of acceptance hereof; notice of all contracts and commitments; notice of the existence or creation of any liabilities under the Agreement and of the amount and terms thereof; and notice of all defaults, disputes or controversies between the Franchisee and the Franchisor resulting from the Agreement or otherwise, and the settlement, compromise or adjustment thereof.

6. This Guaranty shall be enforceable by and against the respective administrators, executors, successors and assigns of the Guarantors and the death of any Guarantor shall not terminate the liability Guarantor or limit the liability of the other Guarantors hereunder.

7. If more than one person has executed this Guaranty, the term the "undersigned," as used herein shall refer to each such person, and the liability of each of the undersigned hereunder shall be joint and several and primary as sureties.

8. In each case where the spouse of a Franchisee has executed any documents in connection with the granting of the Agreement, and the Franchisee subsequently divorces from such spouse, then, in the event that the Franchisee subsequently remarries, the new spouse of such Franchisee must execute, and agree to be bound by the provisions of, each of the documents previously executed by the Franchisee's original spouse.

9. The Franchisor agrees that unless the Franchisee is guilty of having misappropriated trust money or otherwise unjustifiably or willfully breached any material term of this Agreement, it will not seek enforcement of its right to money damages against the primary residence of any guarantor.

IN WITNESS WHEREOF, each of the undersigned has executed this Guaranty under seal effective as of the _____ day of _____, 20___.

_____	_____
Signature	Signature of Spouse (if married)
_____	_____
Printed Name	Printed Name
_____	_____
_____	_____
_____	_____
Home Address	Home Address
_____	_____
Home Telephone	Home Telephone
_____	_____
Business Telephone	Business Telephone
_____	_____
Date	Date

ATTACHMENT 6 TO FRANCHISE AGREEMENT

MULTI-STATE ADDENDUM

CALIFORNIA

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF CALIFORNIA

The Department for Business Oversight for the State of California requires that certain provisions contained in franchise documents be amended to be consistent with California Franchise Investment Law, Cal. Corp. Code Section 31000 et seq., and of the Rules and Regulations promulgated thereunder. To the extent that this Disclosure Document contains provisions that are inconsistent with the following, such provisions are hereby amended.

1. 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.

2. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www.dbo.ca.gov.

3. Item 3 is amended to add:

   Neither Franchisor nor any person described 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. 8.78(a) et seq. suspending or expelling such persons from membership in such association or exchange.

4. Item 5 of the Franchise Disclosure Document and all relevant sections of the Franchise Agreement are amended such that:

   All fees paid to the franchisor by the franchisee, including payments for goods and services received from the franchisor before the business opens, shall be deferred until the franchisee has commenced doing business.

5. Item 17 is amended to state:

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

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

   (c) The Franchise Agreement requires application of the laws of Pennsylvania. This provision may not be enforceable under California law.

   (d) The franchise agreement requires binding arbitration. The arbitration will occur in Chester

County, Pennsylvania with each party bearing its own costs of arbitration and the parties sharing the costs of arbitrators.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

6. It is hereby acknowledged and agreed that:

(a) 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.

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

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

7. The highest interest rate allowed by law in California is 10% annually.

ADDENDUM TO THE FRANCHISE AGREEMENT REQUIRED BY THE STATE OF CALIFORNIA

1. Attachment 2 of this Franchise Agreement is revised in which the following language is deleted from Paragraph 1:

"Franchisee and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee may experience as a franchisee under this Agreement"

2. Attachment 2 of this Franchise Agreement is revised in which the following language is deleted from paragraph 2:

"…making the success of the venture largely dependent upon the business abilities and participation of Franchisee and its efforts as an independent business operation."

3. Attachment 2 of this Franchise Agreement is revised to delete paragraph 5 in its entirety

4. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other

person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

ILLINOIS

1. Item 5 of the FDD and all relevant sections of the Franchise Agreement are amended such that:

All fees paid to the franchisor by the franchisee, shall be deferred until franchisor has satisfied its pre-opening obligations and the franchisee has commenced doing business. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

2. Illinois law governs the Franchise Agreement(s).

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

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

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

MARYLAND

Item 5 of the Franchise Disclosure Document and all relevant sections of the Franchise Agreement are amended such that:

All fees paid to the franchisor by the franchisee, including payments for goods and services received from the franchisor before the business opens, shall be deferred until all of the franchisor's pre-opening obligations to the franchisee have been satisfied.

Item 17 of the Franchise Disclosure Document is amended as follows:

Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The provision in the franchise agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

The Franchise Agreement is amended as follows:

A Franchisee is permitted to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The Franchise Agreement, Attachment 2 to the Franchise Agreement and Exhibit G to the Franchise Disclosure Document are each amended to add the following:

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.

MINNESOTA

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 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 for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

The following language amends the Governing Law, Jurisdiction and Venue, and Choice of Forum sections of the Franchise Disclosure Document and agreement(s): "Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(j) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Further, Franchisee cannot consent to Franchisor obtaining injunctive relief. Franchisor may seek injunctive relief.

To the extent of any inconsistencies, Section 2.1.3 of the Franchise Agreement is amended such that:

"The initial franchise fee owed by Franchisee to Franchisor shall be deferred until the Franchisee has commenced doing business."

To the extent of any inconsistencies, Section 8.10 of the Franchise Agreement is amended such that the insufficient funds fee is Thirty Dollars ($30.00).

Item 13 of the Franchise Disclosure Document and the applicable sections of the franchise agreement(s) are modified to state that the franchisor will protect the franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. See Minnesota Statutes, Section 80C.12, Subd. 1(g).

The Limitations of Claims section is amended to comply with Minnesota Statutes, Section 80C.17. Subd. 5.

Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee's assent to a general release other than as part of a voluntary settlement of disputes. To the extent of any inconsistencies with the Minnesota Rules requirement contained in Sections 4.2.4 or 15.2.1(h) of the Franchise Agreement, such inconsistent provisions are hereby deleted.

NEW YORK

Item 3 of the Franchise Disclosure Document is amended to state:
Neither the franchisor, its predecessor, a person identified in item 2, or an affiliate offering franchises under the franchisor's 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, 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.

B. 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, fraud, embezzlement, fraudulent conversion, or misappropriation of property, or unfair or deceptive practices or comparable allegations.

C. 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.

Item 4 of the Franchise Disclosure Document is amended to state:
Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular:

(a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code;
(b) obtained a discharge of its debts under the bankruptcy code; or
(c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership.

Item 5 of the Franchise Disclosure Document is amended to add:
The fee will be used to cover the Franchisor's initial costs for Pre-opening in connection with establishing each franchised business; general expenses associated with the recruitment of future franchisees; and as otherwise determined in the Franchisor's sole discretion.

Item 17 of the Franchise Disclosure Document is amended to state:
Regarding *Termination*, Section d: You the Franchisee may seek termination of the agreement upon any grounds available by law.
Regarding *Assignment*, Section j: However, no assignment will be made except to an assignee who, in good faith and judgment of the franchisor is willing and financially able to assume the franchisor's obligations under the franchise agreement.
Regarding Sections v & w: The forgoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by article 33 of the General Business law of the state of New York.

RHODE ISLAND

In recognition of the requirements of the Rhode Island Franchise Investment Act, the parties to the attached Proexco, LLC Franchise Agreement (the "Franchise Agreement") agree as follows:

1. The following language shall be added at the end of Section 20.1 of the Franchise Agreement:

> Notwithstanding the above, Rhode Island franchisees are permitted to bring a lawsuit in Rhode Island for claims arising under the Rhode Island Franchise Investment Act.

2. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Amendment.

VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Agreement for Proexco, LLC for use in the Commonwealth of Virginia shall be amended as follows:

1. The following statements are added to Section 2.1 of the Franchise Agreement:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

2. The following statements are added to Article 16 of the Franchise Agreement:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

WASHINGTON

The collection of initial franchise fees will be deferred until the franchisor has fulfilled its initial pre-opening obligations and the franchisee is open for business.

The state of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act 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, rights or remedies under the Act such as a right to a jury trial may not be enforceable. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states ("Addenda") is checked as an "Applicable Addenda" below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement and any other specified agreement(s) entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Disclosure Document.

☐	California	☐	New York
☐	Hawaii	☐	North Dakota
☐	Illinois	☐	Rhode Island
☐	Indiana	☐	South Dakota
☐	Maryland	☐	South Dakota
☐	Michigan	☐	Virginia
☐	Minnesota	☐	Washington
		☐	Wisconsin

Dated: _____

FRANCHISOR:

PROEXCO, LLC

_____

By: _____

Title: _____

FRANCHISEE:

_____

_____

By: _____

Title: _____

ATTACHMENT 7 TO FRANCHISE AGREEMENT

ELECTRONIC FUNDS TRANSFER AUTHORIZATION

Depositor hereby authorizes and requests _____ (the "Depository") to initiate debit and credit entries to Depositor's □ checking or □ savings account (select one) indicated below drawn by and payable to the order of Proexco, LLC by Electronic Funds Transfer, provided there are sufficient funds in said account to pay the amount upon presentation.

Depositor agrees that the Depository's rights with respect to each such charge shall be the same as if it were a check drawn by the Depository and signed by Depositor. Depositor further agrees that if any such charge is dishonored, whether with or without cause and whether intentionally or inadvertently, the Depository shall be under no liability whatsoever.

Depository Name:_____

City:_____ State:_____ Zip Code:_____

Transit/ABA Number:_____ Account Number:_____

This authority is to remain in full force and effect until Company has received written notification from me (or either of us) of its termination in such time and in such manner to afford Company and Depository a responsible opportunity to act on such request.

Depositor: (Please Print)

_____

_____

_____
Date Signed

_____

_____
Signature(s) of Depositor, as Printed Above

Please attach a voided blank check, for purposes of setting up Bank and Transit Numbers.

ATTACHMENT 8 TO FRANCHISE AGREEMENT

TRANSFER OF FRANCHISE TO A
CORPORATION OR LIMITED LIABILITY COMPANY

This Transfer Agreement hereby amends that certain Franchise Agreement dated _____ between Proexco, LLC ("Franchisor") and _____ ("Franchisee").

The undersigned, an Officer, Director and Owner of a majority of the issued and outstanding voting stock of the corporation set forth below, or Members of the issued and outstanding Interests of the Limited Liability Company set forth below and the Franchisee of the FMT Business under a Franchise Agreement executed on the date set forth below, between himself or herself and Franchisor, granting him/her a franchise to operate at the location set forth below, and the other undersigned Directors, Officers and Shareholders of the Corporation, or the Members of the Limited Liability Company, who together with Franchisee constitute all of the Shareholders of the Corporation, or the Members of the Limited Liability Company, in order to induce Franchisor to consent to the assignment of the Franchise Agreement to the Corporation, or Limited Liability Company in accordance with the provisions of Article 15 of the Franchise Agreement, agree as follows:

1. The undersigned Franchisee shall remain personally liable in all respects under the Franchise Agreement and all the other undersigned Officers, Directors and Shareholders of the Corporation, or the Members of the Limited Liability Company, intending to be legally bound hereby, agree jointly and severally to be personally bound by the provisions of the Franchise Agreement including the restrictive covenants contained in Article 14 thereof, to the same extent as if each of them were the Franchisee set forth in the Franchise Agreement and they jointly and severally personally guarantee all of the Franchisee's obligations set forth in said Agreement.

2. The undersigned agree not to transfer any stock in the Corporation, or any interest in the Limited Liability Company without the prior written approval of the Franchisor and agree that all stock certificates representing shares in the Corporation, or all certificates representing interests in the Limited Liability Company shall bear the following legend:

> "The shares of stock represented by this certificate are subject to the terms and conditions set forth in a Franchise Agreement dated _____, 20__ between _____ and Proexco, LLC."
>
> or
>
> "The ownership interests represented by this certificate are subject to the terms and conditions set forth in a Franchise Agreement dated _____, 20__ between _____ and Proexco, LLC."

3. _____ or his designee shall devote his best efforts to the day-to-day operation and development of the Franchised FMT Business.

4. _____ hereby agrees to become a party to and to be bound by all of the provisions of the Franchise Agreement executed on the date set forth below between Franchisee and Franchisor, to the same extent as if it were named as the Franchisee therein.

Date of Franchise Agreement: _____

Location of Franchised FMT Business: _____

WITNESS:

_____

As to Paragraph 3:

_____
[Name]

As to Paragraph 4:

_____

_____
[Name]

ATTEST:

_____

_____
Name of Corp. or Limited Liability Company

By:_____ (SEAL)
Title:_____

In consideration of the execution of the above Agreement, Proexco, LLC hereby consents to the above referred to assignment on this _____ day of _____, 20__.

PROEXCO, LLC

By:_____
Title:_____

ATTACHMENT 9 TO FRANCHISE AGREEMENT
MULTI-TERRITORY ADDENDUM

THIS ADDENDUM TO THE PROEXCO, LLC FRANCHISE AGREEMENTS (this "Addendum") is made this _____ ("Effective Date") between PROEXCO, LLC, a Pennsylvania limited liability company (the "Franchisor"), and _____ a _____ _____ having its principal business address at _____ (the "Franchisee").

WHEREAS, the parties are executing a Franchise Agreement (the "Agreement"), contemporaneously with this Addendum;

WHEREAS, the Agreement contains [check for Large Territories] _____ ( ) Protected Large Territories or [check for Medium Territories] two (2) Protected Medium Territories, attached to the Agreement as Attachment 1 (the "Territory(ies)");

WHEREAS, the parties desire to amend the Agreement as set forth herein: and

NOW, THEREFORE, in consideration of the covenants herein and for other consideration, the receipt of sufficiency of which is acknowledged, the parties hereto intending to be legally bound do agree as follows:

1. **Initial Franchise Fee.** Franchisee shall pay to Franchisor, on execution of the Agreement:

   [__] a non-refundable initial franchise fee of $45,000 for the first Large Territory; $25,000 for the second Large Territory; and $15,000 for each additional Large Territory

   [__] a non-refundable initial franchise fee of $40,000 for the first Mid-Size Territory; and $22,500 for the second Mid-Size Territory

2. **Minimum Royalty Fees**. The minimum Royalty Fee payable by Franchisee shall increase by $500 on each anniversary of the Effective Date of the Agreement until such time as the minimum Royalty Fee is equal to $500 per Territory, such that beginning in Franchisee's thirteenth (13^{th}) month of operation through Franchisee's twenty fourth (24^{th}) month, the minimum Royalty Fee payable by Franchisee shall be equal to $500; then, beginning in Franchisee's twenty fifth (25^{th}) month of operation the minimum Royalty Fee payable by Franchisee shall be equal to $1,000; then, if Franchisee has three or more territories, beginning in Franchisee's thirty seventh (37^{th}) month the minimum Royalty Fee payable by Franchisee shall be equal to $1,500, and so on, until the minimum Royalty Fee is a dollar amount equal to (the number of Territories controlled by Franchisee) x $500.

3. **Miscellaneous**. The Agreements, as amended hereto, are hereby ratified and confirmed, and shall continue in full force and effect, subject to the terms and provisions thereof and hereof. In the event of any conflict between the terms of the Agreements and the terms of this Addendum, the terms of this Addendum shall control. All terms defined in the Agreements shall have the same meaning in this Addendum.

IN WITNESS WHEREOF, the parties have executed and delivered this Addendum effective as of the date first above written.

FRANCHISEE:	FRANCHISOR: PROEXCO, LLC
_____	_____ Don Powers, President

ATTACHMENT 10 TO FRANCHISE AGREEMENT
ACCOUNTS PROGRAM PARTICIPATION AGREEMENT

THIS AGREEMENT is made and entered into this _____ ("Effective Date") between Proexco, LLC, a Pennsylvania limited liability company with its principal office at 134 Pennsylvania Avenue, Malvern, Pennsylvania 19355 (the "Company") and the undersigned Proexco, LLC franchisee, _____, a(n) _____ with its principal office at _____ _____ ("Participant").

W I T N E S S E T H:

WHEREAS, we and our affiliate have developed, and are in the process of further developing, a unique, proprietary and evolving system ("System") relating to the establishment and operation of a business that provides maintenance and repair products and services for exercise equipment using the Proprietary Properties, Copyrights, Know How, and Proprietary Marks;

WHEREAS, the existence of multiple franchisees in the System creates opportunities to enter into accounts with other entities having multiple locations in more than one territory in the System (each, a "National Account") and accounts with other entities having multiple locations in a single territory in the System (each, a "Regional Account") for the benefit of the System as a whole;

WHEREAS, the Company has and may in the future negotiate and enter into agreements for National Accounts (each, a "National Contract") and Regional Accounts (each, a "Regional Contract") with other companies or organizations (individually, a "Customer" or collectively, "Customers") for the purpose of providing maintenance and repair products and services for exercise equipment;

WHEREAS, the Customers under such National Contracts and Regional Contracts agree to purchase significant quantities of their requirements for outsourced exercise equipment maintenance and repair products and services;

WHEREAS, the Company from time to time does not have the capacity or ability to service certain locations of the Customers; and

WHEREAS, the Participant desires to furnish Fitness Machine Technicians maintenance and repair products and services for exercise equipment to Customers under such terms and conditions as negotiated in the national Contract in accordance with the terms and conditions of this Agreement.

NOW, THEREFORE, for and in consideration of the mutual undertakings, covenants, premises, and commitments contained above and below, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, **IT IS AGREED**, as follows:

1. Pursuant to the terms of this Agreement, the Company shall endeavor to promote and develop National Contracts and Regional Contracts with Customers as determined by the Company in its sole and exclusive business judgment both within and outside of any Protected Territory serviced by the Participant and Participant agrees to honor and abide by the terms and conditions of such National Contracts and Regional Contracts, on an individual basis, in furnishing the services to each Customer as identified and designated by the Company to the Participant and to otherwise maintain the Company's performance and operational standards as set forth in the Company's Operations Manual and attachments to this Agreement.

2. Participant agrees to provide Fitness Machine Technicians maintenance and repair products and services for exercise equipment to each Customer location designated by the Company. The specific pricing, services and other details for a specific Customer to be serviced by the Participant under a National Contract or Regional Contract will be set forth in such National Contract or Regional Contract. Company agrees that for any National Contract or Regional Contract the billing, invoicing, servicing and any other items related to Participant servicing Customer will be consistent with Company's and Participant's Operations Manual.

3. Participant agrees to provide goods and services to each Customer location strictly in accordance with the terms and conditions of the National Contract or Regional Contract for such customer issued by the Company.

4. Participant shall pay any and all royalties due in the same manner and amount for servicing a National Contract or Regional Contract as they would for any other customer.

5. Participant shall at all times indemnify, defend and save harmless Company, its employees, officers, partners, successors and assigns against any and all claims, actions, demands, costs, damages, loss of expense of any kind whatsoever asserted by parties other than Company, resulting from or in connection with or arising out of Participant's performance of the services called for herein, or from the omission or commission of any act, lawful or unlawful, by Participant. Participant shall immediately notify Company of any such claim, action, or demand and shall be solely liable for all resulting costs, damages, expenses, and legal fees.

6. For all National Accounts, Participant shall provide the Company with an invoice of work completed for the National Account Customer pursuant to the terms of the National Contract for such National Account Customer. Company agrees to remit payment of such invoices upon payment of the invoice by the respective National Account Customer. Participant acknowledges and agrees that each invoice shall be calculated as follows: (i) for the first year of any National Contract, the contractual terms of the National Contract less twenty percent (20%); and (ii) for the second and any subsequent years of any National Contract, the contractual terms of the National Contract less ten percent (10%).

7. For all Regional Accounts, Participant shall provide the Company with an invoice of work completed for the Regional Account Customer pursuant to the terms of the Regional Contract for such Regional Account Customer. Company agrees to remit payment of such invoices upon payment of the invoice by the respective Regional Account Customer. Participant acknowledges and agrees that each invoice shall be calculated as follows: (i) for the first year of any Regional Contract, the contractual terms of the Regional Contract less twenty percent (20%); and (ii) for the second and any subsequent years of any Regional Contract, the contractual terms of the Regional Contract less ten percent (10%).

8. Participant shall not solicit, nor enter into for any purpose whatsoever, any separate agreement with any Customer during the term of this Agreement without the prior written consent from Company and Participant shall not do anything to interfere with Company's National Contract or Regional Contract with any Customer. Notwithstanding the foregoing, in the event Participant has a pre-existing contract with a local affiliate of National Account Customer, any conflict or discrepancy between the National Accounts program contract and the local contract, including, but not limited to, compensation and/or commission due thereunder, shall be resolved by Franchisor, at its sole discretion.

9. The term of this Participant Agreement will commence on the date of execution of this Participant Agreement, and, with respect to each Customer location, extend until the date of expiration of the then current contract term or unaltered renewal or extension of each contract term with respect to such Customer location serviced by Participant; provided, however that the Company may amend the terms of

this Participant Agreement at the time of any renewal or extension of a contract with any Customer or Customer location on thirty (30) days advance written notice to Participant, at which time Participant may opt out of servicing the amended Customer Contract. If Participant opts out or determines not to service any Customer, Company has the right to service that Customer regardless of the Customer's location. Notwithstanding the foregoing, this Agreement shall terminate as follows: (i) if either party hereto files a voluntary petition of bankruptcy, or for reorganization under any bankruptcy law, or makes an assignment for the benefit of creditors, or if any involuntary petition of bankruptcy is filed against either party and not dismissed or withdrawn within thirty (30) days of such filing, or if a receiver shall be appointed for its property, or if it shall become insolvent, then the other party shall have the right to terminate this Agreement by giving five (5) days written notice; or (ii) automatically upon the termination or expiration of any Franchise Agreement between Participant and the Company; or (iii) at any time, upon thirty (30) days written notice to Participant, with respect to any or all Customers or Customer locations serviced by Participant if Participant has any specific service or quality issues not corrected within thirty days of initial written notice. Company agrees that requests will not be unreasonable in nature. In the event of a termination pursuant to subpart (i), (ii) or (iii) hereof, Participant hereby agrees to provide the Company with all in-service records related to the Customer(s) for such location(s) by Participant within thirty (30) days of such termination.

10. During the term of this Agreement and for a period of two (2) years after termination of this Agreement (regardless of the reason for or the party causing such termination), neither Participant nor any of its affiliates shall directly or indirectly enter into any separate agreement with any Customer regarding any Customer location assigned by Company to Participant under this Agreement without the prior written consent from Company.

11. Participant acknowledges that the Company is the sole and exclusive owner of the service marks "Fitness Machine Technicians" and related trademarks, if any (collectively, the "Mark"). Participant also acknowledges that this Agreement does not constitute a license to use any such Mark, and Participant acknowledges that, except as otherwise expressly granted by the Company to Participant in writing, Participant has no right or right whatsoever to use the Marks. Participant further acknowledges and agrees that the National Contracts and the relationships referenced therein are the Company's sole and exclusive property, and shall constitute confidential information of the Company.

12. Participant is an independent contractor and not an agent, partner or joint venture of the Company. Participant has no authority to act on behalf of the Company.

13. This Agreement sets forth the entire agreement and understanding between the parties with respect to the subject matter hereof. This Agreement may not be changed or modified, except by agreement in writing, signed by each of the parties. The Company may assign this Agreement, in whole or in part. The Participant may not assign this Agreement without the express written consent of the Company.

14. If any provision of this Agreement shall be invalid, illegal, or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired.

15. This Agreement shall be governed and construed by the laws of the Commonwealth of Pennsylvania.

Signature Page to Follow

IN WITNESS WHREOF, the parties hereto have caused this Agreement to be signed by their duly authorized representatives the day and year above first written.

Company: PROEXCO, LLC	Participant: _____
By:_____	By: _____
Name: Don Powers	Name: _____
Title: President	Title: _____

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LIST OF FRANCHISEES AS OF December 31, 2021

Name	Contact	Location	Phone #
JW & Sons, Inc.	Jacob Dent	Oceanside, CA	(760) 600-9575
Daxazo, Inc.	Bart Stevans	Sacramento, CA	(916) 526-7072
Synchronistic Views, Inc.	Steven Chapman	Vista, CA	(877) 368-3247
DS Technicians, Inc	D'Shone Swiney	Los Angeles, CA	(833) 368-2838
Toutoule N'Toya	Toutoule N'Toya	Los Angeles, CA	(833) 368-4523
Alex Wang	Alex Wang	Inland Empire, CA	(909) 300-5008
5 Stones Enterprise, Inc.	Nick Peterson	Frederick, CO	(303) 847-5975
Extramile, Inc.	Gabe Forrest	Wilmington, DE	(302) 762-3524
Montana's First, LLC	Helayne Klier-Konugkis	Boynton Beach, FL	(561) 600-5840
CBJAX, Inc.	Chuck Hood	St. Augustine, FL	(904) 578-0072
Lugia Enterprises, LLC	Matthew Ferratusco	Orlando, FL	(888) 496-3496
Edward Bauer	Ed Bauer	Sandy Springs, GA	(678) 466-1300
RKAS Adventure Co.	Rob Scott	Smyrna, GA	(770) 282-2687
Berenice Carlson	Berenice Carlson	Chicago, IL	(800) 674-3133
Hall Fitness Services, LLC	Thomas Hall	Carmel, IN	(317) 530-3044
Wert Group, LLC	Brian Wertenberger	Gardner, KS	(913) 800-8684
GrowthGears, LLC	Monte R. McKee	Wichita, KS	(316) 210-2180
R&L Fitness Group, LLC	Richard Maffezzoli	Lutherville, MD	(443) 425-3257
FT Boston South, Inc.	Richard Kracunas	Cohassut, MA	(781) 923-0015
Thomas P. Fryzel	Tom Fryzel	Auburn, MI	(989) 250-0130
Tri-County Fitness, LLC	Julie Jenney	Bloomfield Hills, MI	(248) 728-5508
Fitness Solutions, LLC	Brian Dillion	Minneapolis/St. Paul, MN	(612) 605-7558
Dave & Bern Phelps, Inc.	David Phelps	Las Vegas, NV	(702) 550-8703
DNM Fitness Corp.	David Musyimi	Princeton, NJ	(609) 403-0641
ESDCO, LLC	David Block	Dix Hills, NY	(631) 282-8180

Backnine Enterprises, Inc.	Fred Burghart	Fairpoint, NY	(585) 397-7357
Maroon Ventures, LLC	Colm O'Mara	New York, NY	(201) 909-3779
Lee Fitness, Inc.	Franklin Lee	Tarrytown, NY	(914) 418-4050
Pure Courage, Inc.	Todd Armstrong	Cornelius, NC	(704) 289-8866
Pure Courage, Inc*	Todd Armstrong	Durham, NC	(704) 289-8866
PHD Ventures, Inc.	Paul Dionne	Raleigh, NC	(919) 444-2776
Steady Helm Fitness, Inc.	Kevin Bracy	Avon, OH	(440) 772-0010
Jennifer Houghton	Jennifer Houghton	Hudson, OH	(216) 267-9517
CG Burg Enterprises, LLC	Gregory Dove	Mechanicsburg, OH	(614) 568-4011
Creekside Enterprises, LLC	Jesse Rorvig	Portland, OR	(971) 420-3122
Cubruler Holdings, Inc.	Colin Winchester	Lancaster, SC	(704) 499-3478
Heyday, LLC	Dudley Jacobs	Nashville, TN	(615) 398-3050
R&R Fitness Techs, LLC	Ryan Strother	Knoxville/ Chattanooga, TN	(423) 813-9153
SHM Legacy, LLC	Drew Martin	Frisco, TX	(972) 202-6693
REN 95 Investments, LLC	Rene Garcia	Pearland, TX	(832) 548-4911
WIL-MAC Holdings, LLC	Amy Wilson	San Antonio, TX	(210) 504-8904
Chad & Simone Black	Chad Black	Lehi, UT	(801) 997-9932
Wellness PNW Corporation	Michael Lee	Mt. Vernon, WA	(425) 330-5613
DTK Services, LLC	Don Keeley	NE & SE Wisconsin	(920) 423-3968
CANADIAN FRANCHISEES			
Babatunde Dada	Babatunde Dada	Winnipeg, MB	+1-204-305-0553
2366456 Alberta, Inc	Kenrick Leung	Calgary & Edmonton, AB	+1-587-200-8880
Fittech Equipment Specialists, Inc	Harry Head	North Vancouver, BC	+1-604-243-9696

*Todd Armstrong operates 2 separate territories in North Carolina which operate under two separate Franchise Agreements.

FRANCHISE AGREEMENTS SIGNED BUT NOT YET OPEN
AS OF December 31, 2020

Name	Contact	Location	Phone #
Maria V. Dominguez	Veronica Domingues	Miami, FL	
Fitness Solutions, LLC	Brian Dillon	Omaha, NE	
Pearson Fitness, LLC	Alex Pearson	Minneapolis, MN	

EXHIBIT E TO THE DISCLOSURE DOCUMENT
LIST OF FRANCHISEES
WHO HAVE LEFT THE SYSTEM

Name	Contact	Location	Phone #
CJ Fitness Corporation	Cynthia Anderson	Colorado Springs, CO	(719) 728-2484
GFC Legacy, LLC	Hunt Blumeyer	Eureka, MO	(833) 368-8324
J&J Slisik Enterprises, LLC	Jim Slisik	Papillion, NE	(402) 800-8180
SJK9 Corporation	Stephen Kudriavetz	Randolph, NJ	(201) 874-2288

EXHIBIT F TO THE DISCLOSURE DOCUMENT
FINANCIAL STATEMENTS

EISNERAMPER

PROEXCO, LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2021

PROEXCO, LLC

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INDEPENDENT AUDITORS' REPORT

To the Members and Management of
Proexco, LLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Proexco, LLC (the "Company"), which comprise the balance sheet as of December 31, 2021, and the related statements of operations, changes in members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Proexco, LLC as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' 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 for one year after the date that the financial statements are available to be issued.

"EisnerAmper" is the brand name under which EisnerAmper LLP and Eisner Advisory Group LLC provide professional services. EisnerAmper LLP and Eisner Advisory Group LLC are independently owned firms that practice in an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable law, regulations and professional standards. EisnerAmper LLP is a licensed CPA firm that provides attest services, and Eisner Advisory Group LLC and its subsidiary entities provide tax and business consulting services. Eisner Advisory Group LLC and its subsidiary entities are not licensed CPA firms.

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

In performing an audit in accordance with GAAS, we:

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

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

EisnerAmper LLP

EISNERAMPER LLP
Fort Lauderdale, Florida
April 25, 2022

PROEXCO, LLC

Balance Sheet
December 31, 2021

ASSETS	
Current assets:	
Cash	**$ 299,833**
Receivables	**165,459**
Franchise costs, current portion	**118,250**
Total current assets	**583,542**
Property and equipment, net	**3,906**
Due from affiliate	**100,000**
Franchise costs, net of current portion	**1,960,748**
Total assets	**$ 2,648,196**
LIABILITIES AND MEMBERS' EQUITY	
Current liabilities:	
Accounts payable and accrued expenses	**$ 69,953**
EIDL loan payable, current portion	**852**
Franchise fees, current portion	**263,375**
Total current liabilities	**334,180**
EIDL loan payable, net of current portion	**99,148**
Franchise fees, net of current portion	**1,687,910**
Total liabilities	**2,121,238**
Commitments and contingencies (Note D)	
Members' equity	**526,958**
Total liabilities and members' equity	**$ 2,648,196**

See notes to financial statements

PROEXCO, LLC

Statement of Operations
Year Ended December 31, 2021

Revenues:	
Franchise fees	**$ 354,053**
Brand development fees	**101,144**
Royalty fees	**610,767**
Total revenue	**1,065,964**
Operating expenses	**762,591**
Total operating income	**303,373**
Other income:	
Interest income	**38**
Forgiveness of PPP loan payable	**20,118**
Employee Retention Credit	**38,128**
Total other income	**58,284**
Net income	**$ 361,657**

See notes to financial statements

PROEXCO, LLC

Statement of Changes in Members' Equity
Year Ended December 31, 2021

Members' equity, January 1, 2021	**$**	**215,751**
Net income		**361,657**
Member distributions		**(50,450)**
Members' equity, December 31, 2021	**$**	**526,958**

See notes to financial statements

PROEXCO, LLC

Statement of Cash Flows
Year Ended December 31, 2021

Cash flows from operating activities:	
Net income	**$ 361,657**
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	**571**
Forgiveness of PPP loan payable	**(20,118)**
(Increase) decrease in assets:	
Receivables	**(114,622)**
Contract assets - franchise costs	**(170,117)**
Prepaid expenses	**8,337**
Increase in liabilities:	
Accounts payable and accrued expenses	**48,138**
Contract liabilities - franchise fees	**120,947**
Net cash provided by operating activities	**234,793**
Cash flows from investing activities:	
Purchase of property and equipment	**(1,000)**
Net cash used in investing activities	**(1,000)**
Cash flows from financing activities:	
Proceeds from PPP loan	**4,233**
Repayment of PPP loan	**(3,353)**
Distributions paid	**(50,450)**
Net cash used in financing activities	**(49,570)**
Net increase in cash	**184,223**
Cash at beginning of year	**115,610**
Cash at end of year	**$ 299,833**

See notes to financial statements

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Nature of operations:

Proexco, LLC (the "Company") was organized on October 14, 2011, with the principal place of business in Malvern, Pennsylvania. Proexco, LLC offers and sells franchises for the right to own and operate a "Fitness Machine Technicians ("FMT")" business, which provides maintenance and repair products and services for exercise equipment.

During 2021, there were sixteen (16) franchise and territory agreements executed and one hundred and thirteen (113) franchise territories operating as of December 31, 2021.

[2] Basis of accounting and use of estimates:

The Company's policy is to prepare its financial statements on the accrual basis of accounting; consequently, revenues are recognized when earned and expenses are recognized when the obligation is incurred. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

[3] Revenue recognition:

The Company generates revenue from the sale of franchise licenses under various agreements. This initial franchise fee is due at signing and earned based on the recognition of specific performance obligations. The Company also generates revenue from royalty and brand development fees. From time to time, the Company can charge various other fees as outlined in the Franchise Disclosure Document. See Note B, "Revenue from Contracts with Customers" for further information regarding implementation and disclosures.

[4] Accounts receivable:

Accounts receivable are reported at the amount management expects to collect from outstanding balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to the trade accounts. There is no allowance for doubtful accounts recorded at December 31, 2021 or January 1, 2021, as management deems all balances collectible. The following table disaggregates the Company's accounts receivable at December 31, 2021 and January 1, 2021.

	December 31, 2021	**January 1, 2021**
Brand development fees	**$ 10,964**	$ 7,217
Royalty fees	**66,367**	43,620
Franchise fees	**50,000**	-
Employee Retention Credit	**38,128**	-
Total	**$ 165,459**	$ 50,837

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[5] Property and equipment and depreciation:

Property and equipment are stated at cost, less accumulated depreciation and amortization. Repairs and maintenance costs are expensed as incurred. Depreciation is computed using the straight-line method over the useful life of five (5) years for furniture and fixtures. Amortization of leasehold improvements is computed over the lesser of the estimated useful lives of the improvements or the remaining term of the lease using the straight-line method.

[6] Impairment of long-lived assets:

The Company evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Long-lived assets consist primarily of property and equipment. Recoverability of assets is measured by a comparison of the carrying amount of an asset group to future net cash flows expected to be generated by the asset group. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell. For the year ended December 31, 2021, the Company did not recognize any impairment of long-lived assets.

[7] Income taxes:

The Company is a limited liability company under the Internal Revenue code, files as a partnership and all taxable income or loss flows through to its Members. Accordingly, no income tax expense or liability is recorded in the accompanying financial statements.

U.S. GAAP requires management to evaluate tax positions taken and recognize a tax liability, if the Company has taken an uncertain tax position that more likely than not would not be sustained upon examination by a government authority. Management has analyzed the tax positions taken by the Company and has concluded that as of December 31, 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

The Company recognizes accrued interest and penalties associated with uncertain tax positions, if any, as part of operating expenses. There were no income tax related interest and penalties recorded for the year ended December 31, 2021.

[8] Limited liability company:

Since the Company is a limited liability company, no member, manager, agent or employee of the Company shall be personally liable for the debts, obligations, or liabilities of the Company, whether arising in contract, tort, or otherwise, or for the acts or omissions of any other member, director, manager, agent or employee of the Company, unless the individual has signed a specific personal guarantee. The duration of the Company is perpetual.

As a limited liability company, each members' liability is limited to amounts reflected in their respective member equity accounts.

[9] Brand development fund:

The Company administers a brand development fund for the common benefit of the franchisees. Funds collected from franchisees are based on a percentage of monthly gross sales and the Company manages the franchise brand development program.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[10] Advertising and marketing costs:

Advertising and marketing costs are charged to operations in the year incurred. Advertising and marketing costs for the year ended December 31, 2021 were $22,370.

[11] Concentration of credit risk:

The Company maintains a cash balance at one financial institution, which may at times exceed the threshold for insurance provided by the Federal Deposit Insurance Corporation ("FDIC"). The Company does not believe it is exposed to any significant credit risk on its cash.

[12] Employee Retention Credit:

Under the provisions of the CARES Act and the subsequent extension of the CARES Act, the Company was eligible for a refundable Employee Retention Credit subject to certain criteria. The Company recognized a $38,128 Employee Retention Credit during the year ended December 31, 2021. The credit is shown as other income in the statement of operations. The Company filed for refunds of the Employee Retention Credit in January 2022 and as of December 31, 2021, this amount is included as a receivable on the balance sheet.

[13] Recent accounting pronouncements:

The Company considers the applicability and impact of all Accounting Standards Updates ("ASU"). ASUs not discussed below were assessed and determined to be either not applicable or are expected to have minimal impact on the Company's financial statement.

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-02, *Leases* ("ASU 2016-02"), which requires an entity to recognize assets and liabilities on the balance sheet for the rights and obligations created by leased assets and provide additional disclosures. In July 2018, the FASB issued ASU No. 2018-11, *Leases: Targeted Improvements* ("ASU 2018-11"), which provides an entity with the option to apply the transition provisions of the new standard at its adoption date instead of at its earliest comparative period presented. ASU 2016-02 also provides an entity with a practical expedient that permits lessors to not separate nonlease components from the associated lease component if certain conditions are met. ASU 2016-02, as amended by ASU 2018-11, is effective for the fiscal year beginning January 1, 2022, and early adoption is permitted. The Company's lease is on a month-to-month basis (Note D), therefore management believes ASU 2016-02, as amended by ASU 2018-11, will not have a significant impact on its financial statements and related disclosures.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326) Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 significantly changes how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. Current U.S. GAAP contains an incurred loss methodology for recognizing credit losses and delays the recognition until it is probable that a loss has been incurred. ASU No. 2016-13 introduces an approach based on expected losses to estimate credit losses on certain types of financial instruments (including trade receivables). For private companies, ASU No. 2016-13 is effective for fiscal years beginning after December 15, 2022. Early adoption is permitted. The Company is currently evaluating the effect of this new guidance on the financial statements and related disclosures.

NOTE B - REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company follows FASB Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* and *Subtopic 952-606 Franchisors-Revenue from Contracts with Customers*. The Company's revenues are comprised of franchise, brand development, and royalty fees. The following table disaggregates the Company's revenue based on the timing of satisfaction of performance obligations for the year ended December 31, 2021:

	Franchise Fees	Royalty Fees	Brand Development Fees	Total
Performance obligations satisfied at a point in time	$ 53,125	$ 610,767	$ 101,144	$ 765,036
Performance obligations satisfied over time	300,928	-	-	300,928
Total	$ 354,053	$ 610,767	$ 101,144	$ 1,065,964

[1] Franchise fees:

The Company recognizes franchise fees as two (2) performance obligations are satisfied. The amount allocated to the initial training program is earned at a point in time when the performance obligation is satisfied upon completion of the training. The amount allocated to the franchise license is earned over time as performance obligations are satisfied due to the continuous transfer of control to the franchisee.

[2] Royalty and brand development fees:

The Company's franchise agreements contain variable considerations in the form of royalty and brand development fees. These fees are based on a percentage of franchisee monthly sales and are recorded and recognized as revenue as the franchisees provide their services because the variable payment relates specifically to the performance obligation of using the license.

[3] Contract assets and liabilities:

Contract assets consist of commissions paid to facilitate the sale of franchise and territory agreements. These costs are amortized over the expected customer life which typically includes the initial franchise license period of 10 years, plus a renewal period of 10 years when it is probable for the renewal option to be exercised. As of December 31, 2021 and January 1, 2021, the combined current and long-term portion of contract assets was $2,078,998 and $1,908,881, respectively.

Contract liabilities consist of the remaining initial franchise fees to be amortized over the life of the franchise agreements. Contract liabilities are a result of the collection of the initial franchise fee at the time of the signing of the franchise agreement and will fluctuate each year, based on the number of franchise agreements signed. As of December 31, 2021 and January 1, 2021, the combined current and long-term portion of deferred franchise fees was $1,951,285 and $1,830,338, respectively.

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2021:

Leasehold improvement	$ 14,068
Furniture and equipment	5,000
	19,068
Less: accumulated depreciation and amortization	(15,162)
Total	$ 3,906

Depreciation and amortization expense for the year ended December 31, 2021 was $571.

NOTE D - COMMITMENTS AND CONTINGENCIES

The Company and a related party are sharing and paying rent for a facility on a month-to-month basis, located in Malvern, Pennsylvania, that houses the corporate office. Rent expense for the year ended December 31, 2021 was $18,263.

The extent of the impact of the coronavirus ("COVID-19") outbreak on the financial performance of the Company will depend on future developments, including the duration and spread of the outbreak, related advisories and restrictions, and the impact of COVID-19 on the financial markets and the overall economy, all of which are highly uncertain and cannot be predicted. If the financial markets and/or the overall economy are impacted for an extended period of time, the Company's results of operations may be materially adversely affected.

NOTE E - RELATED PARTY TRANSACTIONS

A member of the Company owns and operates a FMT business, which has been in operation since 2002. It has never offered franchises in this or any other line of business. During 2020, the Company advanced monies to this related entity to help the entity cover administration costs. The amount due from the entity as of December 31, 2021 was $100,000.

The Company incurred legal and franchise expenses with two of the members of the Company in the amount of $41,643 for the year ended December 31, 2021. There are no amounts due to these two members as of December 31, 2021.

The Company pays management fees to a related entity to cover shared administration costs. The total amount paid during 2021 was $79,188.

NOTE F - ECONOMIC INJURY DISASTER LOAN

In August 2020, the Company received an Economic Injury Disaster Loan ("EIDL") from the U.S. Small Business Administration ("SBA") in the amount of $100,000. The loan was made available by the Coronavirus Aid, Relief, and Economic Security ("CARES") Act and is designed to help businesses who are struggling during the coronavirus pandemic. Installment payments of $488, including principal and interest at 3.75%, are set to begin in August 2022, with the balance of principal and interest payable in August 2050.

NOTE F - ECONOMIC INJURY DISASTER LOAN (CONTINUED)

The minimum annual repayment requirements on this loan as of December 31, 2021 are as follows:

Years Ending December 31,	
2022	$ 852
2023	2,124
2024	2,195
2025	2,291
2026	2,379
Thereafter	90,159
	$ 100,000

NOTE G - PAYCHECK PROTECTION PROGRAM LOAN

In May 2020, the Company received a Paycheck Protection Program ("PPP") Loan from the SBA in the amount of $19,238. The loan was made available by the CARES Act and is designed to help businesses keep their workforce employed during the COVID-19 crisis. In February 2021, the Company applied for and received formal forgiveness from the SBA for $15,885 of the outstanding loan. In accordance with FASB ASC 958-605, the Company recognized income on extinguishment of debt as all the conditions for forgiveness of the $15,885 were met. The forgiveness income is included in gain on forgiveness of PPP loan payable on the accompanying statement of operations for the year ended December 31, 2021.

In March 2021, the Company received another PPP Loan from the SBA in the amount of $4,233, and in October 2021, the Company applied for and received formal forgiveness from the SBA for the full amount of $4,233. In accordance with FASB ASC 958-605, the Company recognized income on extinguishment of debt as all the conditions for full forgiveness were met. The forgiveness income is included in gain on forgiveness of PPP loan payable on the accompanying statement of operations for the year ended December 31, 2021.

NOTE H - SUBSEQUENT EVENTS

The Company has evaluated events or transactions that have occurred after December 31, 2021 (the financial statement date) through April 25, 2022, the date that the financial statements were available to be issued. During this period, except for the Employee Retention Credit discussed in Note A, the Company did not have any material recognizable subsequent events that would require adjustment to, or disclosure in, the financial statements.

EISNERAMPER

PROEXCO, LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the Members and Management
Proexco, LLC
Malvern, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of Proexco, LLC (a Pennsylvania limited liability company) (the "Company"), which comprise the balance sheet as of December 31, 2020, and the related statement of operations, changes in members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Emphasis of Matter

As the prior period financial statements have not been presented herein, the January 1, 2020 opening balance sheet has been adjusted to correct a misstatement as discussed in Note 2 to the financial statements. Our opinion is not modified with respect to this matter.

EisnerAmper LLP

EISNERAMPER LLP
Merchantville, New Jersey
April 23, 2021

EISNERAMPER LLP

PROEXCO, LLC
BALANCE SHEET
DECEMBER 31, 2020

	2020
ASSETS	
CURRENT ASSETS	
Cash	$ 115,610
Receivables	
Brand development fees	7,217
Royalty fees	43,620
Contract assets	
Franchise costs, current portion	104,450
Prepaid expenses	8,337
TOTAL CURRENT ASSETS	279,234
PROPERTY AND EQUIPMENT, net	3,477
OTHER ASSETS	
Due from affiliate	100,000
Contract assets	
Franchise costs, net of current portion	1,804,431
TOTAL OTHER ASSETS	1,904,431
	$ 2,187,142
LIABILITIES AND MEMBERS' DEFICIT	
CURRENT LIABILITIES	
Accounts payable and accrued expenses	$ 21,815
EIDL loan payable, current portion	883
PPP loan payable, current portion	12,800
Contract liabilities	
Franchise fees, current portion	224,437
TOTAL CURRENT LIABILITIES	259,935
LONG-TERM LIABILITIES	
EIDL loan payable, net of current portion	99,117
PPP loan payable, net of current portion	6,438
Contract liabilities	
Franchise fees, net of current portion	1,605,901
TOTAL LONG-TERM LIABILITIES	1,711,456
TOTAL LIABILITIES	1,971,391
MEMBERS' EQUITY	215,751
TOTAL LIABILITIES AND MEMBERS' EQUITY	$ 2,187,142

See accompanying notes.

PROEXCO, LLC
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2020

	2020
REVENUES	
Franchise fees	$ 255,745
Brand development fees	54,654
Royalty fees	325,394
TOTAL REVENUE	635,793
OPERATING EXPENSES	494,709
NET INCOME	$ 141,084

See accompanying notes.

PROEXCO, LLC
STATEMENT OF CHANGES IN MEMBERS' EQUITY
YEAR ENDED DECEMBER 31, 2020

	2020
MEMBERS' EQUITY	
Members' equity, January 1, 2020 (as adjusted) (Note 2)	$ 74,667
Net income	141,084
TOTAL MEMBERS' EQUITY	$ 215,751

See accompanying notes.

PROEXCO, LLC
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020

	2020
CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	$ 141,084
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation and amortization	3,336
(Increase) decrease in assets	
Receivables	
Brand development fees	(3,184)
Royalty fees	(19,210)
Contract asset - franchise costs	(97,729)
Prepaid expenses	(3,117)
Increase (decrease) in liabilities	
Accounts payable and accrued expenses	(6,357)
Contract liability - franchise fees	(10,745)
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,078
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	(4,000)
Due from affiliates	(100,000)
NET CASH USED IN INVESTING ACTIVITIES	(104,000)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from EIDL loan	100,000
Proceeds from PPP loan	19,238
NET CASH PROVIDED BY FINANCING ACTIVITIES	119,238
NET INCREASE IN CASH	19,316
CASH, BEGINNING	96,294
CASH, ENDING	$ 115,610

See accompanying notes.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Proexco, LLC (the Company) was organized on October 14, 2011, with the principal place of business in Malvern, Pennsylvania. Proexco, LLC offers and sells franchises for the right to own and operate a "Fitness Machine Technicians (FMT)" business, which provides maintenance and repair products and services for exercise equipment.

During 2020, there were nine (9) franchise and territory agreements executed and ninety-seven (97) franchise territories operating as of December 31, 2020.

Basis of Accounting and Use of Estimates

The Company's policy is to prepare its financial statements on the accrual basis of accounting; consequently, revenues are recognized when earned and expenses are recognized when the obligation is incurred. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

The Company generates revenue from the sale of franchise licenses under various agreements. This initial franchise fee is due at signing and earned based on the recognition of specific performance obligations. The Company also generates revenue from royalty and brand development fees. From time to time, the Company can charge various other fees as outlined in the Franchise Disclosure Document. See Note 2, "Revenue from Contracts with Customers" for further information regarding implementation and disclosures.

Accounts Receivable

Accounts receivable are reported at the amount management expects to collect from outstanding balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to the trade accounts. There is no allowance for doubtful accounts recorded at December 31, 2020, as management deems all balances collectible.

Property and Equipment and Depreciation

Property and equipment are stated at cost, less accumulated depreciation and amortization. Repairs and maintenance costs are expensed as incurred. Depreciation is computed using the straight-line method over the useful life of five (5) years for furniture and fixtures. Amortization of leasehold improvements is computed over the lesser of the estimated useful lives of the improvements or the remaining term of the lease using the straight-line method.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of Long-Lived Assets

The Company evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Long-lived assets consist primarily of property, plant, and equipment. Recoverability of assets is measured by a comparison of the carrying amount of an asset group to future net cash flows expected to be generated by the asset group. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell. For the year ended December 31, 2020, the Company did not recognize any impairment of long-lived assets.

Income Taxes

The Company is a limited liability company under the Internal Revenue code, files as a partnership and all taxable income or loss flows through to its Members. Accordingly, no income tax expense or liability is recorded in the accompanying financial statements.

U.S. GAAP requires management to evaluate tax positions taken and recognize a tax liability, if the Company has taken an uncertain tax position that more likely than not would not be sustained upon examination by a government authority. Management has analyzed the tax positions taken by the Company and has concluded that as of December 31, 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

The Company recognizes accrued interest and penalties associated with uncertain tax positions, if any, as part of operating expenses. There were no income tax related interest and penalties recorded for the year ended December 31, 2020.

Limited Liability Company

Since the Company is a limited liability company, no member, manager, agent or employee of the Company shall be personally liable for the debts, obligations, or liabilities of the Company, whether arising in contract, tort, or otherwise, or for the acts or omissions of any other member, director, manager, agent or employee of the Company, unless the individual has signed a specific personal guarantee. The duration of the Company is perpetual.

As a limited liability company, each members' liability is limited to amounts reflected in their respective member equity accounts.

Brand Development Fund

The Company administers a brand development fund for the common benefit of the franchisees. Funds collected from franchisees are based on a percentage of monthly gross sales and the Company manages the franchise brand development program.

Advertising and Marketing Costs

Advertising and marketing costs are charged to operations in the year incurred. Advertising and marketing costs for the year ended December 31, 2020 were $20,625.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of Credit Risk

The Company maintains a cash balance at one financial institution, which may at times exceed the threshold for insurance provided by the Federal Deposit Insurance Corporation (FDIC). The Company does not believe it is exposed to any significant credit risk on its cash.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, "Leases" ("ASU 2016-02"), which requires an entity to recognize assets and liabilities on the balance sheet for the rights and obligations created by leased assets and provide additional disclosures. In July 2018, the FASB issued ASU No. 2018-11, "Leases: Targeted Improvements" ("ASU 2018-11"), which provides an entity with the option to apply the transition provisions of the new standard at its adoption date instead of at its earliest comparative period presented. ASU 2016-02 also provides an entity with a practical expedient that permits lessors to not separate nonlease components from the associated lease component if certain conditions are met. ASU 2016-02, as amended by ASU 2018-11, is effective for the fiscal year beginning January 1, 2022, early adoption is permitted. Management is currently evaluating the impact that the adoption of ASU 2016-02, as amended by ASU 2018-11, may have on the financial statements and disclosures.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326) Measurement of Credit Losses on Financial Instruments. ASU 2016-13 significantly changes how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. Current U.S. GAAP contains an incurred loss methodology for recognizing credit losses and delays the recognition until it is probable that a loss has been incurred. ASU No. 2016-13 introduces an approach based on expected losses to estimate credit losses on certain types of financial instruments (including trade receivables). For private companies, ASU No. 2016-13 is effective for fiscal years beginning after December 15, 2022. Early adoption is permitted. The Company is currently evaluating the effect of this new guidance on the financial statements and related disclosures.

NOTE 2 RESTATEMENT OF OPENING BALANCE SHEET

During the preparation of its annual financial statements for the year ended December 31, 2020, management of Proexco, LLC determined that it had improperly accounted for its franchise contract assets in periods prior to 2020. Specifically, the Company understated the amount of capitalized commission costs associated with the sale of franchises, and the Company was amortizing the costs over the incorrect period. The Company should have amortized the contract costs over the expected customer life, which typically includes the initial franchise license period plus a renewal period (Note 3). This error caused total assets and total net income to be understated by $295,342 in the periods prior to 2020.

NOTE 2 RESTATEMENT OF OPENING BALANCE SHEET (continued)

The cumulative effect of the accounting error and adjustments necessary to correct the Company's balance sheet as of the beginning of the fiscal year ended December 31, 2020, are summarized as follows:

	As of January 1, 2020		
	Opening Balance	Adjustment	As Adjusted
Balance Sheet			
Current Assets			
Contract assets, current	$ 165,380	$ (70,880)	$ 94,500
Other current assets	129,957	-	129,957
Total Current Assets	295,337	(70,880)	224,457
Contract assets, net of current	1,350,430	366,222	1,716,652
Other non-current assets	2,813	-	2,813
Total Assets	$ 1,648,580	$ 295,342	$ 1,943,922
Total Liabilities	$ 1,869,255	$ -	$ 1,869,255
Members' equity (deficit)	(220,675)	295,342	74,667
Total Liabilities and Equity	$ 1,648,580	$ 295,342	$ 1,943,922

NOTE 3 REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company follows FASB Accounting Standards Codification ("ASC") Topic 606, Revenue from Contracts with Customers and Subtopic 952-606 Franchisors-Revenue from Contracts with Customers. The Company's revenues are comprised of franchise, brand development, and royalty fees.

Franchise Fees

The Company recognizes franchise fees as two (2) performance obligations are satisfied. The amount allocated to the initial training program is earned at a point in time when the performance obligation is satisfied upon completion of the training. The amount allocated to the franchise license is earned over time as performance obligations are satisfied due to the continuous transfer of control to the franchisee. The following table disaggregates the Company's franchise fee revenue based on the timing of satisfaction of performance obligations for the year ended December 31, 2020:

Performance obligations satisfied at a point in time	$ 30,625
Performance obligations satisfied over time	225,120
Total Franchise Fees	$ 255,745

NOTE 3 REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

Variable Considerations

Our franchise agreements contain variable considerations in the form of royalty and brand development fees. These fees are based on a percentage of franchisee monthly sales and are recorded and recognized as revenue as the franchisees provide their services because the variable payment relates specifically to the performance obligation of using the license.

Contract Assets and Liabilities

Contract assets consist of commissions paid to facilitate the sale of franchise and territory agreements. These costs are amortized over the expected customer life which typically includes the initial franchise license period plus a renewal period when it is probable for the renewal option to be exercised. As of December 31, 2020, the combined current and long-term portion of contract assets was 1,908,881.

Contract liabilities consist of the remaining initial franchise fees to be amortized over the life of the franchise agreements. Contract liabilities are a result of the collection of the initial franchise fee at the time of the signing of the franchise agreement and will fluctuate each year based on the number of franchise agreements signed. As of December 31, 2020, the combined current and long-term portion of deferred franchise fees was 1,830,338.

Practical Expedients and Exemptions

Upon the adoption of ASC Subtopic 952-606, the Company utilized certain practical expedients and exemptions as follows:

The Company has elected to account for pre-operating services as distinct from the franchise license.

The Company applied the modified retrospective approach upon adoption of ASC Subtopic 952-606 which allowed the new accounting standard to be applied to all contracts as of the date of initial implementation. There was no effect to Members' Equity as a result of this adoption.

Remaining Performance Obligations

The remaining performance obligations consist of initial franchise fees for all executed franchise agreements that are reported as contract liabilities franchise fees, on the balance sheet. Total revenue expected to be recognized in the future related to performance obligations that are either unsatisfied or partially satisfied at December 31, 2020 is $1,830,338.

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31, 2020:

Leasehold improvement	$ 14,068
Furniture and equipment	4,000
Less accumulated depreciation and amortization	(14,591)
Total	$ 3,477

NOTE 4 PROPERTY AND EQUIPMENT (continued)

Depreciation and amortization expense for the year ended December 31, 2020 was $3,336.

NOTE 5 COMMITMENTS AND CONTINGENCIES

The Company and a related party are sharing and paying rent for a facility on a month-to-month basis, located in Malvern, Pennsylvania, that houses the corporate office. Rent expense for the year ended December 31, 2020 was $11,740.

The Company has entered into various agreements for marketing, advertising, franchise brokers, and public relations. These agreements have various terms ranging from month-to-month to five-year terms. All payments made for these services are charged to expense in the year costs are incurred. Any cost associated with a franchise sale are capitalized and amortized over the life of the franchise agreement.

The extent of the impact of the coronavirus ("COVID-19") outbreak on the financial performance of the Company will depend on future developments, including the duration and spread of the outbreak, related advisories and restrictions, and the impact of COVID-19 on the financial markets and the overall economy, all of which are highly uncertain and cannot be predicted. If the financial markets and/or the overall economy are impacted for an extended period of time, the Company's results of operations may be materially adversely affected.

NOTE 6 RELATED PARTY TRANSACTIONS

A member of the Company owns and operates a FMT business, which has been in operation since 2002. It has never offered franchises in this or any other line of business. During 2020, the Company advanced monies to this related entity to help the entity cover administration costs. The amount due from the entity as of December 31, 2020 was $100,000.

The Company incurred legal and franchise expenses with two of the members of the Company in the amount of $36,752 for the year ended December 31, 2020. There are no amounts due to these two members as of December 31, 2020.

The Company pays management fees to a related entity to cover shared administration costs. The total amount paid during 2020 was $28,333.

NOTE 7 ECONOMIC INJURY DISASTER LOAN

In August 2020, the Company received an Economic Injury Disaster Loan (EIDL) from the U.S. Small Business Administration (SBA) in the amount of $100,000. The loan was made available by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and is designed to help businesses who are struggling during the Coronavirus pandemic. Installment payments of $488, including principal and interest at 3.75%, are set to begin in August 2021, with the balance of principal and interest payable in August 2050.

NOTE 7 ECONOMIC INJURY DISASTER LOAN (continued)

The minimum annual repayment requirements on this loan as of December 31, 2020 are as follows:

Years ending December 31,	
2021	$ 883
2022	2,176
2023	2,259
2024	2,345
2025	2,435
Thereafter	89,902
	$ 100,000

NOTE 8 PAYCHECK PROTECTION PROGRAM LOAN

In May 2020, the Company received a Paycheck Protection Program (PPP) Loan from the U.S. Small Business Administration (SBA) in the amount of $19,238. The loan was made available by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and is designed to help businesses keep their workforce employed during the Coronavirus (COVID-19) crisis. The loan can be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities over a covered period of eight weeks. No collateral or personal guarantees were required and there were no fees associated with the loan.

The loan amount of $19,238 will be repaid to the SBA in installment payments of $1,291, including principal and interest at 1.00%, beginning in March 2021, with the balance of principal and interest payable in May 2022.

The minimum annual repayment requirements on this loan as of December 31, 2020 are as follows:

Years ending December 31,	
2021	$ 12,800
2022	6,438
	$ 19,238

NOTE 9 SUBSEQUENT EVENTS

The Company has evaluated events or transactions that have occurred after December 31, 2020 (the financial statement date) through April 23, 2021, the date that the financial statements were available to be issued. During this period, except for the PPP Loan forgiveness discussed below, the Company did not have any material recognizable subsequent events that would require adjustment to, or disclosure in, the financial statements.

In February 2021, the Company received partial forgiveness of the PPP loan (Note 8) by the SBA in the amount of $15,885. The Company will recognize this $15,885 in loan forgiveness as income in 2021.

SUPPLEMENTARY INFORMATION (UNAUDITED)

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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Members and Management
Proexco, LLC
Malvern, Pennsylvania

We have audited the financial statements of Proexco, LLC as of December 31, 2020, and for the year then ended, and our report thereon dated April 23, 2021, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The Schedule of Operating Expenses, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

EisnerAmper LLP

EISNERAMPER LLP
Merchantville, New Jersey
April 23, 2021

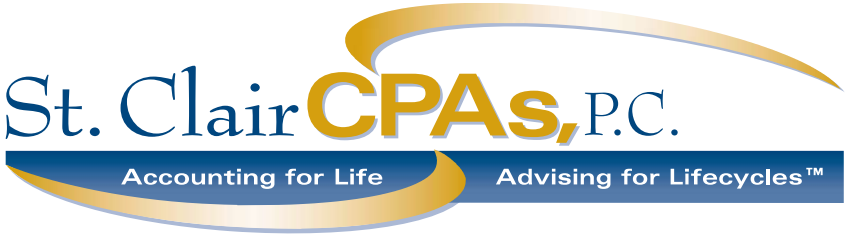
EISNERAMPER LLP

PROEXCO, LLC
SCHEDULE OF OPERATING EXPENSES
YEAR ENDED DECEMBER 31, 2020

	(Unaudited)
OPERATING EXPENSES	
Advertising and marketing	20,625
Amortization	2,812
Automobile	2,107
Bank service charges	126
Commissions	101,271
Conferences	5,979
Depreciation	524
Donations	200
Dues and subscriptions	1,970
Franchise expenses	87,590
Insurance	2,736
Management fees	28,333
Office and supplies	26,889
Payroll expenses	119,085
Professional fees	70,209
Rent	11,740
Travel and lodging	9,788
Utilities	2,725
	$ 494,709

PROEXCO, LLC

FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018



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St. Clair CPAs, P.C.
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INDEPENDENT AUDITORS' REPORT

To the Members and Management
Proexco, LLC
Malvern, Pennsylvania

We have audited the accompanying financial statements of Proexco, LLC (a Pennsylvania limited liability company), which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of operations, changes in members' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Proexco, LLC as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

St. Clair CPAs, P.C.

Certified Public Accountants

Merchantville, New Jersey
January 17, 2020

PROEXCO, LLC
BALANCE SHEETS
DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash	$ 96,294	$ 32,573
Receivables		
Brand development fees	4,033	941
Royalty fees	24,410	5,908
Contract assets		
Franchise costs, current portion	165,380	61,078
Prepaid expenses	5,220	3,000
TOTAL CURRENT ASSETS	295,337	103,500
PROPERTY AND EQUIPMENT, net	2,813	5,627
OTHER ASSETS		
Contract assets		
Franchise costs, net of current portion	1,350,430	526,655
	$ 1,648,580	$ 635,782
LIABILITIES AND MEMBERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 28,172	$ 28,817
Contract liabilities		
Franchise fees, current portion	210,500	108,500
TOTAL CURRENT LIABILITIES	238,672	137,317
LONG TERM LIABILITIES		
Contract liabilities		
Franchise fees, net of current portion	1,630,583	590,708
TOTAL LIABILITIES	1,869,255	728,025
MEMBERS' DEFICIT	(220,675)	(92,243)
TOTAL LIABILITIES AND MEMBERS' DEFICIT	$ 1,648,580	$ 635,782

See accompanying notes.

PROEXCO, LLC
STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
REVENUES		
Franchise fees	$ 326,250	$ 153,917
Brand development fees	28,068	5,299
Royalty fees	162,140	32,364
TOTAL REVENUE	516,458	191,580
OPERATING EXPENSES		
Advertising and marketing	53,431	14,353
Automobile	2,274	20
Bank service charges	746	285
Commissions	263,924	-
Conferences	12,302	-
Consulting	86,228	35,180
Depreciation	2,814	2,814
Donations	100	-
Franchise expenses	92,059	175,656
Insurance	2,644	-
Management fees	2,600	-
Office and supplies	20,240	1,176
Payroll expenses	25,045	-
Professional fees	58,254	23,094
Rent	11,436	2,609
Repairs and maintenance	925	-
Travel and lodging	9,744	1,552
Utilities	134	-
TOTAL OPERATING EXPENSES	644,900	256,739
NET LOSS	$ (128,442)	$ (65,159)

See accompanying notes.

PROEXCO, LLC
STATEMENTS OF CHANGES IN MEMBERS' DEFICIT
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
MEMBERS' EQUITY (DEFICIT)		
Members' deficit, beginning	$ (92,243)	(27,084)
Members' equity, contributed capital	10	-
Net loss	(128,442)	(65,159)
TOTAL MEMBERS' DEFICIT	$ (220,675)	$ (92,243)

See accompanying notes.

PROEXCO, LLC
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (128,442)	$ (65,159)
Adjustments to reconcile net loss to net cash provided (used) by operating activities		
Depreciation	2,814	2,814
(Increase) decrease in assets		
Receivables		
Brand development fees	(3,092)	(692)
Royalty fees	(18,502)	(4,168)
Franchise costs	(928,077)	(587,733)
Prepaid expenses	(2,220)	(3,000)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(645)	18,312
Franchise fees	1,141,875	666,083
NET CASH PROVIDED BY OPERATING ACTIVITIES	63,711	26,457
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contribution from member	10	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	10	-
NET INCREASE IN CASH	63,721	26,457
CASH, BEGINNING	32,573	6,116
CASH, ENDING	$ 96,294	$ 32,573

See accompanying notes.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Proexco, LLC (the Company) was organized on October 14, 2011, with the principal place of business in Malvern, Pennsylvania. Proexco, LLC offers and sells franchises for the right to own and operate a "Fitness Machine Technicians FMT" business, which provides maintenance and repair products and services for exercise equipment.

During 2019, there were fifty-four (54) franchise and territory agreements executed and eighty-seven (87) franchise territories operating as of December 31, 2019.

Basis of Accounting and Use of Estimates

The Company's policy is to prepare its financial statements on the accrual basis of accounting; consequently, revenues are recognized when earned and expenses are recognized when the obligation is incurred. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

The Company generates revenue from the sale of franchise licenses under various agreements. This initial franchise fee is due at signing and earned based on the recognition of specific performance obligations. The Company also generates revenue from royalty and advertising fees. From time to time, the Company can charge various other fees as outlined in the Franchise Disclosure Document. See Note 2, "Revenue from Contracts With Customers" for further information regarding implementation and disclosures.

Accounts Receivable

Accounts receivable are reported at the amount management expects to collect from outstanding balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the trade accounts. There is no valuation allowance recorded for the years ended December 31, 2019 and 2018, as management deems all balances collectible.

Property and Equipment and Depreciation

Property and equipment are stated at cost. Repairs and maintenance costs are expensed as incurred. Depreciation is provided by using the straight-line method over the useful life of five (5) years.

Income Taxes

The Company is a limited liability company under the Internal Revenue code, files as a partnership and all taxable income or loss flows through to its Members. Accordingly, no income tax expense or liability is recorded in the accompanying financial statements.

The Company believes it is no longer subject to income tax examinations by major tax jurisdictions for the years prior to 2016.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Limited Liability Company

Since the Company is a limited liability company, no member, manager, agent or employee of the Company shall be personally liable for the debts, obligations, or liabilities of the Company, whether arising in contract, tort, or otherwise, or for the acts or omissions of any other member, director, manager, agent or employee of the Company, unless the individual has signed a specific personal guarantee. The duration of the Company is perpetual.

As a limited liability company, each members' liability is limited to amounts reflected in their respective member equity accounts.

Brand Development Fund

The Company administers a brand development fund for the common benefit of the franchisees. Funds collected from franchisees are based on a percentage of monthly gross sales and the Company manages the franchise brand development program.

Franchise Contract Costs

Franchise contract costs are commissions paid for the sale of franchise and territory agreements. These costs are deferred over the life of the franchise and territory agreements. As of December 31, 2019 and 2018, the combined current and long-term portion of franchise contract costs are $1,515,810 and $587,733, respectively.

Deferred Franchise Contracts

Deferred franchise contracts are the remaining initial franchise fees to be amortized over the life of the franchise and territory agreements. As of December 31, 2019 and 2018, the combined current and long-term portion of deferred franchise contracts are $1,841,083 and $659,208, respectively.

Advertising and Marketing Costs

Advertising and marketing costs are charged to operations in the year incurred. Advertising costs for the years ended December 31, 2019 and 2018, were $53,431 and $14,353, respectively.

Concentration of Credit Risk

The Company maintains a cash balance at one financial institution, which may at times exceed the threshold for insurance provided by the Federal Deposit Insurance Corporation (FDIC). The Company does not believe it is exposed to any significant credit risk on its cash.

NOTE 2 REVENUE FROM CONTRACTS WITH CUSTOMERS

Franchise Fees

The Company recognizes franchise fees in two (2) parts. The amount allocated to the initial training program is earned at a point in time when performed. The amount allocated to the franchise license is earned over time as performance obligations are satisfied due to the continuous transfer of control to the franchisee. Revenue earned at a point in time was $177,500 and revenue earned over time was $148,750 for the year ended December 31, 2019.

NOTE 2 REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

Variable Considerations

Our franchise agreements contain variable considerations in the form of royalty and advertising fees. These fees are based on franchisee weekly sales and are recorded as revenue and recognized as these services are delivered because the variable payment relates specifically to the performance obligation of using the license.

Contract Assets and Liabilities

Contract assets consist of franchise costs associated with the sale of franchise agreements. These costs are amortized over the life of the franchise agreements. Contract assets are a result of payments made to franchise brokers when the franchise fee is collected.

Contract liabilities consist of the remaining initial franchise fees, which are also amortized over the life of the franchise agreements. Contract liabilities are a result of the collection of the initial franchise fee at the time of the signing of the franchise agreement and will fluctuate each year based on the number of franchise agreements signed. Revenue recognized during the year that was in contract liabilities as of December 31, 2018 was $73,500.

Remaining Performance Obligations

The remaining performance obligations consist of initial franchise fees for all executed franchise agreements that are reported as contract liabilities franchise fees, on the balance sheet. Total revenue expected to be recognized in the future related to performance obligations that are either unsatisfied or partially satisfied at December 31, 2019 is $1,841,083.

Reclassifications

Some of the 2018 current liabilities have been reclassified to conform with current year financial statement presentation.

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31:

	2019	2018
Leasehold improvement	$ 14,068	$ 14,068
Less accumulated depreciation	(11,255)	(8,441)
Total	$ 2,813	$ 5,627

Depreciation expense for both the years ended December 31, 2019 and 2018, was $2,814.

NOTE 4 MEMBERSHIP INTERESTS

Net profits, losses, and other income, gain, loss, deductions, and credits of the Company shall be allocated among the members in proportion to each members' unit percentage as specified in the limited liability operating agreement.

NOTE 5 COMMITMENTS

The Company and a related party are sharing and paying rent for a facility on a month-to-month basis, located in Malvern, Pennsylvania, that houses the corporate office. Rent expense for the years ended December 31, 2019 and 2018, was $11,436 and $2,609, respectively.

The Company has entered into various agreements for marketing, advertising, franchise brokers, and public relations. These agreements have various terms ranging from month-to-month to five-year terms. All payments made for these services are charged to expense in the year costs are incurred. Any cost associated with a franchise sale are capitalized and amortized over the life of the franchise agreement.

NOTE 6 RELATED PARTY TRANSACTIONS

A member of the company owns and operates one business of the type being franchised, which has been in operation since 2002. It has never offered franchises in this or any other line of business.

Included in accounts payable and accrued expenses are amounts due to two of the members of the Company. The outstanding balance was $500 and $7,000 as of December 31, 2019 and 2018, respectively.

The Company incurred legal and franchise expenses with two of the members in the amounts of $38,132 and $21,549 for the year ended December 31, 2019.

During 2019, the Company started paying management fees to a related entity to cover shared administration costs. Total amount paid during 2019 was $2,600.

NOTE 7 SUBSEQUENT EVENTS

The Company has evaluated events or transactions that have occurred after December 31, 2019 (the financial statement date) through January 17, 2020, the date that the financial statements were available to be issued. During this period, the Company did not have any material recognizable subsequent events that would require adjustment to, or disclosure in, the financial statements.

Proexco, LLC
Unaudited Financial Statements
As of October 31, 2022

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPNION WITH REGARD TO THE CONTENT OR FORM.

Proexco, LLC
Profit & Loss
October 2022

	Oct 22
Ordinary Income/Expense	
Income	
3015 · Royalty Fees	68,529.96
3020 · Miscellanous Income	100.60
Total Income	68,630.56
Gross Profit	68,630.56
Expense	
6000 · Computer Technology	
6002 · Software	1,276.02
6003 · Qvinci	36.55
Total 6000 · Computer Technology	1,312.57
6100 · Franchise Sales Expenses	
6101 · Franchise Expense FBA	99.00
6106 · Franchise Expense TES	1,500.00
6107 · Franchise Expense	5,455.00
6109 · Lead Generation	4,084.00
Total 6100 · Franchise Sales Expenses	11,138.00
6200 · General & Administrative	
6201 · Office Supplies	81.81
6205 · Payroll Processing Fees	351.47
Total 6200 · General & Administrative	433.28
6400 · Professional Fees	
6405 · Legal Expense	2,500.00
Total 6400 · Professional Fees	2,500.00
6600 · Salaries & Wages	
6601 · Salaries - Executives	20,115.39
Total 6600 · Salaries & Wages	20,115.39
6650 · Employee Related Expenses	
6651 · Payroll Taxes - Executives	1,327.48
6655 · Group Benefits	799.02
6659 · Seminars & Conferences	519.12
6660 · Workers Comp	385.99
6650 · Employee Related Expenses - Other	266.60
Total 6650 · Employee Related Expenses	3,298.21
6700 · Travel & Entertainment	
6701 · Travel	4,042.99
6702 · Meals and Entertainment	1,182.44
Total 6700 · Travel & Entertainment	5,225.43
6800 · Facilities Expense	
6804 · Taxes & Licenses	675.00
6806 · Insurance General Liability	1,095.70
6807 · Building Rent	1,330.00
Total 6800 · Facilities Expense	3,100.70
Total Expense	47,123.58
Net Ordinary Income	21,506.98

Proexco, LLC
Profit & Loss
October 2022

	Oct 22
Other Income/Expense	
Other Income	
9500 · Brand National Fund Activty	
9501 · Brand Fund Income	10,985.56
Total 9500 · Brand National Fund Activty	10,985.56
Total Other Income	10,985.56
Other Expense	
9200 · Amortization & Depreciation	
9202 · Amortization Expense	39,391.55
Total 9200 · Amortization & Depreciation	39,391.55
9600 · Brand National Fund Activity	
9605 · Email Addresses For Zees	1,648.51
9606 · Computer Technology	557.74
9608 · Conference	23,849.43
Total 9600 · Brand National Fund Activity	26,055.68
Total Other Expense	65,447.23
Net Other Income	-54,461.67
Net Income	**-32,954.69**

Proexco, LLC
Balance Sheet
As of October 31, 2022

	Oct 31, 22
ASSETS	
Current Assets	
Checking/Savings	
1001 · Meridian - Brand Fund	11,425.68
1002 · Meridian - Proexco	17,357.20
1005 · Modern Bank - Operating	150,376.86
1006 · Modern Bank - NBA acct	15,429.38
Total Checking/Savings	194,589.12
Accounts Receivable	
1100 · Accounts Receivable	76,207.24
Total Accounts Receivable	76,207.24
Total Current Assets	270,796.36
Fixed Assets	
1500 · Furniture and Equipment	4,000.00
1510 · Leasehold improvements	14,067.53
1520 · Vehicles	42,118.72
1580 · Accumulated Depreciation	-15,162.00
Total Fixed Assets	45,024.25
Other Assets	
1601 · Goodwill	2,186,986.41
1602 · Intangibles - FMT	1,430,000.00
1603 · Intangibles - FA	2,380,000.00
1605 · Accumulated Amortization	-236,349.30
Total Other Assets	5,760,637.11
TOTAL ASSETS	**6,076,457.72**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	34,641.79
Total Accounts Payable	34,641.79
Credit Cards	
Credit Card Payable- PNC	18,053.17
Total Credit Cards	18,053.17
Total Current Liabilities	52,694.96
Total Liabilities	52,694.96
Equity	
3100 · Cumulative Retained Earnings	29,405.23
31300 · Members Equity	6,184,617.37
Net Income	-190,259.84
Total Equity	6,023,762.76
TOTAL LIABILITIES & EQUITY	**6,076,457.72**

EXHIBIT G TO THE DISCLOSURE DOCUMENT
FORM OF GENERAL RELEASE

THIS AGREEMENT ("Agreement") is made and entered into this day _____ by and between Proexco, LLC, a Pennsylvania limited liability company having its principal place of business located at 134 Pennsylvania Avenue, Malvern, Pennsylvania 19355 (the "Franchisor"), and _____, a _____ with a principal address at _____ (hereinafter referred to as "Releasor"), wherein the parties hereto, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments herein are set forth, do agree as follows:

1. **Release by Releasor**:

Releasor does for itself, its successors and assigns, hereby release and forever discharge generally the Franchisor and any affiliate, wholly owned or controlled corporation, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, or agent of any of them, from any and all claims, demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which Releasor may now have, or may hereafter claim to have or to have acquired against them of whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time prior to and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and anti-trust statutes, rules or regulations, in any way arising out of or connected with the Agreement, and further promises never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action thereon against the Franchisor, any affiliate, successor, assign, parent corporation, subsidiary, director, officer, shareholder, employee, agent, executor, administrator, estate, trustee or heir, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this Agreement. In the event Releasor breaches any of the promises covenants, or undertakings made herein by any act or omission, Releasor shall pay, by way of indemnification, all costs and expenses of the Franchisor caused by the act or omission, including reasonable attorneys' fees.

2. Releasor hereto represents and warrants that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released hereby has been assigned or transferred by Releasor party to any other party, firm or entity in any manner including, but not limited to, assignment or transfer by subrogation or by operation of law. In the event that any claim, demand or suit shall be made or institute against any released party because of any such purported assignment, transfer or subrogation, the assigning or transferring party agrees to indemnify and hold such released party free and harmless from and against any such claim, demand or suit, including reasonable costs and attorneys' fees incurred in connection therewith. It is further agreed that this indemnification and hold harmless agreement shall not require payment to such claimant as a condition precedent to recovery under this paragraph.

3. Each party acknowledges and warrants that his, her or its execution of this Agreement is free and voluntary.

4. Pennsylvania law shall govern the validity and interpretation of this Agreement, as well as the performance due thereunder. This Agreement is binding upon and inures to the benefit of the respective assigns, successors, heirs and legal representatives of the parties hereto.

5. In the event that any action is filed to interpret any provision of this Agreement, or to enforce any of the terms thereof, the prevailing party shall be entitled to its reasonable attorneys' fees and costs incurred therein, and said action must be filed in the Commonwealth of Pennsylvania.

6. This Agreement may be signed in counterparts, each of which shall be binding against the party executing it and considered as the original.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have executed this agreement effective as of the date first above.

Witness: RELEASOR:

_____ _____
(Name)

Witness: PROEXCO, LLC:

_____ By:_____
Name:_____
Title:_____

EXHIBIT H TO THE DISCLOSURE DOCUMENT
STATE SPECIFIC ADDENDA

CALIFORNIA

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF CALIFORNIA

The Department for Business Oversight for the State of California requires that certain provisions contained in franchise documents be amended to be consistent with California Franchise Investment Law, Cal. Corp. Code Section 31000 et seq., and of the Rules and Regulations promulgated thereunder. To the extent that this Disclosure Document contains provisions that are inconsistent with the following, such provisions are hereby amended.

1. 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.

2. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www.dbo.ca.gov.

3. Item 3 is amended to add:

   Neither Franchisor nor any person described 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. 8.78(a) et seq. suspending or expelling such persons from membership in such association or exchange.

4. Item 5 of the Franchise Disclosure Document and all relevant sections of the Franchise Agreement are amended such that:

   All fees paid to the franchisor by the franchisee, including payments for goods and services received from the franchisor before the business opens, shall be deferred until the franchisee has commenced doing business.

5. Item 17 is amended to state:

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

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

   (c) The Franchise Agreement requires application of the laws of Pennsylvania. This provision may not be enforceable under California law.

   (d) The franchise agreement requires binding arbitration. The arbitration will occur in Chester County, Pennsylvania with each party bearing its own costs of arbitration and the parties sharing the costs of arbitrators.

Prospective franchisee 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 provision of a franchise agreement restricting venue to a forum outside the State of California.

6. It is hereby acknowledged and agreed that:

(a) 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.

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

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

7. The highest interest rate allowed by law in California is 10% annually.

ILLINOIS

1. Item 5 of the FDD and all relevant sections of the Franchise Agreement are amended such that:

All fees paid to the franchisor by the franchisee, shall be deferred until franchisor has satisfied its pre-opening obligations and the franchisee has commenced doing business. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

2. Illinois law governs the Franchise Agreement(s).

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

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

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

"NATIONAL and REGIONAL ACCOUNTS" exist in this franchise system. Such accounts may

be situated within your designated Territory. The Franchisor negotiates the terms with these accounts. If you are unwilling or unable to service such an account within your Territory, then the Franchisor, an affiliate or another franchisee will do *so* with no compensation paid to you. In Item 19 of the disclosure document, the Franchisor defines the first 2 years of a franchisee's business operation as "erratic

See last page of this Exhibit for your required signature

MARYLAND

Item 5 of the Franchise Disclosure Document and all relevant sections of the Franchise Agreement are amended such that:

All fees paid to the franchisor by the franchisee, including payments for goods and services received from the franchisor before the business opens, shall be deferred until all of the franchisor's pre-opening obligations to the franchisee have been satisfied.

Item 17 of the Franchise Disclosure Document is amended as follows:

Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The provision in the franchise agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

The Franchise Agreement is amended as follows:

A Franchisee is permitted to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The Franchise Agreement, Exhibit B to the Franchise Agreement and Exhibit G to the Franchise Disclosure Document are each amended to add the following:

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.

MINNESOTA

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 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 for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

The following language amends the Governing Law, Jurisdiction and Venue, and Choice of Forum sections of the Franchise Disclosure Document and agreement(s): "Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(j) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Further, Franchisee cannot consent to Franchisor obtaining injunctive relief. Franchisor may seek injunctive relief.

Items 5 and 7 of the Franchise Disclosure Document and Section 2 of the Franchise Agreement are modified such that:

"All initial fees and payments owed by Franchisee to Franchisor or its affiliates shall be deferred until the Franchisee has commenced doing business."

Pursuant to Minn. Stat. § 604.113, Item 6 of the Franchise Agreement and Section 8 of the Franchise Agreement are modified such that the Insufficient Funds Fee is $30.00 per occurrence.

Item 13 of the Franchise Disclosure Document and the applicable sections of the franchise agreement(s) are modified to state that the franchisor will protect the franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. See Minnesota Statutes, Section 80C.12, Subd. 1(g).

The Limitations of Claims section is amended to comply with Minnesota Statutes, Section 80C.17. Subd. 5.

In accordance with Minnesota Rule 2860.4400(D), we cannot require you to assent to a general release.

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. The following is to be added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which 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. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer**":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**": You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum**", and Item 17(w), titled "**Choice of law**":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York

6. Item 5 of the Franchise Disclosure Document is amended to add:

The fee will be used to cover the Franchisor's initial costs for Pre-opening in connection with establishing each franchised business; general expenses associated with the recruitment of future franchisees; and as otherwise determined in the Franchisor's sole discretion.

7. Item 12 of the Franchise Disclosure Document is amended as follows:

The language "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.", is deleted from Item 12 and references to the type of territory should be replaced with "Exclusive".

RHODE ISLAND

In recognition of the requirements of the Rhode Island Franchise Investment Act, the Franchise Disclosure Document of Proexco, LLC ("we," "us," or "our") for use in the State of Rhode Island shall be amended to include the following:

1. Items 17v. and 17w., under the provisions entitled "Choice of law" and "Choice of forum," shall be supplemented with the following language:

However, you may sue us in Rhode Island for claims arising under the Rhode Island Franchise Investment Act.

2. Item 17 shall be supplemented by the addition of the following language at the end of Item 17:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

3. Each provision of this Addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Addendum to the Disclosure Document.

VIRGINIA

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

1. Additional Disclosure. The following statements are added to Item 5:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

2. Additional Disclosure. The following statements are added to Item 17.h:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

WASHINGTON

The collection of initial franchise fees will be deferred until the franchisor has fulfilled its initial pre-opening obligations and the franchisee is open for business.

The state of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act 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, rights or remedies under the Act such as a right to a jury trial may not be enforceable. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

STATE EFFECTIVE DATES

The following States require that a Franchise Disclosure Document be registered with the State or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

The Franchise Disclosure Document is registered, on file or exempt from registration in the following States having Franchise Registration and Disclosure Laws with the following effective dates:

State	Effective Date
California	September 29, 2022
Connecticut (exemption)	October 14, 2016
Florida (exemption)	January 12, 2023
Hawaii	Not Registered
Illinois	October 18, 2022
Indiana	October 14, 2022
Kentucky (exemption)	January 2, 2018
Maryland	Not Registered
Michigan	February 13, 2022
Minnesota	January 9, 2023
Nebraska (exemption)	January 4, 2018
New York	Pending
North Dakota	Not Registered
Rhode Island	October 20, 2022
South Dakota	Not Registered
Texas (exemption)	May 22, 2017
Utah (exemption)	Not Registered
Virginia	October 3, 2022
Washington	Not Registered
Wisconsin	September 20, 2022

EXHIBIT J

RECEIPT OF FRANCHISE DISCLOSURE DOCUMENT OF PROEXCO, LLC

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If Proexco, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Proexco, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to your state authority listed on Exhibit A.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

Chris Buitron 134 Pennsylvania Avenue Malvern, PA 19355 (215) 219-4804		

Issuance Date: June 28, 2022

I received a Disclosure Document dated _____, that included the following Exhibits:

EXHIBIT A: List of State Franchise Administrators and Agents for Service of Process
EXHIBIT B: Franchise Agreement with Attachments
EXHIBIT C: Operations Manual Table of Contents
EXHIBIT D: List of Franchisees
EXHIBIT E: List of Franchisees Who Have Left the System
EXHIBIT F: Financial Statements of Proexco, LLC
EXHIBIT G: Franchisee Disclosure Acknowledgment Statement
EXHIBIT H: Form of General Release
EXHIBIT I: State Specific Addenda
EXHIBIT J: Receipt

Date Received: _____ DATE: _____
(If other than date signed)

Print Name: _____

Print Address: _____

City, State: _____

_____
(Signature of recipient)

Please return signed receipt to Proexco, LLC,

134 Pennsylvania Avenue
Malvern, Pennsylvania 19355

EXHIBIT J

RECEIPT OF FRANCHISE DISCLOSURE DOCUMENT OF PROEXCO, LLC

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If Proexco, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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KEEP FOR YOUR RECORDS