FRANCHISE DISCLOSURE DOCUMENT

Flurry Franchise System, LLC
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Flurry Franchise System, LLC awards franchises for the operation of a business that offers cardio kickboxing and boxing fitness classes utilizing heavy bags and a boxing ring in a group fitness, high energy, setting.

If you purchase a single franchise, the total investment necessary to begin operation of a Flurry Fitness franchise ranges from $231,100 to $476,600. This includes $35,000 to $38,000 that must be paid to us.

Area developers must commit to open a minimum of 2 Flurry Fitness facilities. If you purchase area development rights to open 2 to 4 facilities, the total investment necessary to begin operation of a Flurry Fitness franchise ranges from $243,600 to $514,100. This includes $47,500 to $75,500 that must be paid to us and our affiliates.

This Disclosure Document summarizes certain provisions of your franchise agreement, area development agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in 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 the franchisor at 13215 W. McDowell Rd , Suite D-1, Goodyear, Arizona 85395 or by phone at (623) 256-3201.

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

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission (the "FTC"). 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: May 21, 2024

How to Use this Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or EXHIBIT "F".
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or EXHIBIT "G" includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Flurry 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 Flurry franchisee?	Item 20 or EXHIBIT "F" 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 and area development agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Arizona. 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 Arizona than in your own state.

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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ITEM 1 FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, "we," "us" and "the Company" mean Flurry Franchise System, LLC - the franchisor. "You" means the person who buys a Flurry Fitness franchise - the franchisee, and includes your partners if you are a partnership, your shareholders if you are a corporation, and your members if you are a limited liability company.

Corporate Information

Flurry Franchise System, LLC is an Arizona limited liability company that was organized on April 3, 2018. Our principal business address is located at 13215 W. McDowell Rd , Suite D-1, Goodyear, Arizona 85395 and our telephone number is (623) 256-3201. Our agents for service of process are disclosed in EXHIBIT "A" (for registration states) and EXHIBIT "B" (for other states). We do not do business under any names other than "Flurry Franchise System, LLC" and "Flurry Fitness".

Business History

We began offering Flurry Fitness franchises in April of 2018. At the same time, we also began offering Knockout Fitness franchises. Knockout Fitness franchises are the same as Flurry Fitness franchises except they operate under the name "Knockout Fitness." Knockout Fitness franchises are offered under a separate Disclosure Document.

We are not engaged in any business other than administering the Flurry Fitness and Knockout Fitness franchise system and selling certain products to franchisees. We do not offer franchises in any other line of business. We have not operated a business similar to the Flurry Fitness business being offered under this franchise. However, our principals have operated Knockout Fitness facilities in Arizona through various affiliated entities since 2008.

Parents, Affiliates and Predecessors

We do not have any predecessors or parent companies. We do not have any affiliates that: (a) offer (or have ever offered) franchises in this or any other line of business; or (b) provide products or services to our franchisees.

Description of Franchised Business

We offer franchises for a business that offers cardio kickboxing and boxing fitness classes utilizing heavy bags and a boxing ring in a group fitness, high energy, setting. The business utilizes a membership model and classes are geared towards both men and women. In addition to fitness classes, franchisees sell fitness related equipment, such as boxing gloves, hand wraps and other retail items.

If we award you a franchise, you must sign the form of franchise agreement attached to this Disclosure Document as EXHIBIT "C" (the "Franchise Agreement"). We refer to the franchised business you purchase as your "Business" or your "Facility". The Franchise Agreement grants you a license to use certain service marks, trademarks, trade names and logos, including the service mark FLURRY FITNESS™ (collectively, the "Marks"). The Marks also include our distinctive trade dress used to identify a Flurry Fitness facility or the products it sells. The Franchise Agreement also grants you a license to use our system that was developed for the operation of a Flurry Fitness facility (the "System"). Our confidential Brand Standards Manual (the "Manual") describes the operational aspects of a Flurry Fitness facility. You will operate your Facility as an independent business using the Marks, the System, the information in the Manual, and the support, guidance and other methods and materials we provide.

Area Development Rights

If you satisfy our criteria for multi-unit developers, we may (but need not) offer you the right to sign the form of Area Development Agreement attached to this Disclosure Document as EXHIBIT "D" (the "ADA"). The ADA grants you the right and obligation to develop, open and operate multiple Flurry Fitness facilities within a defined "development territory" according to a predetermined "development schedule". You must develop, open and operate all of the Flurry Fitness facilities identified in the development schedule. We only grant area development rights to franchisees who commit to develop, open and operate a minimum of 2 Flurry Fitness facilities. You must sign a separate franchise agreement for each Facility you develop. Each franchise agreement will be our then-current form of franchise agreement, which may be different than the form of Franchise Agreement attached to this Disclosure Document.

Market and Competition

The target market for Flurry Fitness customers includes members of the general public between the ages of 18 and 45. However, customers of all ages may attend classes. Classes are geared towards both men and women, although a majority of customers are women. A Flurry Fitness franchisee competes primarily with other membership-based boxing and cardio kickboxing fitness programs. Some of these businesses are independently owned and operated while others are franchised, such as Title Boxing Club, 9Round Fitness and Tapout Fitness. The fitness market is mature and highly competitive. Demand for fitness classes remains relatively stable over the course of the year, with a temporary surge at the beginning of the year (i.e., New Year's resolutions).

Laws and Regulations

You must comply with all federal and state laws and regulations that apply to businesses generally, including the Americans with Disabilities Act, wage and hour laws and business licensing requirements. In certain states, "health clubs" are subject to special laws and regulations and some of these laws may apply to your Facility. Among other things, these laws and regulations may impose requirements relating to the membership contracts that your members will sign. These laws may also require that you obtain a bond. The federal Truth in Lending Act may require you to provide certain disclosures in your consumer contracts to the extent that you offer financing. Some states require that fitness facilities have a staff person available during all hours of operation that is certified in basic cardiopulmonary resuscitation or other specialized medical training. Some state or local laws may also require that fitness facilities have an automated external defibrillator and/or other first aid equipment on the premises. There may be other local, state and/or federal laws or regulations pertaining to your Facility with which you must comply. We strongly suggest that you investigate these laws before buying this franchise.

ITEM 2 BUSINESS EXPERIENCE

David Muir – Chief Executive Officer

David Muir has served as our Chief Executive Officer since our inception in March 2018. From September of 2008 through the present, he has served as Chief Executive Officer and Founder of IP Holdings Fitness, LLC and Marmur, LLC, d/b/a Knockout Fitness LLC, in Phoenix, Arizona.

Jacob Martin – Chief Operating Officer

Jacob Martin has served as our Chief Operating Officer since our inception in March 2018. From June 2011 through the present, he has served as Chief Operating Officer and Partner of IP Holdings Fitness, LLC and Marmur, LLC, d/b/a Knockout Fitness LLC, in Phoenix, Arizona.

Daniel Trowbridge – Vice President of Sales

Daniel Trowbridge has been our Vice President of Sales since November 2018.

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Initial Franchise Fee

You pay us a nonrefundable $30,000 franchise fee at the time you sign the Franchise Agreement. In 2023, we reduced the initial franchise fee to $10,000 for 1 franchisee and $5,000 for another franchisee. The initial franchise fee is otherwise uniformly imposed (except as discussed below for area developers).

Opening Inventory

Before you open, you must purchase certain inventory items from us, including "Flurry" and "Knockout" branded items as well as other retail items. Examples of inventory items include boxing gloves, protective gear and branded apparel. We estimate the cost of this purchase will range from $5,000 to $8,000 depending on the size of your Facility. The purchase price is uniformly imposed and not refundable under any circumstances.

Development Fee

If you sign an ADA, you pay a $30,000 initial franchise fee for your first Facility and a $25,000 discounted initial franchise fee for each additional Facility you commit to develop under the ADA. At the time you sign the ADA, you pay us the full $30,000 initial franchise fee for your first Facility and a development fee calculated as 50% of the total discounted initial franchise fee (i.e., $12,500) for each additional Facility you commit to develop. We anticipate most area developers will purchase the right to develop between 2 and 4 Facilities, which results in development fees ranging from $12,500 to $37,500. You pay us the remaining balance of the initial franchise fee (i.e., $12,500) for each additional Facility at the time you sign the Franchise Agreement for that Facility. However, if we terminate your ADA due to your default, you are not required to pay the remaining balance of the initial franchise fee for any Facility for which a Franchise Agreement had not been signed as of the date of termination. Development fees are nonrefundable and uniformly imposed.

ITEM 6 OTHER FEES

TYPE OF FEE [1]	AMOUNT [2, 3]	DUE DATE	REMARKS
Royalty Fee	6% of Gross Sales	Day of each week that we specify (currently Tuesday) for Gross Sales generated during prior reporting period	Our current reporting period runs from Sunday through Monday. We may change the reporting period and royalty fee due date upon 30 days' prior notice. You must send us weekly Gross Sales report.
Brand Fund Fee	1% of Gross Sales (not currently charged)	Same as royalty fee	You must contribute this amount to the Brand Fund we administer. You have no voting rights pertaining to the administration of the Brand Fund, the creation or placement of advertising, or the amount of the brand fund fee. We have not yet established the Brand Fund.
Local Marketing Commitment	4% of Gross Sales	Monthly, as incurred	This is the minimum amount you must spend on advertising and marketing in your local market to promote your Facility (the "Local Marketing Commitment"). This expenditure is in addition to your Brand Fund Fee. We measure your compliance on a rolling 6-month basis.
Cooperative Advertising Fee	Up to 2% of Gross Sales (not currently charged)	Same as royalty fee	See Note 4.

TYPE OF FEE [1]	AMOUNT [2, 3]	DUE DATE	REMARKS
Training Fee	*[Initial Training]* $1,000 per person	10 days after invoice	We do not charge training fees for refresher or supplemental training programs. You pay us a $1,000 training fee for each person who attends initial training after you open. You pay us a training fee of $350 per trainer per day for all other post-opening training we provide. You must also reimburse us for Travel Expenses we incur for training onsite at your Facility.
	[Other Training] $350 per trainer per day (plus Travel Expenses for onsite training)		
Conference Registration Fee	Up to $350 per person per conference	10 days after invoice	We may hold conferences to discuss matters affecting franchisees. Attendance is mandatory unless (a) we designate attendance as optional or (b) we waive your obligation to attend based on showing of good cause. If you fail to attend a required conference without a waiver from us, you must pay us the conference registration fee despite your non-attendance (we will provide you with a copy of any written materials distributed at the conference).
Technology Fee	Varies (not currently charged)	10 days after invoice	This fee includes all amounts you pay us and our affiliates relating to the Technology Systems, including amounts paid for proprietary items and amounts we collect from you and remit to third-party suppliers. It may also include a reasonable administrative fee for managing the technology platform and negotiating / managing relationships with third-party licensors. It does not include any amounts you pay directly to third-party suppliers.
System Program Fees	Varies (not currently charged)	10 days after invoice or as we otherwise specify	You must participate in any customer loyalty, membership or gift card program we establish and pay all associated program contributions and fees we require to implement and administer the program. These amounts are paid to us or a third party we designate.
Reimbursement of Quality Assurance Program Costs	Actual cost paid to company we hire	10 days after invoice	If we hire a person or company to inspect your Facility, you must reimburse us for all amounts we pay them for the inspection.
Reimbursement of Reinspection Costs	All Travel Expenses and other costs we incur to inspect your Facility	10 days after invoice	Imposed if we inspect your Facility to determine if you remedied a (a) health or safety issue identified by a government agency or (b) breach of system standards we bring to your attention.
Product Purchases	Varies depending on item purchased	10 days after invoice	We or our affiliate may serve as a System supplier for certain goods or services you must purchase. We current supply you with certain inventory items. We will provide you with a price list upon request.
New Product or Supplier Testing	$2,500 per test	10 days after invoice	This covers the costs of testing new products or inspecting new suppliers you propose.
Relocation Fee	$2,500	At time we approve request to relocate	Imposed if we approve your request to relocate your Facility.
Renewal Fee	$5,000	At time you sign Renewal Agreement	Imposed if you renew your franchise rights by signing a renewal Franchise Agreement.

TYPE OF FEE [1]	AMOUNT [2, 3]	DUE DATE	REMARKS
Transfer Fee	*[Franchise Agreement]* 50% of then-current initial franchise fee *[ADA]* $5,000 per unit for each undeveloped unit under your ADA	Before Transfer	We do not charge a transfer fee for Permitted Transfers. You pay the transfer fee for all other Transfers. If our broker finds the buyer, you must also reimburse us for all commissions we pay the broker. If you transfer an ADA, you pay a separate transfer fee under the ADA and under each Franchise Agreement you transfer.
Audit Fee	Greater of (a) $10,000 or (b) actual cost of audit plus Travel Expenses for audit team	10 days after invoice	Imposed if an audit (a) is necessary because you fail to send us required information or reports in a timely manner or (b) reveals you understated Gross Sales by 3% or more.
Noncompliance fee	Up to $500 per incident	Upon demand	Imposed if you fail to comply with a mandatory standard or operating procedure (including timely submission of required reports) and do not cure within the time period we require. We may impose an additional $500 fee every 48 hours the noncompliance issue remains uncured after we impose the initial fee.
Late Fee	Lesser of 18% of amount past due or highest rate allowed by applicable law	10 days after invoice	If we debit your account but there are insufficient funds, or a check you issue is returned due to insufficient funds, then we may charge (in addition to the late fee) an NSF fee of $50 per incident.
Default Reimbursements	All costs we incur to cure your default	10 days after invoice	If you fail to cure a breach of the Franchise Agreement or our brand standards in the time period we require, we may take steps to cure on your behalf and you must reimburse us for our costs (examples include failure to pay suppliers, maintain insurance or meet quality standards).
Management Fee	Up to $500 per day plus Travel Expenses	10 days after invoice	If you fail to timely cure a default under the Franchise Agreement or the Managing Owner dies, we can designate a person to manage your Facility until the default is cured or you replace the Managing Owner.
Attorneys' Fees and Costs	Amount of attorneys' fees and costs we incur	Upon demand	You must reimburse us for all attorneys' fees and costs we incur relating to your breach of the Franchise Agreement or any related agreement.
Indemnification	Will vary with circumstances	10 days after invoice	You must indemnify and reimburse us for any damages, losses or expenses we incur as a result of the operation of your Facility or your breach of the Franchise Agreement.

Notes:

1. Nature and Manner of Payment: All fees are imposed by and payable to us except: (a) you pay the cooperative advertising fee directly to your advertising cooperative (we may instead require you to pay this fee to us, in which case we will remit the fee to the cooperative on your behalf); and (b) you spend the Local Marketing Commitment directly with third-party suppliers. All fees are nonrefundable and uniformly imposed. You must sign an ACH Authorization Form (attached to the Franchise Agreement as ATTACHMENT "E") permitting us to electronically debit your designated bank account for all amounts owed to us and our affiliates (other than the initial franchise fee). You must deposit all Gross Sales into the bank account and ensure sufficient funds are available for withdrawal before each due date. You are responsible for all taxes imposed on you or

us based on products, intangible property (including trademarks) or services we provide to you.

2. Definitions: As used in this Disclosure Document, the following capitalized terms have the meanings given to them below:

   "***Brand Fund***" means the brand and system development fund we may (but need not) administer to promote public recognition of our brand and improve our System.

   "***Gross Sales***" means all gross sums you bill or collect from all goods and services you sell, plus all other sums you collect from the operation of your Facility including advertising revenue, sponsorship fees and business interruption insurance proceeds. Gross Sales excludes: (a) sales or use taxes; (b) amounts refunded to customers; (c) revenue from the sale of furniture, fixtures and equipment in the ordinary course of business; and (d) amounts received from the sale of inventory that you purchase from us or our affiliate. The Manual may include policies governing the manner in which: (i) proceeds from the sale of gift cards are treated for purposes of calculating Gross Sales; and (ii) monthly membership dues are allocated between the Flurry Fitness facility that sold the membership and the Flurry Fitness facility or facilities where the goods or services are redeemed.

   "***Managing Owner***" means the owner you appoint and we approve with primary responsibility for the overall management and operation of your Facility.

   "***Permitted Transfer***" means: (a) a Transfer from one owner to another owner who was an approved owner prior to the Transfer (other than a Transfer that results in the Managing Owner no longer holding a material ownership interest in the franchised business); and/or (b) a Transfer to a newly established business entity with respect to which the transferring owners collectively own and control 100% of the ownership interests.

   "***Technology Systems***" means all information and communication technology systems that we designate, including computer systems, point-of-sale systems, member management systems, webcam systems, telecommunications systems, security systems, alarm systems, music systems and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems.

   "***Transfer***" means a transfer or assignment of: (a) the Franchise Agreement or ADA (or any interest in either such agreement); (b) the Facility's assets (other than the sale of fixtures or equipment in the ordinary course of business); (c) any ownership interest in the entity that is the "franchisee" or "area developer"; or (d) the franchised business you conduct under the Franchise Agreement or ADA.

   "***Travel Expenses***" means all travel, meals, lodging, local transportation and other living expenses incurred: (a) by us and our trainers, field support personnel, auditors or other representatives to visit your Facility; or (b) by you or your personnel to attend training programs or conferences.

3. CPI Adjustments: All fees (and minimum fees) expressed as a fixed dollar amount are subject to adjustment based on changes to the Consumer Price Index in the United States (CPI). We may periodically review and increase these fees based on changes to CPI, but only if the increase to CPI is more than 5% higher than the corresponding CPI in effect on: (a) the effective date of the Franchise Agreement (for the initial fee adjustment); or (b) the date we implemented the last fee adjustment (for subsequent fee adjustments). We will notify you of any CPI adjustment at least 60 days before the fee adjustment becomes effective. We may implement no more than 1 fee adjustment during any 5-year period.

4. Cooperative Advertising Fee: We may establish regional advertising cooperatives for purposes of pooling advertising funds to be used in discrete regions. We may either: (a) collect cooperative advertising fees and remit them to the applicable cooperative; or (b) require you to pay these fees directly to the cooperative. Cooperative advertising fees are uniformly imposed on all Facilities in the cooperative, including company-owned Facilities. We may set the minimum cooperative advertising fee, which may be increased by majority

vote of all members of the cooperative (but will not exceed the maximum amount specified in the table above). Each member is entitled to 1 vote for each Facility that is owned by the member and located in the cooperative. We and our affiliates will be members of the cooperative (and have the same voting rights as franchisees) with respect to company-owned Facilities located in the cooperative. However, if the majority of Facilities in the cooperative are company-owned Facilities, we will not increase the cooperative advertising fee unless a majority of all franchisee members vote in favor of the increase. All cooperative advertising fees you pay are credited towards your Local Marketing Commitment. There were no advertising cooperatives in effect as of December 31, 2023.

ITEM 7 ESTIMATED INITIAL INVESTMENT

Table A: Estimated initial investment for the purchase of a single Flurry Fitness facility.

YOUR ESTIMATED INITIAL INVESTMENT (SINGLE FACILITY)				
TYPE OF EXPENDITURE [1]	**AMOUNT**	**METHOD OF PAYMENT**	**WHEN DUE**	**TO WHOM PAYMENT IS TO BE MADE**
Initial Franchise Fee	$30,000	Lump sum	At time you sign Franchise Agreement	Us
Food, Lodging & Travel [2]	$1,500 to $2,500	As incurred	During training	Hotels, restaurants and airlines
Lease Deposit & Rent [3] (3 months)	$32,000 to $52,000	Lump sum	Monthly (with security deposit paid before opening)	Landlord
Architect Fees	$7,000 to $10,000	As incurred	Before construction	Architect
Build Out & Improvements [4]	$40,000 to $175,000	As incurred	Before opening	Contractor & suppliers
Printing and Signage [5]	$7,000 to $18,000	Lump sum	Before opening	Suppliers
Technology Systems [6]	$4,500 to $7,000	Lump sum	Before opening	Suppliers
Workout Equipment [7]	$65,000 to $115,000	Lump sum	Before opening	Suppliers
Initial Supply of Inventory [8]	$5,000 to $8,000	Lump sum	Before opening	Us
Cleaning & Office Supplies [9]	$400 to $600	Lump sum	Before opening	Suppliers
Grand Opening Advertising [10]	$7,500 to $10,000	Lump sum	30 days before through 60 days after opening	Newspaper, ad printers, other media and advertising suppliers
Utility Deposits	$1,000 to $3,500	Lump sum	Before opening	Utility companies
Business Licenses & Permits	$200 to $500	As incurred	Before opening	Government agencies
Professional Fees [11]	$2,000 to $5,000	Lump sum	Before opening	Lawyer & accountants
Insurance [12]	$1,000 to $1,500	Lump sum	Before opening	Insurance companies
Miscellaneous Startup Costs [13]	$2,000 to $3,000	Lump sum	Before opening	Suppliers
Additional Funds [14] (3 months)	$25,000 to $35,000	As incurred	As incurred	Suppliers and employees
Total Estimated Initial Investment [15]	$231,100 to $476,600			

Table B – Estimated initial investment for the purchase of area development rights.

YOUR ESTIMATED INITIAL INVESTMENT (AREA DEVELOPMENT - ASSUMES COMMITMENT OF 2 FACILITIES OR 4 FACILITIES)				
TYPE OF EXPENDITURE [1]	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Development Fee [16]	$12,500 to $37,500	Lump sum	At time you sign ADA	Us
Initial Investment to Open First Facility	$231,100 to $476,600	This is the total estimated initial investment in Table A above.		
Total Estimated Initial Investment	$243,600 to $514,100			

Notes:

1. Financing and Refunds: We do not offer direct or indirect financing. No amounts paid to us are refundable. We are not aware of any amounts paid to third-party suppliers that are refundable, although your landlord may refund your security deposit at the end of the lease if you do not damage the property or default.

2. Initial Training Expenses: This estimates your expenses to send 3 people to Phoenix, Arizona for initial training. Your actual training expenses may vary depending on: (a) the number of people you send to training; (b) the distance they must travel; and (c) the level and quality of accommodations, travel and dining selected.

3. Real Estate: This estimate assumes you lease your premises. Rent varies depending on the size of the premises, its location, landlord contributions and the requirements of individual landlords. We anticipate most Flurry Fitness facilities will range in size from 3,000 to 6,000 square feet (4,200 square feet is the ideal size) with rent ranging from $8,000 to $13,000 per month. The estimated rent is based on our experience in Arizona. Rental rates differ across the country and your rent may be higher. Landlords typically require security deposits equal to 1- or 2-months' rent and may, in addition, require payment in advance of the first and/or last (or more) month's rent. The amount shown in the table above includes 1 month's security plus 3 months' rent. Some franchisees may choose to purchase the real estate. The cost to purchase real estate varies so widely that we cannot reasonably estimate the cost.

4. Construction: This item estimates the cost of construction and leasehold improvements, including the cost of TV/audio equipment and wall mirrors. If you are converting existing fitness space (e.g., a former Title Boxing, Burn Boot Camp, Jabz Fitness, or similar facility), we estimate construction costs will range from $40,000 to $100,000. We estimate construction costs for a gray shell space will range from $135,000 to $175,000. Construction costs can vary widely based on a number of factors including:
   - the size and condition of the leased space
   - whether the premises is first or second generation retail space
   - the extent and nature of any existing leasehold improvements
   - whether the landlord will contribute to the costs of the leasehold improvements (a "TI Allowance" or "TIA") and the amount of any TI Allowance you are able to negotiate
   - local demolition costs
   - local construction costs and prevailing wage rates in your local market

   Some landlords provide a TI Allowance but increase monthly rent to recapture the TI Allowance and amortize it over the lease term (or part of the lease term). A significant factor in determining whether a landlord will provide a TI Allowance, and if so, the amount, is whether the building is first generation or second generation space. The estimates in the table above assume you do not receive any TI Allowance. However, in our experience most franchisees have negotiated a TI Allowance and/or free rent.

5. Signage: You must purchase and install the signage we specify. However, you may need to modify our standard signage to conform to local zoning laws, property use restrictions and/or lease terms. In some instances, exterior signage may be prohibited due to applicable zoning or use restrictions.

6. Technology Systems: This includes your initial cost to purchase and set up your Technology Systems, including your computer and point-of-sale system ($3,500 to $5,000) and web camera / security system ($1,000 to $2,000). The cost of your TV and audio equipment is included under construction costs.

7. Workout Equipment: This estimates your costs to purchase your boxing ring, heavy punching bags, bag cage, retail counters, speed bags, cardio machines, strength machines and free weights. Some of these items must be purchased while others may be leased. This estimate assumes all equipment is purchased. If you lease or finance the purchase of equipment, your initial investment may be lower.

8. Initial Inventory: You must offer for sale at your Facility all retail items that we specify. You must maintain a reasonable supply of these items at your Facility at all times. The estimate in the chart above represents the cost for an initial supply of these items, including boxing gloves, protective gear and branded apparel. We are currently the exclusive supplier for these items.

9. Cleaning & Office Supplies: This includes cleaning supplies and office supplies.

10. Grand Opening Advertising: During the period beginning 30 days before opening through 60 days after opening, you must spend a minimum of $7,500 on grand opening marketing activities to aggressively build brand awareness in your market. Grand opening promotional activities vary widely based upon the nature of the events you select and the local rates for services selected (for example, printing and advertising). The high estimate assumes you choose to spend more than our required minimum expenditure.

11. Professional Fees: This includes the estimated fees for professionals you may choose to hire in order to:
    - assist you in reviewing this Disclosure Document and negotiating your Franchise Agreement
    - advise you regarding local laws and regulations applicable to your Facility
    - form a business entity
    - set up your books, records and accounts
    - develop a business plan and budget for the development and operation of your Facility

    These services are optional but highly recommended.

12. Insurance: This estimate includes 3 months of insurance premium. Item 8 includes a description of the insurance policies you must purchase and maintain.

13. Miscellaneous Costs: We have used our best efforts to estimate the various expenses you will incur to establish your Facility. However, it is possible that you will exceed these figures and we recommend having additional working capital available for unexpected expenses.

14. Additional Funds: This estimates your expenses during the first 3 months of operation, including payroll costs (excluding any wage or salary paid to you), marketing and advertising expenses, technology fees, inventory replenishment costs, utilities and other miscellaneous expenses and required working capital. Your initial 3 months of rent and insurance premium are separately stated in the table above. You must have sufficient personal resources to cover your living expenses during the startup period. These figures are estimates based on: (a) the experience of our management team in developing, opening and operating company-owned Knockout Fitness facilities in Arizona; and (b) the experience of our franchisees in developing, opening and operating franchised Flurry Fitness facilities.

15. Budget and Initial Investment Report: We have assumed that you will not lease or purchase a separate vehicle for use with your Business (it is not required). We strongly recommend you hire an accountant, business advisor or other professional to assist you in developing a budget for the construction, opening and operation

of your Facility. Within 60 days after your opening date, you must send us a report, in the form we designate, listing the expenses you incur to develop and open your Facility. We may use this data to update the initial investment estimate in future versions of our Franchise Disclosure Document.

16. Development Fee: Item 5 discusses how the development fee is calculated. This initial investment estimate assumes you commit to develop either 2 Facilities (low estimate) or 4 Facilities (high estimate). If you purchase the right to develop more than 4 Facilities, your development fee will increase. This estimate does not include your costs to develop any Facilities other than the first Facilities you develop under the ADA.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Source Restricted Purchases and Leases - Generally

We require that you purchase or lease certain "source restricted" goods and services for the development and ongoing operation of your Business. By "source restricted," we mean that the good or service must meet our specifications and/or must be purchased from an approved or designated supplier (in some cases, an exclusive designated supplier, which may be us or an affiliate). Our specifications and list of approved and designated suppliers are contained in the Manual. We will notify you within 30 days of any changes to our specifications or list of approved or designated suppliers. We may notify you of these changes in various ways, including written or electronic correspondence, verbal or telephonic notification, amendments or updates to the Manual, bulletins, or other means of communication. We have established our standards based on our experience operating our affiliate-owned Knockout Fitness facilities since 2008 as well as our prior fitness industry experience.

Supplier Criteria

Our criteria for evaluating a supplier include standards for quality, delivery, performance, design, appearance and price of the product or service as well as the dependability, reputation and financial viability of the supplier. Upon your request, we will provide you with any objective specifications pertaining to our evaluation of a supplier, although certain important subjective criteria (e.g., product appearance, design, functionality, etc.) are important to our evaluation but cannot be described in writing.

If you want to purchase or lease a source restricted item from a non-approved supplier, you must send us a written request for approval and submit any additional information that we request. We may require that you send us samples from the supplier for testing. We may also require that we be allowed to inspect the supplier's facilities. We will notify you of our approval or disapproval within 30 days after we receive your request for approval plus all additional information and samples that we require. We may, at our option, re-inspect the facilities and products of any approved supplier and revoke our approval if the supplier fails to meet any of our then-current criteria. You must pay us a $2,500 fee for each instance where you request that we review a supplier or product you propose.

Current Source Restricted Items

As described below in more detail, we currently require that you purchase or lease the following source restricted goods and services: Technology Systems; exercise equipment; inventory items; marketing materials; webpage development; signage; the lease for your Facility; and insurance policies. We estimate that nearly 40% of the total purchases and leases that will be required to establish your Business and 5% to 10% of your ongoing operating expenses will consist of source restricted goods or services.

Technology Systems

Your Technology Systems (including hardware, software, equipment, software applications, mobile apps and similar items) must meet our standards and specifications. Certain components of your Technology Systems must be purchased from approved or designated suppliers while other components may be purchased from any supplier of your choosing. We may also require that certain services relating to the establishment, use, maintenance, monitoring, security or improvement of your Technology Systems be purchased from approved or designated suppliers.

We currently require you to purchase the computer and point-of-sale system we designate. You must also license and use Club Ready software. Your security system must meet our standards and specificity. You must license Club Ready from our designated supplier. You may purchase the other components of your Technology Systems from any suppliers of your choosing, although we may in the future require you to purchase these items only from suppliers we designate or approve.

Exercise Equipment

All exercise equipment used in your Facility must meet our standards and specifications. You must purchase this equipment from the suppliers we designate.

Inventory

All inventory and retail items that you sell at your Facility must meet our standards and specifications. You must purchase these items exclusively from us. You may not offer any merchandise or other inventory items that we have not approved.

Marketing Materials

All of your marketing materials must comply with our standards and requirements. We must approve all of your marketing materials before you use them. You must purchase all branded marketing materials (including pictures and other décor) only from us or other suppliers that we designate or approve. We may require that you utilize a designated marketing company for social media marketing services.

Signage

All of your signage and graphics must meet our standards and specifications and must be purchased from a designated or approved supplier.

Localized Webpage

We will provide you with a webpage that will be linked on our website. You must use our designated web developer (which may be us) for purposes of creating, modifying and hosting your local webpage. We must approve all content on your webpage.

Lease

We do not review the terms of your lease. However, if you lease the premises for your Facility, you must use best efforts to ensure your landlord signs the Lease Addendum attached to the Franchise Agreement as ATTACHMENT "C".

Insurance Policies

You must obtain the insurance coverage that we require from time to time (whether in the Franchise Agreement or in the Manual). You must purchase these policies from a carrier with a Best's rating of at least A-. The required coverage currently includes: “all risk” property insurance; comprehensive general liability insurance in the minimum amount of $1,000,000 per occurrence and $3,000,000 in the aggregate; umbrella liability insurance in the minimum amount of $1,000,000 per occurrence and $1,000,000 in the aggregate; worker’s compensation insurance; and any other limits and coverage that we may periodically require. The required coverage is subject to change. All insurance policies must be endorsed to: (i) name us (and our members, officers, directors, and employees) as additional insureds; (ii) contain a waiver by the insurance carrier of all subrogation rights against us; and (iii) provide that we receive 10 days’ prior written notice of the termination, expiration, cancellation or modification of the policy.

Purchase Agreements

We will try to negotiate purchase agreements with suppliers, including favorable pricing terms, for the benefit of our franchisees. If we succeed, you may purchase these goods or services at the discounted prices we negotiate (less any rebates or other consideration paid to us). As of the date of this Disclosure Document, we have we have not negotiated any purchase agreements (including pricing terms) with suppliers. We may also purchase items in bulk and resell them to you at our cost plus a reasonable markup. Currently there are no purchasing cooperatives but we may establish them in the future. You do not receive any material benefits for using designated or approved suppliers other than having access to any discounted pricing we negotiate.

Franchisor Revenues from Source Restricted Purchases

We are currently the designated supplier for all of your inventory items. We may designate ourselves or an affiliate as an approved or designated supplier for other items in the future. We and our affiliates may generate a profit from these purchases. No person affiliated with us is currently an approved (or the only approved) supplier. Our Chief Executive Officer and Chief Operating Officer each own an interest in the franchisor entity, which is the designated supplier of inventory items. There are no other approved or designated suppliers in which any of our officers owns an interest.

We may receive rebates, payments or other material benefits from suppliers based on franchisee purchases and we have no obligation to pass them on to our franchisees or use them in any particular manner. As of the issuance date of this Disclosure Document, we do not have any relationships with suppliers that involve rebates, payments or other material benefits based upon franchisee purchase or leases.

Our total revenue for the fiscal year ended December 31, 2023 was $346,373.66. During that year, we received a total of $149,250.84 in revenue from franchisee purchases from designated or approved suppliers, which represents 43% of our total revenue.

ITEM 9 FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement (FA), Area Development Agreement (ADA) and other agreements. It will help you find more detailed information about your obligations in these agreements and other items in this Disclosure Document.

OBLIGATION	SECTIONS IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	FA: Section 7.1 & 7.2 ADA: Section 4.2	Item 7 & Item 11
b. Pre-opening purchases/leases	FA: Section 7.3, 12.4 & 16.1 ADA: Not Applicable	Item 5, Item 7, Item 8 & Item 11
c. Site development and other pre-opening requirements	FA: Section 7.3 & 7.4 ADA: Section 4.2	Item 6, Item 7 & Item 11
d. Initial and ongoing training	FA: Section 5 ADA: Not Applicable	Item 6 & Item 11
e. Opening	FA: Section 7.4 ADA: Section 4.1	Item 11
f. Fees	FA: Section 4.2, 5.6, 6.2, 8.4, 11.1, 11.4, 12.4, 12.6, 12.13, 14, 16.1, 17.2, 20.2 ADA: Section 5 & 7.2	Item 5 & Item 6
g. Compliance with standards and policies/Brand Standards Manual	FA: Section 6.1, 7.1, 7.3, 11.3, 12 & 18.1	Item 11

OBLIGATION	SECTIONS IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
	ADA: Section 4.2	
h. Trademarks and proprietary information	FA: Section 18 ADA: Section 2	Item 13 & Item 14
i. Restrictions on products/services offered	FA: Section 12.3 ADA: Not Applicable	Item 16
j. Warranty and client service requirements	FA: Section 12.11 ADA: Not Applicable	Not Applicable
k. Territorial development and sales quotas	FA: Not Applicable ADA: Section 4.1	Item 12
l. Ongoing product/service purchases	FA: Section 12.4 ADA: Not Applicable	Item 8
m. Maintenance, appearance and remodeling requirements	FA: Section 12.5 & 12.7 ADA: Not Applicable	Item 11
n. Insurance	FA: Section 16.1 ADA: Not Applicable	Item 6, Item 7 & Item 8
o. Advertising	FA: Section 11 ADA: Not Applicable	Item 6, Item 7 & Item 11
p. Indemnification	FA: Section 19 ADA: Not Applicable	Item 6
q. Owner's participation/ management/staffing	FA: Section 8 ADA: Not Applicable	Item 11 & Item 15
r. Records/reports	FA: Section 16.2 & 16.3 ADA: Not Applicable	Item 6
s. Inspections/audits	FA: Section 17 ADA: Not Applicable	Item 6 & Item 11
t. Transfer	FA: Section 20 ADA: Section 7	0
u. Renewal	FA: Section 4 ADA: Section 4.4	0
v. Post termination obligations	FA: Section 22 ADA: Not Applicable	0
w. Non-competition covenants	FA: Section 15 ADA: Not Applicable	0
x. Dispute resolution	FA: Section 23 ADA: Section 9	0

OBLIGATION	SECTIONS IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
y. Franchise Owner Agreement (brand protection covenants, transfer restrictions and financial assurance for owners and spouses)	FA: ATTACHMENT "D" ADA: Not Applicable	Item 15

ITEM 10 FINANCING

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

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

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

Before you open your Business, we will:

1. License you the Marks necessary to begin operating your Facility. (Section 2)
2. Review and approve or disapprove sites you propose for your Facility, as discussed below under "Site Selection". (Section 7.1)
3. Provide access to our Manual which will help you establish and operate your Business, as discussed below under "Manual". (Section 6.1)
4. Provide our written specifications for goods and services you must purchase to develop, equip and operate your Facility and a list of suppliers. We will arrange for delivery of the inventory items you purchase from us. We do not deliver or install any other items that you purchase. (Section 6.7 & 12.2)
5. Provide you with our recommended marketing plan for your Business together with an initial supply of approved promotional materials, as discussed below under "Advertising and Marketing". (Section 11.2)
6. Provide an initial training program, as discussed below under "Training Program". (Section 5)
7. Review and approve or disapprove the design and buildout of your Facility, as discussed below under "Site Development". (Sections 7.3 & 7.4)
8. Send one or more representatives to your Facility to provide up to 3 days of on-site training and assist you with the opening of your Facility. (Section 6.2)

During the operation of your Business, we will:

1. Provide ongoing guidance and recommendations on ways to improve the marketing and operation of your Business. (Section 6.3)
2. Provide certain ongoing training programs, as discussed below under "Training Program". (Section 5)
3. Maintain a corporate website to promote our brand and a local webpage to promote your Facility, as discussed below under "Advertising and Marketing". (Section 6.5 & 11.3(e))
4. Sell you inventory items to replenish your supply. (Section 6.7)

During the operation of your Business, we may, but need not:

1. Establish and implement the Brand Fund, as discussed below under "Advertising and Marketing". (Section 11.1)
2. Develop new private label inventory items for sale by Flurry Fitness franchisees. (Section 6.7)

3. Negotiate purchase agreements with suppliers to allow you to purchase certain goods or services at discounted prices. We may also purchase items in bulk at discounted prices and resell them to you at our cost plus shipping and a reasonable markup. (Section 6.6)

4. Hold periodic national or regional conferences to discuss business and operational issues affecting Flurry Fitness franchisees, including industry changes, new services and/or merchandise, marketing strategies and the like. (Section 5)

5. Create a franchise advisory council, as discussed below under "Advisory Council". (Section 13)

6. Provide additional training or assistance you request, as discussed below under "Training Program". (Section 5)

We do not provide area developers with any support under their ADA.

<u>Training Program</u> (Section 5 & 21.2(i))

<u>Initial Training Program</u>

We will provide an initial training program for the Managing Owner, your general manager and 1 instructor. These individuals must successfully complete the initial training program to our satisfaction before the earlier to occur of: (a) 240 days after signing the Franchise Agreement; or (b) 2 weeks prior to the opening of your Facility. You may send other owners and employees to initial training, but it is not required (and you must pay the additional training fee described below for these additional trainees).

The initial training program includes approximately 5 days of training at an affiliate-owned Knockout Fitness or Flurry Fitness facility in Phoenix, Arizona (or at any other location we designate). We also offer up to 3 days of on-site training at your Facility. The on-site training is an informal training program where we monitor your operations and assist you with the opening of your Facility.

We reserve the right to conduct all (or any portion) of the training program remotely via webinar, conference call or similar means. The training materials consist of the Manual, sales materials, participating in our member training classes and on-site training at our affiliate-owned facility. We do not charge you for training materials. We can modify the training program at our discretion based on our subjective assessment of the skills, abilities and prior experience of your Managing Owner, manager and instructor. Currently, we intend to offer initial training on a monthly basis, assuming sufficient demand. The initial training program currently consists of the following:

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS ON THE JOB TRAINING	LOCATION
The Flurry Fitness History, Mission	1	0	Phoenix, Arizona, or your area
Overview of the Relationship with the Franchisor	1	0	Phoenix, Arizona, or your area
Role of and relationship with the Field Consultant	1	0	Phoenix, Arizona, or your area
Overview of the Pre-Opening Process	1	0	Phoenix, Arizona, or your area
Office Requirements and Storage Options	1	0	Phoenix, Arizona, or your area
Retail Management	1	0	Phoenix, Arizona, or your area

Subject	Hours of Classroom Training	Hours on the Job Training	Location
Setting Up Online Store	1	0	Phoenix, Arizona, or your area
Using our software— Back End and Front End Users	2	2	Phoenix, Arizona, or your area
Business Opening Tasks, including Taxes, Insurance, Bank Accounts	1	0	Phoenix, Arizona, or your area
Initial Launch	2	0	Phoenix, Arizona, or your area
Human Resources Overview	1	0	Phoenix, Arizona, or your area
Targeting Your Market	1	1	Phoenix, Arizona, or your area
Overview of Sales Flow	1	4	Phoenix, Arizona, or your area
Prospect Management	1	1	Phoenix, Arizona, or your area
Marketing Campaigns and Sales Strategies	1	2	Phoenix, Arizona, or your area
FAQ's	1	1	Phoenix, Arizona, or your area
Overcoming objections	1	2	Phoenix, Arizona, or your area
Closing the membership sale	1	1	Phoenix, Arizona, or your area
Completing the transaction and setting up the ACH, submitting commissions	2	2	Phoenix, Arizona, or your area
Billing, Accounting, Managing Financials	1	1	Phoenix, Arizona, or your area
Franchise Reporting	1	1	Phoenix, Arizona, or your area
Developing a Marketing Plan	1	1	Phoenix, Arizona, or your area
Promoting Flurry Fitness in Your Area	1	1	Phoenix, Arizona, or your area
Using Referrals	1	1	Phoenix, Arizona, or your area
Advertising Requirements	1	1	Phoenix, Arizona, or your area
Total	28	22	

Ongoing Training Programs

We do not anticipate requiring that your Managing Owner or other employees attend ongoing refresher or additional training programs on a system-wide basis. However, we may offer this training from time to time.

If you appoint a new Managing Owner or general manager, that person must attend and successfully complete our initial training program before assuming responsibility for the management or operation of your Facility or the classes offered at your Facility.

If we conduct an inspection of your operations and determine you are not operating in compliance with the Franchise Agreement and/or the Manual, we may require that the Managing Owner and/or your management personnel attend remedial training that addresses your operational deficiencies.

You may also request that we provide additional training (either at an affiliate-owned facility or at your Facility).

We are not required to provide this additional training.

You are responsible for training new instructors that you hire.

Instructors

Our current instructors include David Muir and Jacob Martin.

David Muir is our Chief Executive Officer. He has been with Flurry Fitness since 2008. Prior to founding Flurry Fitness, Mr. Muir had a variety of other experiences in the fitness industry, including as a general manager of LA Fitness and national sales director for LA Boxing. Mr. Muir has a total of 18 years of experience in the fitness industry.

Jacob Martin is our Chief Operating Officer. He has been with Flurry Fitness since 2011. Prior to joining Flurry Fitness, Mr. Jacob was employed in a variety of management and sales positions with LA Fitness. He has a total of 22 years of experience in the fitness industry.

Training Fees and Costs

We will provide the initial training program at no additional charge. You must pay us an initial training fee of $1,000 per person for each person that attend our initial training program after you open (for example, a new Managing Owner or general manager).

You must pay us a training fee of up to $350 per trainer per day for: (a) any remedial training that we require based on your operational deficiencies; and (b) any additional training you request us to provide. If we agree to provide onsite training or assistance, you must also reimburse us for all Travel Expenses incurred by our trainer (this reimbursement obligation does not apply to any onsite training that is part of our initial training program). You are responsible for all wages and Travel Expenses you incur to send the trainees to training. If you transfer your franchise, we may charge the new franchisee the $1,000 per person training fee for each of the transferee's owners and employees that attend our initial training program.

Manual (Section 6.1, 12.2 & 25.8)

You will have access to our Manual during the term of the Franchise Agreement. The Manual may include, among other things:

- plans and specifications for the design, dimensions, layout, equipping and trade dress for a prototype Flurry Fitness facility
- a list of (a) goods and services (or specifications for goods and services) you must purchase to develop and operate your Facility and (b) designated and approved suppliers
- a description of the authorized goods and services you may offer and sell
- specifications, techniques, methods, operating procedures and quality standards
- policies and procedures pertaining to: (a) marketing and advertising; (b) reporting; (c) accounting and bookkeeping; (d) inventory control; (e) insurance; (f) data ownership, protection, sharing and use; (g) gift card, loyalty and membership programs

The Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by our franchisees. All mandatory provisions in the Manual are binding on you. We can modify the Manual at any time, but the modifications will not alter your status or fundamental rights under the Franchise Agreement. Modifications are effective 30 days after we notify you of the change. However, we may provide additional time to implement certain changes (for example, implementing new software or technology). The Manual is confidential and remains our property. The Manual includes approximately 350 pages. The Table of Contents is attached to this Disclosure Document as EXHIBIT "E".

Site Selection (Section 7.1 & 7.2)

A typical Flurry Fitness facility ranges in size from 3,000 to 6,000 square feet, with 3,200. Ideally, your Facility will be located in retail space near a grocery store or other appropriate retail establishment with good visibility, highly visible signage, convenient parking and good access and egress from major streets and roads.

We do not select the site for your Facility and we do not purchase the premises and lease it to you. You must locate and obtain our approval of the premises from which you will operate your Facility within 180 days after your sign the Franchise Agreement. We may terminate your Franchise Agreement if you fail to meet this deadline.

The premises must be located within the Site Selection Area identified in Part B of ATTACHMENT "B" to the Franchise Agreement and conform to our minimum site selection criteria. You must send us a complete site report (containing the demographic, commercial and other information, photographs and video tapes that we may reasonably require) for your proposed site. We will use our best efforts to approve or disapprove a proposed site within 30 days after we receive all of the requisite materials. Your site is deemed disapproved if we fail to issue our written approval within the 30-day period. In reviewing a proposed site, we will consider factors such as parking, size, traffic counts, general location, existence and location of competitive businesses, general character of the neighborhood and various economic indicators.

We do not review the terms of your lease. If you lease the premises for your Facility, you must use best efforts to cause your landlord to sign the Lease Addendum attached to the Franchise Agreement as ATTACHMENT "C". The Lease Addendum is designed to protect our interests. For example, the landlord must notify us of your defaults, offer us the opportunity to cure your defaults, allow us to take an assignment of your lease in certain situations, permit us to enter the premises to remove items bearing our Marks if you refuse to do so and give us a right of first refusal to lease the premises upon the expiration or termination of your lease. If your landlord refuses to sign the Lease Addendum in substantially the form attached to the Franchise Agreement, we may either (a) waive the Lease Addendum requirement (or the provisions disapproved by the landlord) or (b) require you to find a new site for your Facility.

Site Development (Section 7.3., 7.5 & 12.7)

The Manual includes our standards and specifications for the design, layout, equipping and trade dress for a Flurry Fitness facility. You must hire a licensed and bonded architect to prepare initial design plans for the construction of your Facility and leasehold improvements. We must approve the initial design plans to ensure they are consistent with our system standards. Once approved, your architect must prepare detailed construction plans that: (a) are consistent with the approved design plans; (b) satisfy all required standards and specifications in the Manual; and (c) comply with all federal, state and local ordinances, building codes, permits and lease requirements and restrictions applicable to the premises. You must submit the final construction plans to us for approval. Once approved, you must construct and equip your Facility according to the approved construction plans and the requirements of the Manual. You must purchase (or lease) and install the Technology Systems, equipment, fixtures, signs and other items we require.

You must remodel and make all improvements and alterations to your Facility that we reasonably require from time to time to reflect our then-current standards and specifications. There are no limitations on the cost or frequency of these remodeling obligations. You may not remodel or significantly alter your premises without our prior approval.

Computer System (Section 12.4, 12.5, 12.6, 16.3 & 17.1)

Description & Use

You must purchase and use all Technology Systems we designate. One component of our Technology Systems is your computer and point-of-sale system (the "Computer System") which consists of the following items: 1 PC computer; 1 tablet device; Club Ready gym management software; 1 laser jet printer; and point of sale (POS) system. The Computer System will generally be used to: communicate with us electronically; book classes;

process sales and credit card transactions; track sales; track inventory; prepare reports; and access the Club Ready gym management software. We may change the components of the Technology Systems from time to time, including your Computer System.

Fees and Costs

We estimate the initial cost of your Computer System will range from $3,500 to $5,000. As further detailed in Item 6, you must pay us a technology fee for certain software, technology and related services that we provide. As of the issuance date of this Disclosure Document, we do not charge a technology fee.

You must license "Club Ready" gym management software. The licensor offers a variety of software packages depending on the needs of the franchisee. We recommend that you license a completely managed system as described in the Manual. You must sign a maintenance, updating and support contract with the licensor. You must pay the licensor a monthly fee ranging from $169 to $299 per month ($2,028 to $3,588 per year) for the license to the software and the maintenance, updating and support services provided by the licensor.

Except as disclosed above: (a) neither we nor any other party has any obligation to provide ongoing maintenance, repairs, upgrades or updates to your Computer System; and (b) we are not aware of any optional or required maintenance, updating, upgrading or support contracts relating to your Computer System.

Collection and Sharing of Data

Your Computer System will collect information about your members (including names, contact information, class attendance history, purchase history and credit card information) and your sales. We will have independent unlimited access to the data collected on your Computer System and there are no contractual limitations on this access. We may also inspect your Computer System and access the data as part of an inspection.

We own all data relating to your operations and customers. We grant you a license to use this data solely for purposes of operating your Facility. You must protect all customer data with a level of control proportionate to the sensitivity of data. You must comply with all applicable data protection laws and our data processing and data privacy policies in the Manual. You must also comply with the standards established by PCI-DSS to protect the security of credit card information.

Computer System Maintenance and Changes

You must maintain the Computer System in good condition at your cost. We may require that you upgrade, update or otherwise change your Computer System and other Technology Systems to conform to our then-current specifications. There is no contractual limitation on the frequency or cost of these updates, upgrades or changes.

Advertising and Marketing (Section 6.5 & 11)

You must participate at your own expense in all advertising, promotional and marketing programs we require. We provide the advertising and marketing support discussed below. Any company-owned Flurry Fitness facilities will pay brand fund fees and cooperative advertising fees on the same basis as franchisees. We have no further obligation to expend our own funds on marketing and advertising in your area. There is currently no franchisee advertising council that advises us on marketing and advertising matters.

Grand Opening Marketing

You must spend at least $7,500 on your grand opening marketing activities. We may require that you utilize our designated marketing company to design and implement your customized grand opening marketing plan.

Ongoing Local Marketing By You

After opening, you must spend a minimum monthly amount equal to your Local Marketing Commitment (which is 4% of your Gross Sales) on local advertising. Your minimum grand opening marketing expenditure is in addition to, and not credited towards, your Local Marketing Commitment. We measure your compliance on a rolling 6-month basis, meaning as long as your average monthly expenditure on local advertising over the 6-month period equals or exceeds your Local Marketing Commitment, you are deemed in compliance even if your expenditure in any given month is less than your Local Marketing Commitment.

You may develop your own advertising and marketing materials and programs but we must approve them prior to use. We must also approve the media you intend to use. You may not use any advertising materials, programs or media that we have not approved. We have 30 days to review and approve or disapprove advertising and marketing materials and programs you submit for approval. Our failure to disapprove them within the 30-day period constitutes our approval.

Local Marketing Assistance From Us

We provide reasonable marketing consulting, guidance and support throughout the franchise term on an "as-needed" basis. We provide you with a marketing plan for your Business, which is included in the Manual. We may create and make available to you advertising and marketing materials for your purchase. We may use the Brand Fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. We may provide online access to these materials, in which case you must print the materials at your expense. We may also contract with third-party suppliers to create advertising or marketing materials that you may purchase.

Websites, Social Media and Digital Advertising

We will maintain a corporate website to promote our brand. We will also create and host a local webpage to promote your Facility, which will be linked to our corporate website. Your webpage will list certain information about your Facility, such as address, hours of operation, class schedule and contact information. We can modify or discontinue our website and/or your local webpage at any time.

Except for the webpage we provide, you may not: (a) develop, host, or otherwise maintain a website or other digital presence relating to your Facility (including any website bearing any of our Marks); (b) utilize the Internet to conduct digital or online advertising; or (c) engage in ecommerce. However, we do permit you to market your Facility through approved social media channels, subject to the following requirements:

- you may only conduct social media utilizing the social media platforms that we approve
- you must strictly comply with our social media policy, as revised from time to time
- you must immediately remove any post we disapprove
- we may require that you contract with and utilize a social media company we designate
- you must provide us with full administrative rights to your social media accounts
- we must retain ownership of all social media accounts relating to your Facility

Gift Card and Loyalty Programs

We may require that you participate in a gift card or other customer loyalty program in accordance with our policies and procedures. In order to participate, you may be required to purchase additional equipment, software and/or Apps and pay fees relating to the use of that equipment, software and/or Apps. We have the right to determine how proceeds from gift card sales are divided or otherwise accounted for and we may retain proceeds from unredeemed gift cards. You must follow all policies we establish for gift card and/or loyalty programs.

Advertising Cooperatives

We may, but need not, form advertising cooperatives for the benefit of all Flurry Fitness facilities located in a particular region. We will determine the boundaries of the cooperative. In most instances, the boundaries will coincide with zip codes, designated marketing areas or municipal boundaries. We will specify the manner in which the cooperative is organized and governed. We may choose between: (a) administering the cooperative ourselves; or (b) establishing an advertising council, comprised by the cooperative's members, to administer the cooperative.

We may require that the cooperative be administered in accordance with written bylaws, organizational documents or other governing documents that we approve.

If your Facility is located within a region subject to an advertising cooperative you must: (a) participate in the cooperative according to its rules and procedures and abide by its decisions; and (b) pay a cooperative advertising fee. We may set the minimum cooperative advertising fee or we may allow the cooperative to set the fee based on majority vote of its members. In either case, the cooperative advertising fee will not exceed 2% of Gross Sales. All cooperative advertising fees you pay are credited against your Local Marketing Commitment. Any company-owned Flurry Fitness facility located in the cooperative will contribute on the same basis as franchisees.

Advertising cooperatives are not required to prepare annual or periodic financial statements. Any financial statements that are prepared will be made available to you upon request. We reserve the right to form, change, merge or terminate advertising cooperatives at any time.

Brand and System Development Fund

We may, but need not establish and maintain the Brand Fund to promote public awareness of our brand and improve our System. We may use the Brand Fund to pay for any of the following in our discretion:

- developing maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions and programs
- conducting and administering promotions, contests or giveaways
- expanding public awareness of the Marks
- public and consumer relations and publicity
- brand development
- sponsorships
- charitable and nonprofit donations and events
- research and development of technology, products and services
- website development and search engine optimization
- development and maintenance of an ecommerce platform
- development and implementation of quality control programs, including the use of mystery shoppers or customer satisfaction surveys
- conducting market research
- changes and improvements to the System
- the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts
- collecting and accounting for contributions to the Brand Fund
- preparing and distributing financial accountings of the Brand Fund
- any other programs or activities we deem appropriate to promote or improve the System
- direct and indirect labor, administrative, overhead and other expenses incurred by us and/or our affiliates in relation to any of these activities (including salary, benefits and other compensation of any of our, and any of our affiliate's, officers, directors, employees or independent contractors based upon time spent working on any Brand Fund matters described above)

We direct and have complete control and discretion over all advertising programs paid for by the Brand Fund, including the creative concepts, content, materials, endorsements, frequency, placement and media used for the programs. We anticipate most of the marketing and advertising paid for by the Brand Fund will be in-store marketing, digital marketing, direct mail marketing and print marketing. Coverage will be local, regional and eventually national as we deem appropriate. The Brand Fund will not be used to pay for advertisements principally directed at selling additional franchises, although consumer advertising may include notations such as “franchises available” and one or more pages on our website may promote the franchise opportunity.

You must pay the brand fund fee we specify from time to time (not to exceed 1% of Gross Sales). We deposit all brand fund fees into the Brand Fund. Any Company-owned Flurry Fitness facilities will contribute to the Brand Fund on the same basis as our franchisees. However, if we modify the amount or timing of required contributions, any company-owned Flurry Fitness facility established or acquired after the modification may contribute to the Brand Fund utilizing the modified amount or timing.

All monies deposited into the Brand Fund that are not used in the fiscal year in which they accrue will be utilized in the following fiscal year. Any surplus of monies may be invested and we may lend money if there is a deficit. An unaudited financial accounting of Brand Fund contributions and expenditures will be prepared annually and made available to you upon request. During the fiscal year ended December 31, 2023 we did not collect or spend any monies from the Brand Fund.

The Brand Fund is not a trust. We have no fiduciary obligations or liability to you with respect to our administration of the Brand Fund. Once established, we may discontinue the Brand Fund on 30 days’ notice.

Advisory Council (Section 13)

We may, but need not, create a franchise advisory council to provide us with suggestions to improve the System, including matters such as marketing, operations and new product or service suggestions. We would consider all suggestions from the advisory council in good faith, but we would not be bound by any such suggestions. The advisory council would be established and operated according to rules and regulations we periodically approve, including procedures governing the selection of representatives of the advisory council to communicate with us on matters raised by the advisory council. You would have the right to be selected as a member of the advisory council as long as you are not in default under the Franchise Agreement and you do not act in a disruptive, abusive or counter-productive manner, as determined by us in our discretion. As a member, you would be entitled to all voting rights and privileges granted to other members of the council. Any Flurry Fitness facility operated by us or our affiliates could also be a member of the Advisory Council. Each member would be granted 1 vote on all matters on which members are authorized to vote. We anticipate selecting 1 advisory council board member for every 25 franchisees. We would have the power to form, change or dissolve the advisory council in our discretion.

Opening Requirements (Section 7.4)

We expect most franchisees will open between 6 and 9 months after signing the Franchise Agreement. Factors that may affect this time include:

- the amount of time needed to find an approved site
- protracted lease negotiations with your landlord
- the amount of time needed to secure financing, insurance, licenses and permits
- the condition of your building and extent of required upgrades, remodeling and renovations
- construction delays due to labor or materials shortages, inclement weather or other reasons
- delayed delivery or installation of equipment and fixtures
- the amount of time needed to comply with zoning requirements and other laws and regulations
- the amount of time needed to complete training
- the amount of time needed to hire and train your staff

You may not open your Facility prior to receipt of our written authorization to open. Unless we agree to the contrary, you must open your Facility within 270 days after signing the Franchise Agreement. We may terminate the Franchise Agreement if you fail to open by this deadline.

ITEM 12 TERRITORY

You will not receive an exclusive territory or development 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.

Location of Your Business

Each Franchise Agreement grants you the right to operate one Flurry Fitness facility from a site we approve. You must identify a site for your Facility within the Site Selection Area described in your Franchise Agreement.

You may relocate your Facility with our prior written approval, which we will not unreasonably withhold. If we allow you to relocate, you must: (a) obtain our approval of the new site for your Facility within the Site Selection Area (but outside any territory granted or reserved to us, our affiliate or any other franchisee); (b) comply with our then-current site selection and development requirements; (c) remove trade dress and alter the premises of the closed (i.e., former) Facility to eliminate any resemblance to a Flurry Fitness facility; (d) pay us a relocation fee of $2,500 at the time we approve your request to relocate; and (e) open your Facility at the new site and resume operations within 30 days* after closing your Facility at the former site. We may also require that you conduct another grand opening marketing campaign to promote the opening of your Facility at the new site.

* If your Facility is destroyed, condemned or otherwise rendered unusable due to the physical condition of the premises, you will instead have 270 days to relocate and resume operations at the new site.

Description of Territory (Franchise Agreement)

Once you have identified a site that we have approved, you will receive a protected territory that will extend for a minimum 4-mile radius from your Facility (your "Territory"). Upon renewal, we reserve the right to modify the boundaries of your territory in accordance with our then-current territory guidelines and criteria.

Description of Development Territory (ADA)

If you acquire area development rights, we will identify the boundaries of your development territory in ATTACHMENT "A" to your ADA (your "Development Territory"). A development territory typically consists of a geographic area that coincides with the boundaries of a municipality, such as a city, county or state. There is no specific minimum or maximum size for a development territory. In determining the size of your Development Territory, we primarily consider the number of Facilities you commit to develop.

You must sign a separate Franchise Agreement for each Facility you develop. All Facilities you develop must be located within your Development Territory. We must approve the site for each Facility you develop under our then-current site selection criteria. We send you a complete execution copy of the ADA that includes your Development Territory, development fee and development schedule at least 7 days before you sign it.

Territorial Protections and Limitations

During the term of your Franchise Agreement we will not develop or operate, or license a third party to develop or operate, a Flurry Fitness facility using our Marks that is located in your Territory except as otherwise permitted below with respect to Acquisitions (defined below).

During the term of the ADA (if applicable) we will not develop or operate, or license a third party to develop or operate, a Flurry Fitness facility using our Marks that is located in your Development Territory other than: (a) any Flurry Fitness facility that is located in your Development Territory as of the date you sign the ADA (either open, under construction or for which a Franchise Agreement has been signed); and (b) as otherwise permitted below with respect to Acquisitions.

We reserve the right to acquire, or be acquired by, another business or chain that may sell competitive or identical goods or services, and those businesses may be converted into Flurry Fitness facilities operating under the Marks regardless of their location (an "Acquisition"). Any such acquired or converted businesses may be located within your Territory and Development Territory, if applicable.

Alternative Channels of Distribution

We reserve the right to sell or license others to sell competitive or identical goods or services under trademarks other than the Marks through Alternative Channels of Distribution. We will not sell competitive goods or services under the Marks through Alternative Channels of Distribution in your Territory or Development Territory, if applicable. An "Alternative Channel of Distribution" means any channel of distribution other than retail sales made to customers from a Flurry Fitness facility. Examples of Alternative Channels of Distribution include: (a) sales through direct marketing, such as over the Internet or through catalogs or telemarketing; (b) sales through retail stores that do not operate under the Marks, such as fitness equipment stores; and (c) sales made at wholesale. We may sell or license a third party to sell competitive or identical goods or services through Alternative Channels of Distribution (whether under the Marks or different trademarks) anywhere within your Territory and Development Territory, if applicable. You are not entitled to any compensation for sales that take place through Alternative Channels of Distribution.

Membership Purchases

All Flurry Fitness facilities must honor memberships purchased by Flurry Fitness members. A member who purchases a membership from your Facility may redeem services at another Flurry Fitness facility. Similarly, a customer who purchases a membership from another Flurry Fitness facility may redeem services at your Facility. You agree to comply with all policies and procedures that we specify from time to time relating to customers who obtain services from multiple Flurry Fitness facilities as part of a membership purchase. In the future, we may (but need not) implement new software to monitor sales and allocate payments to the facility where services are provided (either in full or on a percentage basis), in which case we may require that the customer pay us for the membership (and we will then allocate the payments between the Flurry Fitness facilities). We may also adopt policies regarding cooperation between franchisees relating to customers who redeem services from multiple Flurry Fitness facilities. You agree to comply with all policies and procedures that we specify from time to time.

Restrictions on Your Sales and Marketing Activities

You may advertise within the territories of other Flurry Fitness facilities, although your advertising must be primarily directed towards customers within your Territory. Similarly, other Flurry Fitness facilities may advertise within your Territory and Development Territory, if applicable, although their advertising must be primarily directed towards customers within their territory. You are not permitted to market or sell through Alternative Channels of Distribution without our prior approval. Your marketing activities are also subject to the additional restrictions described in Item 11 under the Section entitled "Websites, Social Media and Digital Advertising". There are no other restrictions on your right to solicit customers, whether from inside or outside of your Territory.

Minimum Performance Requirements

Your territorial protections under your Franchise Agreement do not depend on achieving a certain sales volume, market penetration, or other contingency.

If you sign an ADA and fail to satisfy your development schedule by opening and operating the prescribed number of Flurry Fitness facilities within the required periods of time, we may terminate your ADA and you will lose the territorial protections associated with your Development Territory.

Additional Franchises and Territories

You are not granted any options, rights of first refusal or similar rights to acquire additional territories or franchises, other than your right and obligation to develop the prescribed number of Flurry Fitness facilities within your Development Territory if you sign an ADA.

Competitive Businesses Under Different Marks

Currently, our affiliates operate businesses in Arizona that are substantially similar to Flurry Fitness but under the name "Knockout Fitness." We are deciding whether to convert these facilities to operate under the name Flurry

Fitness. We will not locate a Knockout Fitness facility within the territory of a Flurry Fitness franchisee although there are no restrictions on the ability of Knockout Fitness facilities to solicit customers from any location. The principal business address for Knockout Fitness is 13215 W. McDowell Rd , Suite D-1, Goodyear, Arizona 85395. Because we will treat Knockout Fitness facilities the same as Flurry Fitness facilities (including in terms of territorial protections) we do not anticipate any conflicts.

Except as disclosed above, neither we nor any affiliate of ours intends to operate or franchise another business under a different trademark that sells products or services similar to the products or services offered at a Flurry Fitness facility. However, we reserve the right to do so in the future.

ITEM 13 TRADEMARKS

We grant you the right to operate a Flurry Fitness facility under the name FLURRY FITNESS and the associated logo. By trademark, we mean trade names, trademarks, service marks and logos used to identify your Facility or the products or services you sell. We may change the trademarks you may use from time to time, including by discontinuing use of the Marks listed in Item 13. If this happens, you must change to the new trademark at your expense. However, we will reimburse you for up to $1,000 per Facility for any costs you incur to change signage.

Our affiliate, Flurry IP Holdings, LLC ("IP Holdings"), owns the following trademark with the State of Arizona:

REGISTERED MARKS		
MARK	**REGISTRATION NUMBER**	**REGISTRATION DATE**
FLURRY	4,721,381	April 14, 2015
FLURRY FITNESS	5,673,765	February 12, 2019
FLURRY	7,090,560	June 27, 2023

All required affidavits have been filed and we intend to file all renewals by the required renewal date.

On April 17, 2018, we entered into a License Agreement (the "License Agreement") with IP Holdings. Under the terms of the License Agreement, IP Holdings granted us the right to use the Marks in the Flurry Fitness System and to sublicense the Marks to our franchisees. The term of the License Agreement automatically renews annually, unless it is terminated in accordance with its terms. IP Holdings is permitted to terminate the License Agreement only if we declare bankruptcy or become insolvent, if we and IP Holdings mutually agree to terminate the License Agreement or if we breach IP Holdings' quality control standards and fail to cure the breach within a 60 day cure period. If the License Agreement is terminated, the agreement states that all sublicenses granted by us to our franchisees will continue in full force and effect until the expiration or termination of the applicable franchise agreement. Except as discussed above, no agreements limit our right to use or sublicense the use of the Marks.

You must follow our rules when using the Marks. You cannot use the Marks as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent. You cannot use the Marks relating to the sale of any product or service we have not authorized. If required by applicable law, you must file for a fictitious name that includes "Flurry Fitness".

You must notify us immediately if you discover an infringing use (or challenge to your use) of the Marks. We will take the action we deem appropriate. We are not required to take any action if we do not feel it is warranted. We may require your assistance, but you may not control any proceeding or litigation relating to our Marks. You must not directly or indirectly contest our or IP Holdings' rights to the Marks.

You must notify us immediately when you learn about an infringing or challenging use of the Marks. We will take the action we think appropriate, but we are not required to take any action if we do not feel it is warranted. We may require your assistance, but you are not permitted to control any proceeding or litigation relating to our Marks. You must not directly or indirectly contest our or IP Holdings' right to the Marks.

We will indemnify you against, and reimburse you for: (a) all damages for which you are held liable in any judicial or administrative proceeding arising out of your use of the Marks in strict compliance with the Franchise Agreement and Manual; and (b) all costs you reasonable incur in defending against any claim brought against you in any proceeding in which you are named as a party. Our indemnification obligation will only apply if you notify us of the claim or proceeding in a timely manner and you are in full compliance with the Franchise Agreement and Manual. Except as disclosed above, the Franchise Agreement does not require that we: (a) protect your right to use the Marks; (b) protect you against claims of infringement or unfair competition arising out of your use of the Marks; or (c) participate in your defense or indemnify you for expenses or damages you incur if you are a party to an administrative or judicial proceeding involving our Marks or if the proceeding is resolved in a manner unfavorable to you.

There are currently no: (a) effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court; (b) pending infringements, oppositions or cancellations; (c) pending material litigation matters involving any of the Marks; or (d) infringing uses we are aware of that could materially affect your use of the Marks.

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

No patents or pending patent applications are material to the franchise.

Although we have not filed an application for copyright registration for the Manual, our website or our marketing materials, we do claim a copyright to these items.

During the term of the Franchise Agreement, we allow you to use certain confidential and proprietary information relating to the development, marketing and operation of a Flurry Fitness facility. Examples include:

- plans, drawings and specifications for a prototype Flurry Fitness facility
- site selection criteria
- methods, techniques, policies, procedures, standards and specifications
- supplier lists and information
- marketing and merchandising strategies
- financial information
- information comprising the System

We will own all ideas, improvements, inventions, marketing materials and other concepts you develop relating to a Flurry Fitness facility. We will also own all operational and customer data relating to your Facility. You must treat this data as confidential and proprietary. We license you the right to use this data during the term of your Franchise Agreement.

We provide access to our confidential information through the Manual, training programs and other periodic support and guidance. You may use this information solely for purposes of developing, marketing and operating your Facility in compliance with the Franchise Agreement and Manual. We consider all information in the Manual to be confidential. You may not disclose our confidential information to anyone other than your employees, on a need-to-know basis, without our prior permission. All of your employees, agents and representatives must sign the Confidentiality Agreement attached to the Franchise Agreement as ATTACHMENT "F" before you give them access to our confidential information.

You must promptly notify us if you discover any unauthorized use of our proprietary information or copyrighted materials. We are not obligated to act, but will respond as we deem appropriate. You may not control any proceeding or litigation involving allegations of unauthorized use of our proprietary information or copyrighted materials. We have no obligation to indemnify you for any expenses or damages arising from any proceeding or litigation involving our proprietary information or copyrighted materials. There are no infringements known to us at this time.

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

Owner Participation

The Franchise Agreement requires that you designate an owner who will be primarily responsible for the daily on-premises management and supervision of your Facility (the "Managing Owner"). The Managing Owner must: (a) be approved by us; (b) successfully complete all training programs we require; and (c) dedicate full-time efforts to the Business (unless you delegate management functions to a general manager). Any new Managing Owner must successfully complete the initial training program before becoming involved with the supervision, management or operation of the Facility.

Except as otherwise provided above with respect to your Managing Owner, we do not require that your owners personally participate in the management or operation of your Business. If you are an entity, each owner (i.e., each person holding a direct or indirect ownership interest in the entity) and the spouse of each owner must sign the Franchise Owner Agreement attached to the Franchise Agreement as ATTACHMENT "D". By signing the Franchise Owner Agreement, the owner (or spouse of the owner) agrees to: (a) comply with all brand protection covenants, covenants that protect our intellectual property and transfer restrictions set forth in the Franchise Agreement; and (b) guarantee the franchisee's financial obligations.

General Manager

You may hire a general manager to assist the Managing Owner with onsite management and supervision of the Facility. Any person you hire as a manager must: (a) be approved by us; (b) successfully complete all training programs we require; and (c) sign a Confidentiality Agreement. At all times during normal business hours, either the Managing Owner or a general manager must be present at the Facility to provide onsite management and supervision. The Managing Owner must supervise the general manager to ensure the Facility is operated in accordance with the Franchise Agreement and Manual. We recommend (but do not require) that the general manager own an equity interest in the franchise.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We must approve all goods and services that you sell as part of your Business, including class offerings, merchandise, inventory items, memberships and consultations. You must offer all goods and services that we require. You may not sell any goods or services that we have disapproved. We have the unrestricted right to change the goods and/or services that you are required to sell as part of your Business at any time in our sole discretion, and you must comply with any such change. Without our prior approval, you may not sell any goods or services through Alternative Channels of Distribution. All sales must take place at your Facility. You may only offer the classes and types of exercises that we authorize from time to time. We may require you to participate in a gift card or other customer loyalty program (including utilization of a "membership" model) in accordance with our policies and procedures. You may only offer the memberships we authorize.

ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

This table lists certain important provisions of the franchise agreement (FA), Area Development Agreement (ADA) and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
a. Length of the franchise term	FA: Section 4.1	Term is equal to 10 years.
	ADA: Section 2	Term expires on the opening date listed in the development schedule for the last Facility you are required to develop.

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
b. Renewal or extension of the term	FA: Section 4.1 & 4.2	If you meet our conditions for renewal, you can enter into 2 consecutive successor franchise agreements. Each renewal term will be 5 years. The parties may mutually agree to further renewals but neither party is obligated to do so (subject to state law).
	ADA: Section 4.4	No renewal rights.
c. Requirements for you to renew or extend	FA: Section 4.1 & 4.2	You must: not be in default; give us timely notice; sign then-current form of franchise agreement; sign general release (subject to state law); pay renewal fee; remodel Facility and upgrade furniture, fixtures and equipment to current standards; and extend lease for duration of renewal term. If you renew, you may be required to sign a contract with materially different terms and conditions than the original contract.
	ADA: Section 4.4	You may not renew or extend the term of the ADA.
d. Termination by you	FA: Section 21.1	You can terminate if we default and fail to timely cure.
	ADA: Section 8	You can terminate under any grounds permitted by law.
e. Termination by us without cause	FA: Section 21.4	We can terminate without cause if you and we mutually agree to terminate.
	ADA: Not Applicable	Not Applicable
f. Termination by us with cause	FA: Section 21.2 & 21.3	We can terminate if you default.
	ADA: Section 8	We can terminate if you default.
g. "Cause" defined - curable defaults	FA: Section 21.2 & 21.3	You have 10 days to cure any monetary default. You have 30 days to cure any other default, other than defaults described below under "non-curable defaults".
	ADA: Section 8	You have 30 days to cure any default, other than defaults described below under "non-curable defaults".
h. "Cause" defined - non-curable defaults	FA: Section 21.2	The following defaults cannot be cured: insolvency, bankruptcy or seizure of assets; failure to successfully complete training; failure to find approved site or open in timely manner; abandonment; failure to maintain required license or permit; conviction of certain crimes or subject of certain administrative actions; violation of material law; commission of act that may adversely affect reputation of System or Marks; health or safety hazards; material misrepresentations; 2nd underreporting of Gross Sales by 3% or more; unauthorized Transfers; unauthorized use of our intellectual property; breach of brand protection covenant; breach of Franchise Owner Agreement; termination of lease due to your default; or termination of any other agreement between you (or your affiliate) and us (or our affiliate) due to your default. However, termination of an ADA due to breach of the development schedule is not grounds for termination of any Franchise Agreement that is otherwise in good standing.
	ADA: Section 8	If we terminate a franchise agreement due to your default, we may terminate the ADA without opportunity to cure.

THE FRANCHISE RELATIONSHIP		
Provision	**Sections in Agreement**	**Summary**
i. Your obligations on termination/ non-renewal	FA: Section 22.1	Obligations include: remove trade dress and alter premises to eliminate any resemblance to a Flurry Fitness facility; cease use of intellectual property; return Manual and branded materials; assign telephone numbers, listings and domain names; assign member information, accounts and contracts; cancel fictitious names; comply with data retention policies; and pay amounts due (also see "r", below).
	ADA: Not Applicable	The ADA does not impose any post-term obligations on you.
j. Assignment of contract by us	FA: Section 20.1	No restriction on our right to assign.
	ADA: Section 7.1	No restriction on our right to assign.
k. "Transfer" by you – definition	FA: Section 20.2 & Attachment A (definition of "Transfer")	Includes transfer of contract or assets, or ownership change.
	ADA: Section 1 (definition of "Transfer") & 7.2	Includes transfer of contract or assets, or ownership change.
l. Our approval of transfer by you	FA: Section 20.2, 20.3 & Attachment A (definition of "Permitted Transfer")	You may engage in a Permitted Transfer (defined in Note 2 in Item 6) without approval. We must approve other Transfers but will not unreasonably withhold approval.
	ADA: Section 1 (definition of "Permitted Transfer") & 7.3	You may engage in a Permitted Transfer without approval. We must approve other Transfers but will not unreasonably withhold approval.
m. Conditions for our approval of transfer	FA: Section 20.2	Transferee must: meet our qualifications; successfully complete training (or arrange to do so); obtain required licenses and permits; sign then-current form of franchise agreement for remainder of term or, at our option, assume your Franchise Agreement; and remodel Facility and upgrade furniture, fixtures and equipment to current standards within 12 months after Transfer or such shorter period of time we specify. You must: be in compliance with Franchise Agreement; assign lease (if applicable); pay transfer fee; subordinate transferee's ongoing payments owed to you (if any) to transferee's financial obligations owed to us; and sign general release (subject to state law). We must notify you that we will not exercise our right of first refusal.
	ADA: Section 7.2	Transferee must: meet our qualifications; successfully complete training (or arrange to do so); and sign then-current form of area development agreement for remainder of term or, at our option, assume your ADA. You must: be in compliance with all Franchise Agreements and ADA; assign all Franchise Agreements to same purchaser unless we agree to contrary (or at our option, transferee must sign then-current form of franchise agreement); comply with transfer provisions under Franchise Agreements; pay transfer fee; and sign general release (subject to state law). We must notify you that we will not exercise our right of first refusal.
n. Our right of first refusal to acquire your business	FA: Section 20.5	We can match any offer for your business.
	ADA: Section 7.5	We can match any offer for your area development rights.

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
o. Our option to purchase your business	FA: Section 22.2	We have the option to purchase your Business at the expiration or termination of the Franchise Agreement.
	ADA: Not Applicable	The ADA does not include a purchase option.
p. Your death or disability	FA: Section 20.4	Within 180 days, interest must be assigned by estate to an assignee in compliance with conditions for other Transfers. We may designate manager to operate the Facility prior to Transfer.
	ADA: Section 7.4	Within 180 days, interest must be assigned by estate to an assignee in compliance with conditions for other Transfers.
q. Non-competition covenants during the term of the franchise	FA: Section 15.2 & 15.3	No involvement in competing business.
	ADA: Not Applicable	The ADA does not impose any noncompetitive covenants.
r. Non-competition covenants after the franchise is terminated or expires	FA: Section 15.4 & 22.1	No involvement for 2 years in competing business at your Facility, within 4 miles of your Facility, or within 4 miles of any other Flurry Fitness facility.
	ADA: Not Applicable	The ADA does not impose any noncompetitive covenants.
s. Modification of the agreement	FA: Section 25.3 & 25.8	Requires writing signed by both parties (except we may unilaterally change Manual or reduce scope of restrictive covenants). Other modifications to comply with state laws.
	ADA: Section 11.6	Requires writing signed by both parties. Other modifications to comply with state laws.
t. Integration/ merger clause	FA: Section 25.8 ADA: Section 11.6	Only the terms of the Franchise Agreement and ADA (if applicable) and their attachments are binding (subject to state law). Any representations or promises made outside the Disclosure Document, Franchise Agreement and ADA may not be enforceable. Nothing in the Franchise Agreement, ADA or any related agreements is intended to disclaim any of the representations we made in this Disclosure Document. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
u. Dispute resolution by arbitration or mediation	FA: Section 23	Subject to state law, all disputes must be mediated or arbitrated before litigation, except for certain disputes involving our intellectual property or compliance with restrictive covenants.
	ADA: Section 9	Subject to state law, all disputes must be mediated and then arbitrated before litigation.
v. Choice of forum	FA: Section 23	Subject to state law, all mediation, arbitration and litigation must take place in county where we maintain our principal place of business (currently, Maricopa County, Arizona) at time dispute arises.
	ADA: Section 9	Subject to state law, all mediation, arbitration and litigation must take place in county where we maintain our principal place of business (currently, Maricopa County, Arizona) at time dispute arises.

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
w. Choice of law	FA: Section 25.1	Subject to state law, Arizona law governs.
	ADA: Section 11.1	Subject to state law, Arizona law governs.

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.

Defined Terms

For purposes of this financial performance representation, the following terms have the meanings given to them below:

"***Adjusted Net Profit***" means the financial performance metric calculated as Net Profit minus Imputed Franchise Fees. It does not account for Excluded Expenses.

"***Cost of Goods Sold***" or "***COGS***" means costs incurred for energy drinks, water, trainer equipment and branded retail items.

"***Company-Owned Facility***" means any Knockout Fitness facility that is owned by: (a) us; (b) any affiliate of ours; or (c) any person listed in Item 2 of this Disclosure Document if that person, or any other person listed in Item 2, is also involved with managing the facility.

"***Converted Facility***" means any Knockout Fitness facility that either: (a) was a Company-Owned Facility that was sold to a franchisee at any time during the Measuring Period; or (b) was a Franchised Facility that we or our affiliate reacquired from the franchisee at any time during the Measuring Period.

"***Excluded Expenses***" includes: (a) amortization; (b) depreciation; (c) donations; (d) income taxes; (e) interest paid on debt; and (f) owner draws, benefits and personal expenses.

"***FPR***" means the financial performance representation set forth in Item 19 of this Disclosure Document.

"***Franchised Facility***" means any Knockout Fitness facility that is owned by a franchisee.

"***Gross Profit***" means the financial performance metric calculated as Gross Sales minus COGS.

"***Gross Sales***" means the total revenue generated from all goods and services sold minus sales tax, customer refunds, returns and credits.

"***Imputed Franchise Fees***" includes: (a) Royalty Fees, which are calculated as 6% of Gross Sales; and (b) the Local Marketing Commitment, which is calculated as 4% of Gross Sales (i.e., the minimum amount franchisees must spend on local advertising) minus local advertising expenses actually incurred (which are included under "Marketing" as an Operating Expense).

"***Measuring Period***" means the period of time commencing January 1, 2023 and expiring December 31, 2023.

"***Net Profit***" means the financial performance metric calculated as Gross Profit minus Operating Expenses. It does not account for Excluded Expenses or Imputed Franchise Fees.

"***Operating Expenses***" means and includes the following ordinary and recurring expenses:

(1) *Admin* – includes: bank charges; credit card processing fees; dues, memberships and subscriptions; office supplies; postage; and travel.

(2) *Insurance* – includes premiums for insurance policies.

(3) *Labor* – includes: contract labor (for facility repairs and maintenance); manager and trainer benefits, bonuses, hourly wages and salary; health insurance; payroll tax; and uniforms. Labor does not include: (a) $500 in contract labor (which is included under COGS); or (b) owner draws or distributions.

(4) *Marketing* – includes advertising, marketing and promotional costs and expenses.

(5) *Professional Fees* – includes professional fees for lawyers, accountants and consultants.

(6) *Rent* – includes gross rent.

(7) *Technology* – includes: computer maintenance and repairs; phone service; software and technology fees; and website expenses (hosting, updates, maintenance, etc.).

(8) *Utilities* – includes payments to utilities companies for electricity, gas, internet service and water.

"***Qualifying Facility***" means any Company-Owned Facility or Franchised Facility that satisfies each of the following criteria: (a) the facility was open and operating throughout the entire Measuring Period; and (b) the facility is not a Converted Facility.

System Statistics

As of December 31, 2023 (the last day of the Measuring Period): (a) 7 Franchised Facilities were open and operating, 4 of which are Qualifying Facilities; and (b) 1 Company-Owned Facility was open and operating, 1 of which is a Qualifying Facility. We excluded data from 3 Franchised Facilities that were open as of December 31, 2023 because they opened during 2023 and were not open the entire Measuring Period.

For purposes of this FPR, each Knockout Fitness facility may be referred to as an "outlet". The table below summarizes the outlet statistics and the number of Qualifying Facilities whose data has been included in this FPR.

2023 Outlet Statistics						
Outlet Type	Statistics for 2023					Qualifying Facilities
	Open As of Jan 1, 2023	Opened	Closed	Converted	Open as of Dec 31, 2023	
Franchised	4	3	0	0	7	4
Company-Owned	1	0	0	0	1	1
Total	5	3	0	0	8	5

The Gross Sales FPR includes Gross Sales data from both Franchised Facilities and the Company-Owned Facility. The data has been presented separately for each Franchised Facility and the Company-Owned Facility.

The Net Profit FPR includes Net Profit data from 1 Company-Owned Facility, but excludes Net Profit data from Franchised Facilities.

All of the Qualifying Facilities are located in Arizona and operate under the name KNOCKOUT FITNESS™ instead of FLURRY FITNESS®. While these outlets operate under a different trademark, the business model is the same as the franchised business offered under this Disclosure Document. There are no other material differences between the operations of the Qualifying Facilities and the franchised business offered under this Disclosure Document.

Financial Performance Representation

A. Gross Sales FPR – Franchised & Company-Owned Facilities

The table below presents the historical 2023 Gross Sales data achieved by 5 Qualifying Facilities, including 4 Franchised Facilities (Facility #1 through Facility #4) and 1 Company-Owned Facility (Facility #5).

2023 Gross Sales – All Qualifying Outlets					
	Facility #1	**Facility #2**	**Facility #3**	**Facility #4**	**Facility #5**
Outlet Type	Franchised	Franchised	Franchised	Franchised	Company-Owned
Year Opened	2009	2014	2019	2021	2013
Gross Sales	$327,526	$360,935	$456,493	$501,475	$731,160

B. Net Profit FPR –Company-Owned Facility

The table below presents the historical 2023 Net Profit data achieved by 1 Company-Owned Facility. The financial metrics presented include: Gross Sales; COGS; Gross Profit; Operating Expenses; Net Profit; Imputed Franchise Fees; and Adjusted Net Profit.

2023 Financial Performance Representation (1 Company-Owned Facility)			
Financial Performance Metric		**Stated Result**	**Gross Sales %**
GROSS SALES		**$731,160**	**100.0%**
COGS	Energy Drinks/Supplies	$1,384	0.2%
	Retail and Trainer Equipment	$24,865	3.4%
	Total	***$26,249***	***3.6%***
GROSS PROFIT		**$704,911**	**96.4%**
OPERATING EXPENSES	Admin	$25,346	3.5%
	Insurance	$3,798	0.5%
	Labor	$235,068	32.2%
	Marketing	$7,440	1.0%
	Professional Fees	$10,045	1.4%
	Rent	$139,097	19.0%
	Technology	$9,459	1.3%
	Utilities	$21,949	3.0%
	Total	***$452,202***	***61.8%***
NET PROFIT		**$252,709**	**34.6%**

2023 Financial Performance Representation (1 Company-Owned Facility)			
Financial Performance Metric		**Stated Result**	**Gross Sales %**
Imputed Franchise Fees	Royalty Fees	$43,870	6.0%
	Local Marketing Commitment	$21,806	3.0%
	Retail Costs	$22,378	3.1%
	Total	***$88,054***	***12.0%***
ADJUSTED NET PROFIT		**$164,655**	**$22.5%**

Notes:

1. Source of Data: We prepared the Gross Sales FPR for Franchised Facilities based on data generated from the point-of-sale system. We prepared the Gross Sales FPR and Net Profit FPR for the Company-Owned Facility based on data from internally prepared financial statements for our affiliate. The data has not been audited.

2. Imputed Franchise Fees: Franchise Facilities are required to pay a royalty fee calculated as 6% of Gross Sales. They must also spend at least 4% of Gross Sales on local advertising (i.e., the Local Marketing Commitment) and pay a wholesale price for branded retail items. During the Measuring Period, the Company-Owned Facility: (a) did not pay royalty fees; (b) did incur local advertising expenses, but less than 4% of Gross Sales; and (c) paid cost (rather than the wholesale price) for branded retail items.

   This FPR presents 2 sets of Net Profit figures, including: (1) "Net Profit" which is calculated based on actual expenses incurred by the Company-Owned Facility and does not account for Imputed Franchise Fees; and (2) "Adjusted Net Profit" which is calculated in a manner that takes into account all Imputed Franchise Fees. Imputed Franchise Fees are discussed in more detail in Notes 3, 4 and 5 below.

3. Imputed Royalty Fees: The Company-Owned Facility did not pay royalty fees during the Measuring Period. The Franchise Agreement requires a royalty fee calculated as 6% of Gross Sales. For "Imputed Franchise Fees", we included the total amount of royalty fees the Company-Owned Facility would have incurred if it was a Franchised Facility.

4. Imputed Local Marketing Commitment: Each month, franchisees must spend a minimum amount of money on local advertising and marketing equal to the Local Marketing Commitment (LMC). The LMC is 4% of Gross Sales. For "Imputed Franchise Fees", we included the additional local marketing and advertising expenses the Company-Owned Facility would have incurred if it was a Franchised Facility. The additional amount for the Company-Owned Facility was $22,058, calculated as the difference between (a) $29,498 (i.e., 4% of Gross Sales) and (b) $7,440 (the amount of local advertising and marketing expenses actually incurred by the Company-Owned Facility).

5. Imputed Retail Costs: Our Company-Owned Facility purchases branded retail items (gloves, hand wraps, quick wraps, key chains and apparel) from manufactures at cost. Franchisees purchase these items from us at a wholesale price, which is 50% higher than manufacturer's cost. For "Imputed Franchise Fees", we included the additional costs the Company-Owned Facility would have incurred if it was a Franchised Facility and purchased branded retail items from us at our designated wholesale prices. The additional cost that the Company-Owned Facility would have incurred is $22,378.

Some Facilities have earned this amount. Your individual results may differ. There is no assurance that you will earn as much.

Written substantiation for this financial performance representation will be made available to you upon your reasonable written request.

Other than the preceding financial performance representation, we do 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 Chief Executive Officer, David Muir, at 13215 W. McDowell Rd , Suite D-1, Goodyear, Arizona 85395 or by phone at (623) 256-3201, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

TABLE 1 - SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2021 TO 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	0	0	0
	2022	0	0	0
	2023	0	1	+1
Company-Owned	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Total Outlets	2021	0	0	0
	2022	0	0	0
	2021	0	1	+1

TABLE 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2021 TO 2023

State	Year	Number of Transfers
Total	2021	0
	2022	0
	2023	0

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2021 TO 2023

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
Texas	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Totals	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1

TABLE 4 - STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2021 TO 2023							
State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Totals	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, 2023			
State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Texas	1	1	3
Total	1	1	3

Our fiscal year ends on December 31st. A list of all current Flurry Fitness franchisees is attached to this Disclosure Document as EXHIBIT "F" (Part A), including their names and the addresses and telephone numbers of their outlets as of December 31, 2023. In addition, EXHIBIT "F" (Part B) lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

During the last 3 fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experience as a franchisee in our franchise system.

There are no (i) trademark-specific franchisee organizations associated with the franchise system being offered that we have created, sponsored or endorsed or (ii) independent franchisee organizations that have asked to be included in this Disclosure Document.

ITEM 21 FINANCIAL STATEMENTS

Audited financial statements of Flurry Franchise System, LLC for the fiscal years ended December 31, 2023, December 31, 2022 and December 31, 2021 are attached to this Disclosure Document as EXHIBIT "G". In addition, an unaudited balance sheet as of July 31, 2024 and an unaudited profit and loss statement from January 1, 2024 through July 31, 2024 are attached to this Disclosure Document as EXHIBIT "G".

ITEM 22 CONTRACTS

Attached to this Disclosure Document (or the Franchise Agreement attached to this Disclosure Document) are copies of the following franchise and other contracts or agreements proposed for use or in use in this state:

Exhibits to Disclosure Document

EXHIBIT "C" Franchise Agreement
EXHIBIT "D" Area Development Agreement
EXHIBIT "H" General Release

Attachments to Franchise Agreement

ATTACHMENT "C"	Lease Addendum
ATTACHMENT "D"	Franchise Owner Agreement
ATTACHMENT "E"	ACH Authorization Form
ATTACHMENT "F"	Confidentiality Agreement

ITEM 23 RECEIPT

EXHIBIT "K" to this Disclosure Document are detachable receipts. You are to sign both, keep one copy and return the other copy to us.

EXHIBIT "A"

TO DISCLOSURE DOCUMENT

STATE AGENCIES AND ADMINISTRATORS

CALIFORNIA Commissioner of Financial Protection & Innovation Department of Financial Protection & Innovation 320 West 4th Street, #750 Los Angeles, CA 90013 (213) 576-7500 1-866-275-2677 **HAWAII** Commissioner of Securities of the State of Hawaii 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722 Agents for Service of Process: Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722 **ILLINOIS** Illinois Attorney General Chief, Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465 **INDIANA** Secretary of State Securities Division Room E-018 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681	**MARYLAND** Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202 (410) 576-6360 **MICHIGAN** Franchise Administrator Consumer Protection Division 670 Law Building Lansing, MI 48913 (517) 373-7117 **MINNESOTA** Department of Commerce Commissioner of Commerce 85 Seventh Place East, #500 St. Paul, MN 55101-3165 (651) 296-4026 **NEW YORK** New York Attorney General Investor Protection & Securities Bureau Franchise Section 120 Broadway, 23rd Floor New York, NY 10271 (212) 416-8236 **NORTH DAKOTA** North Dakota Securities Department State Capitol, Fifth Floor, Dept 414 600 East Boulevard Avenue Bismarck, North Dakota 58505-0510 (701) 328-4712	**RHODE ISLAND** Department of Franchise Regulation 1511 Pontiac Avenue John O. Pastore Complex Bldg 69-1 Cranston, Rhode Island 02920 (401) 462-9527 **SOUTH DAKOTA** Department of Labor and Regulation Division of Securities 124 S Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-4823 **VIRGINIA** State Corporation Commission Division of Securities and Retail Franchising 1st Floor (service of process) 9th Floor (administrator) 1300 East Main Street Richmond, Virginia 23219 (804) 371-9051 **WASHINGTON** Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760 **WISCONSIN** Department of Financial Institutions Division of Securities 201 W Washington Avenue, Suite 500 Madison, WI 53703 (608) 261-9555

EXHIBIT "B"

TO DISCLOSURE DOCUMENT

FRANCHISOR'S AGENT FOR SERVICE OF PROCESS

David Muir
13839 W BELL RD STE 109
SURPRISE, AZ 85374

In states listed in EXHIBIT "A", the additional agent
for Service of Process is listed in EXHIBIT "A"

EXHIBIT "C"

TO DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

[See Attached]

FLURRY FITNESS FRANCHISE AGREEMENT

FRANCHISEE: ______________________________
DATE: ______________________________

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<u>ATTACHMENTS</u>

ATTACHMENT "A"	Definitions
ATTACHMENT "B"	Deal Terms
ATTACHMENT "C"	Lease Addendum
ATTACHMENT "D"	Franchise Owner Agreement
ATTACHMENT "E"	ACH Authorization Form
ATTACHMENT "F"	Confidentiality Agreement

FLURRY FITNESS FRANCHISE AGREEMENT

This Flurry Fitness Franchise Agreement (this "Agreement") is entered into as of ____________, 202__ (the "Effective Date") between Flurry Franchise System, LLC, an Arizona limited liability company ("we" or "us") and ___________________, a(n) ________________ ("you").

1. DEFINITIONS. Capitalized terms used in this Agreement are defined either in the body of this Agreement or in ATTACHMENT "A". For capitalized terms that are defined in the body of this Agreement, ATTACHMENT "A" lists the Sections of this Agreement in which such terms are defined.

2. GRANT OF FRANCHISE. We hereby grant you a license to own and operate a Flurry Fitness facility (your "Business" or your "Facility") using our Intellectual Property from a single location that we approve. As a Flurry Fitness franchisee, you will operate a business under the name FLURRY FITNESS that offers cardio kickboxing and boxing fitness classes utilizing heavy bags and a boxing ring in a group fitness, high energy, setting. We reserve all rights not expressly granted to you.

3. TERRITORIAL RIGHTS AND LIMITATIONS. We will grant you a protected territory consisting of the geographic area identified in ATTACHMENT "B" (your "Territory"). By protected, we mean that we will not operate, or grant a franchise or license to a third party to operate, a Flurry Fitness facility that is physically located within your Territory during the Term except as otherwise provided in this Section with respect to Acquisitions. We reserve the right to: (i) sell, or grant franchises or licenses to third parties to sell, competitive or identical goods or services (but only under trademarks other than the Marks) through Alternative Channels of Distribution, irrespective of whether the sales take place in your Territory; and (ii) engage in Acquisitions, even if as a result of an Acquisition one or more competitive businesses of the acquired or acquiring company begin using our Intellectual Property (including our Marks) and are located within your Territory.

4. TERM AND RENEWAL.

4.1. Generally. The term of this Agreement will begin on the Effective Date and expire ten (10) years thereafter (the "Term"). If this Agreement is the initial franchise agreement for your Business, you may enter into a maximum of two (2) successor franchise agreements (each, a "Successor Agreement") as long as you meet the conditions for renewal specified below. The Successor Agreement shall be the current form of franchise agreement that we use in granting Flurry Fitness franchises as of the expiration of the Term or renewal term, as applicable. The terms and conditions of the Successor Agreement may vary materially and substantially from the terms and conditions of this Agreement. Each renewal term will be five (5) years, for a maximum total term of 20 years. You will have no further right to operate your Facility following the expiration of the final renewal term unless we grant you another franchise in our sole discretion. If this Agreement is a Successor Agreement, the renewal provisions in your original franchise agreement will dictate the length of the Term of this Agreement as well as your remaining renewal rights, if any.

4.2. Renewal Requirements. In order to enter into a Successor Agreement, you and the Owners (as applicable) must: (i) notify us in writing of your desire to enter into a Successor Agreement not less than 180 days nor more than 120 days before the expiration of the Term or renewal term, as applicable; (ii) not be in default under any Definitive Agreement at the time you send the renewal notice or the time you sign the Successor Agreement; (iii) sign the Successor Agreement and all ancillary documents that we require franchisees to sign; (iv) sign a General Release; (v) pay us a $5,000 renewal fee; (vi) remodel your Facility to comply with our then-current standards and specifications; (vii) have the right under your lease to maintain possession of your premises for the duration of the renewal term; and (viii) take any additional action that we reasonably require.

If we elect not to renew or offer you the right to renew, we will send you a written notice of non-renewal at least 180 days prior to the expiration date, which shall set forth the basis for our decision not to renew or offer you the right to renew. Our failure to send you a notice of non-renewal at least 180 days prior to the expiration date shall constitute our offer to renew your franchise in accordance with, and subject to, the renewal terms and conditions set forth above. If you have any objections to our notice of non-renewal, including any dispute as to the basis for our decision not to renew, you must send us a written notice of objection that sets forth the basis for your objections. Your notice of objection must be sent to us no later than 30 days after you receive our notice of non-renewal. Your failure to send us a written notice of objection during such 30-day period shall constitute your agreement to the non-renewal of your franchise.

4.3. Interim Term. If you do not sign a Successor Agreement after the expiration of the Term and you continue to accept the benefits of this Agreement, then at our option, this Agreement may be treated either as: (i) expired as of the date of the expiration with you then operating without a franchise to do so and in violation of our rights; or (ii) continued on a month-to-month basis (the "Interim Term") until either party provides the other party with 30 days' prior written notice of the party's intention to terminate the Interim Term. In the latter case, all of your obligations will remain in full force and effect during the Interim Term as if this Agreement had not expired, and all obligations and restrictions imposed on you upon the expiration or termination of this Agreement will be deemed to take effect upon the termination of the Interim Term.

Except as otherwise permitted by this Section 4, you have no right to continue to operate your Business following the expiration of the Term.

5. TRAINING AND CONFERENCES

5.1. Initial Training Program. The Managing Owner, your initial general manager and one (1) instructor must attend and successfully complete our initial training program no later than the earlier to occur of: (i) 240 days after the Effective Date; or (ii) at least two (2) weeks prior to the opening of your Facility.

5.2. Initial Training For New Owners/Managers. If you hire a new general manager or appoint a new Managing Owner after we conduct our pre-opening initial training program, the new general manager or Managing Owner, as applicable, must attend and successfully complete our then-current initial training program. You are responsible for training new instructors that you hire.

5.3. Additional Training Upon Request. Upon your written request, we may provide additional assistance or training to you at a mutually convenient time.

5.4. Remedial Training. If we conduct an inspection or evaluation of your Facility and determine that you are not operating your Business in compliance with this Agreement and/or the Manual, we may, at our option, require that your Managing Owner and management personnel attend remedial training that is relevant to your operational deficiencies.

5.5. Conferences. We may hold periodic national or regional conferences to discuss various business issues and operational and general business concerns affecting Flurry Fitness franchisees. Attendance at these conferences is mandatory. We will not require attendance at more than one (1) conference during any calendar year.

5.6. Training Fees and Expenses. We will provide our initial training program at no additional charge. We may charge you an initial training fee of $1,000 per person for each person who attends our initial training program after you open your Facility. You must pay us a training fee of up to $350 per trainer per day for: (i) any remedial training that we require based on your operational deficiencies; and (ii) each person to whom we provide additional training that you request. We may charge you a conference registration fee of up to $350 per person per conference. If we agree to provide onsite training or assistance, you must reimburse us for all costs incurred by our representative for meals, travel and lodging (this reimbursement obligation does not apply to any onsite training that is part of our initial training program). You are responsible for all expenses and costs that your trainees incur for training or attending conferences, including wages, travel and living expenses. If you transfer your franchise, we may charge the new franchisee the $1,000 training fee for each of the transferee's owners and employees that attends our initial training program. All training fees and expense reimbursements are due 10 days after invoicing.

6. OTHER FRANCHISOR ASSISTANCE.

6.1. Manual. During the Term, we will lend you our confidential Brand Standards Manual (the "Manual") in text or electronic form. The Manual will help you establish and operate your Business. The information in the Manual is confidential and proprietary and may not be disclosed to third parties without our prior approval.

6.2. **Opening Assistance.** We will send a representative to your Facility for up to three (3) days to assist you with the opening of your Business. We will not charge a fee for this assistance.

6.3. **General Guidance.** Based upon our periodic inspections of your Facility or reports that you submit to us, we will provide our guidance and recommendations on ways to improve the marketing and/or operation of your Business.

6.4. **Marketing Assistance.** As further described in Section 11.1 and Section 11.2, we will administer the brand and system development fund and provide you with other marketing assistance during the Term.

6.5. **Website.** We will maintain a website for Flurry Fitness franchisees that will include the information about your Business that we deem appropriate. We may modify the content of and/or discontinue the website at any time in our sole discretion. Throughout the Term, we will also provide you with your own local webpage that will be linked to our main website. Your webpage will include localized information about your Business, such as address, hours of operation, class schedule and contact information. We must approve all content on your webpage, but we will consider all information that you suggest in good faith. We will own the website (including your webpage) and domain name at all times.

6.6. **Purchase Agreements.** We may, but need not, negotiate purchase agreements with suppliers to obtain discounted prices for us and our franchisees. If we succeed in negotiating a purchase agreement, we will arrange for you to be able to purchase the goods directly from the supplier at the discounted prices that we negotiate (subject to any rebates the supplier pays to us). We may also purchase certain items from suppliers in bulk and resell them to you at our cost plus shipping fees and a reasonable markup.

6.7. **Inventory Items**. You must purchase all of your inventory items that we specify exclusively from us. You may not offer any other items for sale at your Facility without our prior approval. We may, but need not, create Flurry Fitness and Knockout Fitness branded private label products for sale at your Facility. If we develop any of these products, you agree to maintain a reasonable inventory of these items at your Facility at all times.

7. ESTABLISHING YOUR FACILITY

7.1. **Site Selection**. You agree to locate and obtain our approval of the premises from which you will operate your Business within 180 days after the Effective Date. The premises must be located within the Site Selection Area identified in Part B of ATTACHMENT "B" (the "Site Selection Area") and must conform to our minimum site selection criteria. You must send us a complete site report (containing the demographic, commercial and other information, photographs and video tapes that we may reasonably require) for your proposed site. We have the right to accept or reject all proposed sites in our commercially reasonable judgment. We will use our best efforts to approve or disapprove a proposed site within 30 days after we receive all of the requisite materials. Your site is deemed disapproved if we fail to issue our written approval within the 30-day period. If we have approved your site prior to execution of this Agreement, then the address of the approved site will be listed in ATTACHMENT "B". If we have not approved your site prior to execution of this Agreement, then within five (5) business days after we approve your site, we will send you a written notice (the "Site Approval Notice") that will identify the address of the approved site for your Business. Within five (5) business days after we send you the Site Approval Notice, you must sign and date the franchisee acknowledgment section of the Site Approval Notice and send us a copy for our records. Our approval of the site identified in the Site Approval Notice shall be deemed immediately effective and binding on you at the time we issue such notice, regardless of whether you sign and/or send us the signed acknowledgment. Our approval of the site indicates only that we believe the site meets our minimum criteria. It does not constitute a representation or warranty that the site will be profitable or will meet your expectations.

7.2. **Lease**. If you will lease the premises for your Facility, you must use your best efforts to ensure your landlord signs the Lease Addendum that is attached to this Agreement as ATTACHMENT "C". If your landlord refuses to sign the Lease Addendum in substantially the form attached to this Agreement, we have the right to disapprove of your lease in our commercially reasonable judgment, in which case you must find a new site for your Facility. You must promptly send us a copy of your fully executed lease and Lease Addendum for our records.

7.3. Construction. You must, at your sole expense, construct and equip the premises to the specifications contained in the Manual and purchase (or lease) and install the equipment, fixtures, signs and other items that we require. You must purchase certain items that we specify exclusively from us. Your architect must prepare final plans that must be approved by us prior to commencement of construction. You acknowledge these requirements are necessary and reasonable to preserve the identity, reputation and goodwill we developed and the value of the franchise. Before you open, we must approve the layout of your Facility.

7.4. Opening. You must open your Facility to the public within 270 days after the Effective Date. You may not open your Business before: (i) successful completion of the initial training program by your Managing Owner, general manager and at least one (1) instructor; (ii) you purchase all required insurance; (iii) you obtain all required licenses, permits and other governmental approvals; and (iv) we provide our written approval of the construction, build-out and layout of your Facility. You must send us a written notice identifying your proposed opening date at least 30 days before opening. We may conduct a pre-opening inspection of your Facility and you agree to make any changes we require before opening. BY VIRTUE OF OPENING YOUR BUSINESS, YOU ACKNOWLEDGE THAT WE HAVE FULFILLED ALL OF OUR PRE-OPENING OBLIGATIONS TO YOU.

7.5. Relocation. You may relocate your Facility with our prior approval, which we will not unreasonably withhold. If we allow you to relocate, you must: (a) locate your new Facility within the Site Selection Area (but outside any territory granted to us, our affiliate or any other franchisee); (b) comply with Sections 7.1 through Section 7.4 of this Agreement with respect to your new Facility (excluding the 270-day opening period); (c) comply with the de-identification obligations set forth Section 22.1(ix) with respect to your former Facility; (d) pay us a $2,500 relocation fee at the time we approve your request to relocate; and (e) open your Facility at the new site and resume operations within 30 days after closing your Facility at the former site; *provided, however*, that if you relocate because your Facility is destroyed, condemned or otherwise rendered unusable due to the physical condition of the premises, then you have 270 days after closing to reopen at the new site. We reserve the right to require you to conduct another grand opening marketing campaign in accordance with Section 11.3(b) to promote the opening of your Facility at the new site.

8. MANAGEMENT AND STAFFING.

8.1. Owner Participation. You acknowledge that a major requirement for the success of your Business is the active, continuing, and substantial personal involvement and hands-on supervision by your Managing Owner. The Managing Owner must at all times be actively involved in the operation of the Business on a full time basis and provide on-site management and supervision unless we authorize you to delegate management functions to a general manager. Any new Managing Owner that we approve must successfully complete the initial training program.

8.2. General Managers. You may hire a general manager to assume responsibility for the daily on-site management and supervision of your Facility, but only if: (i) we approve the general manager in our commercially reasonable discretion; (ii) the general manager successfully completes the initial training program; (iii) the general manager signs a Confidentiality Agreement; and (iv) the Managing Owner agrees to assume responsibility for the on-site management and supervision of your Facility if the general manager is unable to perform his or her duties due to death, disability, termination of employment, or for any other reason, until such time that you obtain a suitable replacement general manager.

8.3. Employees. You must determine appropriate staffing levels for your Business to ensure full compliance with this Agreement and our system standards. You may hire, train and supervise employees to assist you with the proper operation of the Business. You must pay all wages, commissions, fringe benefits, worker's compensation premiums and payroll taxes (and other withholdings required by law) due for your employees. These employees will be employees of yours and not of ours. We do not control the day to day activities of your employees or the manner in which they perform their assigned tasks. You must inform your employees that you exclusively supervise their activities and dictate the manner in which they perform their assigned tasks. In this regard, you must use your legal business entity name (not our Marks or a fictitious name) on all employee applications, paystubs, pay checks, employment agreements, time cards, and similar items. We also do not control the hiring or firing of your employees. You have sole responsibility and authority for all employment related decisions, including employee selection and promotion, hours worked, rates of pay and other benefits, work assignments, training and working conditions. We will not provide you any advice or guidance on these matters. You must require that your employees review and sign the acknowledgment form we prescribe that explains the nature of the franchise relationship and notifies the employee that you are his or her sole employer. You must also post a conspicuous notice for employees in the back-of-the-house area explaining your franchise relationship with us and that you (and not we) are the employee's sole employer. We may prescribe the form and content of this notice.

8.4. Interim Manager. We have the right, but not the obligation, to designate an individual of our choosing (an "Interim Manager") to manage your Business if either: (i) your Managing Owner ceases to perform the responsibilities of a Managing Owner (whether due to retirement, death, disability, or for any other reason) and you fail to find an adequate replacement Managing Owner within 30 days; or (ii) you are in material breach. The Interim Manager will cease to manage your Business at such time that you hire an adequate replacement Managing Owner who has completed training or you cure the material breach, as applicable. If we appoint an Interim Manager, you agree to: (a) compensate the Interim Manager at a rate that we establish in our commercially reasonable discretion, which will not exceed $500 per day during the interim management period; and (b) reimburse us for all travel, lodging, local transportation, meals and other living expenses incurred by the Interim Manager in connection with the management of your Facility. The Interim Manager will have no liability to you except for gross negligence or willful misconduct. We will have no liability to you for the activities of an Interim Manager unless we are grossly negligent in appointing the Interim Manager.

9. FRANCHISEE AS ENTITY. If you are an Entity, you represent that Part A of ATTACHMENT "B" includes a complete and accurate list of all of your Owners. Upon our request, you must provide us with a resolution of the Entity authorizing the execution of this Agreement, a copy of the Entity's organizational documents and a current Certificate of Good Standing (or the functional equivalent thereof). You represent that the Entity is duly formed and validly existing under the laws of the state of its formation or incorporation.

10. FRANCHISE OWNER AGREEMENT. If you are an Entity, all Owners (whether direct or indirect) and their spouses must sign a Franchise Owner Agreement.

11. ADVERTISING & MARKETING.

11.1. Brand and System Development Fund.

(a) Administration. We may, but need not, establish and maintain a brand and system development fund to promote public awareness of our brand and to improve our System. We may use the fund to pay for any of the following in our sole discretion: (i) developing maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions and programs; (ii) public awareness of any of the Marks; (iii) public and consumer relations and publicity; (iv) brand development; (v) research and development of technology, products and services; (vi) website development and search engine optimization; (vii) development and implementation of quality control programs; (viii) conducting market research; (ix) changes and improvements to the System; (x) the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts; (xi) collecting and account for contributions to the fund; (xii) preparing and distributing financial accountings of the fund; (xiii) any other programs or activities that we deem necessary or appropriate to promote or improve the System; and (xiv) our and our affiliates' expenses associated with direct or indirect labor, administrative, overhead or other expenses incurred in relation to any of these activities We have sole discretion in determining the content, concepts, materials, media, endorsements, frequency, placement, location and all other matters pertaining to any of the foregoing activities. Any surplus of monies in the fund may be invested and we may lend money to the fund if there is a deficit. The fund is not a trust and we have no fiduciary obligations to you with respect to our administration of the fund. A financial accounting of the operations of the fund, including deposits into and disbursements from the marketing fund, will be prepared annually and made available to you upon request. In terms of marketing activities paid for by the fund, we do not ensure that these expenditures in or affecting any geographic area are proportionate or equivalent to the fund contributions by franchisees operating in that geographic area or that any franchisee benefits directly or in proportion to their fund contributions.

(b) Contributions. On each royalty payment due date, you must pay us a brand and system development fund fee equal to 2% of your Gross Sales for the prior month's operations. We will deposit into the fund all fund contributions paid by you and other franchisees.

11.2. Marketing Assistance From Us. We will provide you with our recommended marketing plan for your Business. The marketing plan may be generic for all Flurry Fitness facilities and may be included in the Manual. We may create and make available to you advertising and other marketing materials for your purchase. We may use the brand and system development fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. We may make these materials available over the Internet (in which case you must arrange for printing the materials and paying all printing costs). Alternatively, we may enter into relationships with third party suppliers who will create the advertising or marketing materials for your purchase. We will provide reasonable marketing consulting, guidance and support throughout the Term on an as-needed basis.

11.3. Your Marketing Activities.

(a) Generally. In addition to your required contribution to the brand and system development fund, you must spend, on a monthly basis, at least 4% of your Gross Sales on local advertising to promote your Facility after your grand opening period. We must approve all such advertising in accordance with Section 11.3(d). You agree to participate at your own expense in all advertising, promotional and marketing programs that we require, including any advertising cooperative that we establish pursuant to Section 11.4. You also agree to comply with any gift card and customer loyalty program that we establish, the specific terms of which may be set forth in the Manual.

(b) Grand Opening. During the period beginning 30 days before opening and ending 60 days after opening, you must spend a total of at least $7,500 on advertising and other marketing activities to promote your Facility. We must approve all such advertising in accordance with Section 11.3(d).

(c) Standards for Advertising. All advertisements and promotions that you create or use must be completely factual and conform to the highest standards of ethical advertising and comply with all federal, state and local laws. You must ensure that your advertisements and promotional materials do not infringe upon the intellectual property rights of others.

(d) Approval of Advertising. Before you use them, we must approve all advertising and promotional materials that we did not prepare or previously approve (including materials that we prepared or approved and you modify). We will be deemed to have approved the materials if we fail to issue our disapproval within 30 days after receipt. You may not use any advertising or promotional materials that we have disapproved (including materials that we previously approved and later disapprove).

(e) Internet and Websites. With our prior approval, you may market your Facility through approved social media channels in accordance with our social media policy. We may require that you utilize our designated supplier for social media marketing services. At this time, we do not allow our franchisees to maintain their own websites (other than the localized webpage that we provide) or market their Flurry Fitness facilities on the Internet (other than through approved social media outlets). Accordingly, you may not maintain a website, conduct e-commerce, or otherwise maintain a presence or advertise on the Internet or any other public computer network in connection with your Business. If we change our policy at a later date to allow franchisees to maintain their own websites or market on the Internet, you may do so only if you comply with all of the website and Internet requirements that we specify. In that case, we may require that you sign an amendment to this Agreement that will govern your ability to maintain a website and/or market on the Internet.

11.4. Advertising Cooperative. We have the right, but not the obligation, to create one or more advertising cooperatives for the purpose of creating and/or purchasing advertising programs for the benefit of all franchisees operating within a particular region. We have the right to: (i) allocate any portion of the marketing fund fee to the advertising cooperative; (ii) determine the composition of all geographic territories and market areas for each advertising cooperative; and (iii) require that you participate in any advertising cooperative if and when established by us. If we implement an advertising cooperative, we may establish an advertising council to self-administer the advertising cooperative. You must participate in the council according to the council's rules and procedures and you must abide by the council's decisions. Alternatively, we may administer the advertising cooperative ourselves. You must pay the monthly cooperative advertising fee established by us or the council, as applicable, which will be due on the royalty payment due date. The initial cooperative advertising fee shall not exceed 2% of Gross Sales. Upon the majority vote of all franchisees within the advertising cooperative, the amount of the cooperative advertising fee may be adjusted (or temporarily suspended). All cooperative advertising fees that you pay will be credited against your minimum local marketing expenditure requirement set forth in Section 11.3(a). If we or an affiliate of ours operate a majority of the Flurry Fitness facilities within the advertising cooperative, we will increase the cooperative advertising fee only with the consent of a majority of all third-party franchisees within the advertising cooperative. We will collect all cooperative advertising fees and pay them to the applicable advertising cooperative unless we administer the advertising cooperative ourselves. We reserve the right to form, change, merge or dissolve advertising cooperatives in our discretion.

12. OPERATING STANDARDS.

12.1. Generally. You agree to operate your Business: (i) in a manner that will promote the goodwill of the Marks; and (ii) in full compliance with our standards and all other terms of this Agreement and the Manual.

12.2. Brand Standards Manual. You agree to establish and operate your Business in accordance with the Manual. The Manual may contain, among other things: (i) a description of the authorized goods and services that you may offer at your Facility; (ii) mandatory and suggested specifications, operating procedures, and quality standards for products, services and procedures that we prescribe from time to time for Flurry Fitness franchisees; (iii) mandatory reporting, accounting, bookkeeping, inventory control and insurance requirements; (iv) mandatory and suggested specifications for your Flurry Fitness facility; (v) policies and procedures pertaining to any gift card program or membership program that we establish; and (vi) a written list of goods and services (or specifications for goods and services) you must purchase for the development and operation of your Business and a list of any designated or approved suppliers for these goods or services. The Brand Standards Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by our franchisees. We can modify the Manual at any time. The modifications will become binding 30 days after we send you notice of the modification. All mandatory provisions contained in the Manual (whether they are included now or in the future) are binding on you.

12.3. Authorized Goods and Services. You agree to offer all goods and services that we require from time to time in our commercially reasonable discretion. You may not offer any other goods or services at your Business without our prior written permission. You may not use your Facility or permit your Facility to be used for any purpose other than offering the goods and services that we authorize. We may, without obligation to do so, add, modify or delete authorized goods and services, and you must do the same upon notice from us. Our addition, modification or deletion of one or more goods or services shall not constitute a termination of the franchise or this Agreement.

12.4. Suppliers and Purchasing. You agree to purchase or lease all products, supplies, equipment, services and other items specified in the Manual from time to time. If required by the Manual, you agree to purchase certain goods and services only from suppliers designated or approved by us (which may include, or be limited exclusively to, us or our affiliate). You acknowledge that our right to specify the suppliers that you may use is necessary and desirable so that we can control the uniformity and quality of goods and services used, sold or distributed in connection with the development and ongoing operation of Flurry Fitness facilities, maintain the confidentiality of our trade secrets, obtain discounted prices for our franchisees if we choose to do so, and protect the reputation and goodwill associated with the System and the Marks. If we receive rebates or other financial consideration from these suppliers based upon franchisee purchases, we have no obligation to pass these amounts on to you or to use them for your benefit. If you want us to approve a supplier that you propose, you must send us a written notice specifying the supplier's name and qualifications and provide any additional information that we request. We will approve or reject your request within 30 days after we receive your notice and all additional information (and samples) that we require. You must pay us a supplier review fee of $2,500 for each instance where you request that we review a supplier or product that you propose.

12.5. Equipment Maintenance and Changes. You agree to maintain all of your equipment in good condition and promptly replace or repair any equipment that is damaged, worn-out or obsolete. We may require that you change your equipment, which may require you to make additional investments. You acknowledge that our ability to require franchisees to make significant changes to their equipment is critical to our ability to administer and change the System and you agree to comply with any such required change within the time period that we reasonably prescribe.

12.6. Technology Systems.

(a) Generally. You must acquire and utilize all information and communication technology systems that we specify from time to time, including, without limitation, computer systems, webcam systems, telecommunications systems, security systems, music systems, alarm systems and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps, and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems (collectively referred to as the "Technology Systems"). The Technology Systems may relate to matters such as purchasing, pricing, accounting, order entry, inventory control, security, information storage, retrieval and transmission, customer information, customer loyalty, marketing, communications, copying, printing and scanning, or any other business purpose that we deem appropriate. We may require that you, at your expense, acquire new or substitute Technology Systems, and/or replace, upgrade or update existing Technology Systems, upon reasonable prior notice.

(b) Use and Access. You must utilize your Technology Systems in accordance with the Manual. You may not load or permit any unauthorized programs or games on your Technology Systems. You must ensure that your employees are adequately trained in the use of the Technology Systems. You agree to take all steps necessary to enable us to have independent and unlimited access to the operational data collected through your Technology Systems, including information regarding your Gross Sales for purposes of calculating fees owed. Upon our request, you agree to provide us with the user IDs and passwords for your Technology Systems, including upon termination or expiration of this Agreement.

(c) Disruptions. You are solely responsible for protecting against computer viruses, bugs, power disruptions, communication line disruptions, internet access failures, internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders. Upon our request, you must obtain and maintain cyber insurance and business interruption insurance for technology disruptions.

(d) Fees and Costs. You are responsible for all fees, costs and expenses associated with acquiring, licensing, utilizing, updating and upgrading the Technology Systems. Certain components of the Technology Systems must be purchased or licensed from third party suppliers. We and/or our affiliate may develop proprietary software, technology or other components of the Technology Systems that will become part of our System. If this occurs: (i) you agree to pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees; and (ii) upon our request, you agree to enter into a license agreement with us (or our affiliate) in a form that we prescribe governing your use of the proprietary software, technology or other component of the Technology Systems. We also reserve the right to enter into master agreements with third-party suppliers relating to any components of the Technology Systems and then charge you for all amounts that we must pay to these suppliers based upon your use of the software, technology, equipment, or services provided by the suppliers. The "technology fee" includes all amounts that you must pay us or our affiliates relating to the Technology Systems, including amounts paid for proprietary items and amounts that we collect from you and remit to third-party suppliers based on your use of their systems, software, technology or services. The amount of the technology fee may change based upon changes to the Technology Systems or the prices charged by third-party suppliers with whom we enter into master agreements. The technology fee does not include any amounts that you directly pay to third party suppliers for any component of the Technology Systems. The technology fee is due 10 days after invoicing or as otherwise specified by us from time to time.

12.7. Remodeling and Maintenance. You agree to remodel and make all improvements and alterations to your Facility that we reasonably require from time to time to reflect our then-current image, appearance and facility specifications. There are no limitations on the cost or frequency of these remodeling obligations. You may not remodel or significantly alter your premises without our prior written approval, which will not be unreasonably withheld. However we will not be required to approve any proposed remodeling or alteration if the same would not conform to our then-current specifications, standards or image requirements. You agree to maintain your Facility in good order and condition, reasonable wear and tear excepted, and make all necessary repairs, including replacements, renewals and alterations, at your sole expense, to comply with our standards and specifications. Without limiting the generality of the foregoing, you agree to take the following actions at your sole expense: (i) thorough cleaning, repainting, redecorating of the interior and exterior of the facility at the intervals we may prescribe (or at such earlier times that such actions are required or advisable); and (ii) interior and exterior repair of the facility as needed. You agree to comply with any maintenance, cleaning or facility upkeep schedule that we prescribe from time to time.

12.8. Memberships. All Flurry Fitness facilities must honor membership purchases by Flurry Fitness customers. A customer who purchases a membership from your Facility may redeem services at another Flurry Fitness facility. Similarly, a customer who purchases a membership from another Flurry Fitness facility may redeem the services at your Facility. You agree to comply with all policies and procedures that we specify from time to time relating to customers who services from multiple facilities as part of a membership purchase.

12.9. Gift Card and Loyalty Programs. We may require that you participate in a gift card or other customer loyalty programs (including utilization of the "membership" model described in Section 12.8) in accordance with our policies and procedures. In order to participate, you may be required to purchase and utilize additional equipment, software and/or Apps and pay fees relating to the use of that equipment, software and/or Apps. If we establish a gift card or loyalty program, we have the right to determine how the amount of the gift cards or membership fees will be divided or otherwise accounted for, and we reserve the right to retain the amount of any unredeemed gift cards. You agree to comply with all policies and procedures that we specify from time to time relating to customers who purchase a membership or gift card at one Flurry Fitness facility and redeem products or services from one or more other Flurry Fitness facilities. We may implement new software and/or Apps to monitor sales and allocate payments to the Flurry Fitness facility where goods or services are redeemed (either in whole or on a percentage basis), in which case we may require that the customer pay us for membership fees or that the proceeds from gift card sales be deposited into a trust account that we control. You agree to comply with all policies and procedures that we specify and we may modify these policies and procedures at any time.

12.10. Hours of Operation. The minimum days and hours of operation for your Facility shall be set forth in the Manual. You agree to keep your Facility open during these minimum days and hours of operation.

12.11. Standards of Service and Professionalism. You and your staff must at all times provide prompt, courteous, friendly and efficient service to all customers. If you receive a customer complaint, you must follow the complaint resolution process we specify to protect the goodwill associated with the Marks. You must also treat your employees and our staff with honesty and respect. You understand that your breach of this Section may significantly damage the goodwill associated with our Marks and our System.

12.12. Quality Assurance Programs. At any time, we reserve the right to engage the services of one or more "mystery shoppers" or quality assurance inspection firms who will inspect Flurry Fitness facilities for quality control purposes. These inspections may address a variety of issues, including customer service, food safety, sanitation, inventory rotation, etc. You agree to fully cooperate with any such inspection. If we implement such a program, you may be invoiced directly by the mystery shopper or quality assurance firm for the services rendered. Alternatively, we may be invoiced by the mystery shopper or quality assurance firm, in which you must pay your proportional share of the total fee based on the number of open facilities owned by you as compared to the total number of all open Flurry Fitness facilities at the time of the program (including company and affiliate-owned facilities). You agree to pay us this fee within 10 days after invoicing.

12.13. Failure to Comply with Standards. You acknowledge the importance of every one of our standards and operating procedures to the reputation and integrity of the System and the goodwill associated with the Marks. If we notify you of a breach of our standards or operating procedures (including failure to submit required reports in a timely manner) and you fail to correct the noncompliance within the period of time we prescribe, then, in addition to any other remedies available to us under this Agreement, we may impose a noncompliance fee of $500 per occurrence. We may impose an additional $500 fee every 48 hours the same noncompliance issue remains uncured after we impose the initial fee. Any noncompliance fees we collect are paid in consideration of us refraining from exercising our contractual right to terminate this Agreement. If we take steps to cure a default committed by you after the expiration of any applicable cure period, including, without limitation, obtaining required insurance coverage on your behalf or paying amounts you owe to approved or designated suppliers, then you must reimburse us for all costs and expenses we directly or indirectly incur in connection with our efforts to cure the default. Our acceptance of noncompliance fees and default expense reimbursements shall not be construed as a waiver of any of our rights or remedies under this Agreement and we retain the right to terminate this Agreement in accordance with §21 should the default continue after we collect these amounts.

13. FRANCHISE ADVISORY COUNCIL. We may, but need not, create a franchise advisory council to provide us with suggestions to improve the System, including matters such as marketing, operations and new product or service suggestions. We will consider all suggestions from the advisory council in good faith, but we are not bound by any such suggestions. The advisory council will be established and operated according to rules and regulations we periodically approve, including procedures governing the selection of representatives of the advisory council who will communicate with us on matters raised by the advisory council. You will have the right to be a member of the advisory council as long as you are not in default under this Agreement and you do not act in a disruptive, abusive or counter-productive manner, as determined by us in our discretion. As a member, you will be entitled to all voting rights and privileges granted to other members of the council. Each member will be granted one vote on all matters on which members are authorized to vote.

14. FEES

14.1. <u>Initial Franchise Fee</u>. You agree to pay us a $30,000 initial franchise fee in one lump sum at the time you sign this Agreement (or, if applicable, any discounted initial franchise fee specified in an area development agreement signed by you and us). The initial franchise fee is fully earned by us and non-refundable once this Agreement has been signed.

14.2. <u>Royalty Fee</u>. On the day of each week that we specify (currently Tuesday), you agree to pay us a royalty fee equal to 6% of your Gross Sales generated during the immediately preceding seven (7) day period (i.e., Monday through Sunday). We may change the payment due date from time to time, which is referred to as the royalty payment due date.

14.3. <u>Other Fees and Payments</u>. You agree to pay all other fees, expense reimbursements and other amounts specified in this Agreement in a timely manner as if fully set forth in this <u>Section 14</u>. You also agree to promptly pay us an amount equal to all taxes levied or assessed against us based upon goods or services that you sell or based upon goods or services that we furnish to you (other than income taxes that we pay based on amounts that you pay us under this Agreement).

14.4. <u>Due Date & Late Fee</u>. Payments are due 10 days after invoicing unless otherwise specified. If any sum due under this Agreement has not been received by us when due or there are insufficient funds in your Account to cover the sum when due, then in addition to this sum you must pay us $50 plus default interest on the amount past due at a rate equal to the lesser of 18% per annum (pro-rated on a daily basis) or the highest rate permitted by applicable law. We will not impose a late fee for any amount paid pursuant to <u>Section 14.5</u> if, but only to the extent that, sufficient funds were available in your Account to be applied towards the payment when due; *provided, however*, that if we are unable to determine the amount due because of your failure to record sales or submit Gross Sales reports in a timely manner, we may assess a late fee on the entire amount that was due. This <u>Section 14.4</u> shall not constitute our agreement to accept late payments or extend credit to you

14.5. <u>Method of Payment</u>. You must complete and send us an ACH Authorization Form allowing us to electronically debit a banking account that you designate (your "<u>Account</u>") for: (i) all fees payable to us pursuant to this Agreement (other than the initial franchise fee); and (ii) any amounts that you owe to us or any of our affiliates for the purchase of goods or services. We will debit your Account for these payments on or after the due date. Our current form of ACH Authorization Form is attached to this Agreement as ATTACHMENT "E". You must sign and deliver to us any other documents that we or your bank may require to authorize us to debit your Account for these amounts. You must deposit all Gross Sales into the Account and ensure sufficient funds are available for withdrawal before each due date. If there are insufficient funds in your Account, any excess amounts you owe will be payable upon demand, together with any late fee imposed pursuant to Section 14.4. We may also impose a $50 NSF fee for each instance where either: (a) there are insufficient funds in your Account to cover amounts owed when due; or (b) a check you issue to us is returned due to insufficient funds.

14.6. Application of Payments. We have sole discretion to apply any payments from you to any past due indebtedness of yours or in any other manner we feel appropriate.

14.7. CPI Adjustments. We reserve the right to periodically adjust all fees (including minimum fees) expressed as a fixed dollar amount based on changes to the Consumer Price Index in the United States (CPI). We may periodically review and increase these fees based on CPI changes, but only if the then-current CPI ("Current CPI") is more than 5% higher than the corresponding CPI in effect on: (a) the Effective Date of this Agreement (for the initial fee adjustments); or (b) the date we implemented the last fee adjustment (for subsequent fee adjustments) ("Baseline CPI"). The adjusted fee shall be calculated by multiplying the current fee by a fraction: (a) the numerator of which is an amount calculated as the product of (i) 100 and (ii) the difference of Current CPI minus Baseline CPI; and (b) the denominator of which is Baseline CPI. We may utilize any CPI index series published by the U.S. Department of Labor or any comparable Governmental Authority that we deem appropriate. We currently use the following index: All Urban Wage Earners and Clerical Workers (CPI-W), U.S. City Average (1982-84 = 100), "All Items". We will notify you of any CPI adjustment at least 60 days before the fee adjustment becomes effective. We may implement no more than one (1) fee adjustment during any five (5) year period. If we decline to exercise our right to increase the fees in a given five (5) year period despite a 5% or greater CPI increase, that potential fee increase will accumulate and may be carried forward and applied in connection with a subsequent fee adjustment.

15. BRAND PROTECTION COVENANTS.

15.1. Reason for Covenants. You acknowledge that the Intellectual Property and the training and assistance that we provide would not be acquired except through implementation of this Agreement. You also acknowledge that competition by you, the Owners or persons associated with you or the Owners (including family members) could seriously jeopardize the entire franchise system because you and the Owners have received an advantage through knowledge of our day-to-day operations and Know-how related to the System. Accordingly, you and the Owners agree to comply with the covenants described in this Section to protect the Intellectual Property and our franchise system.

15.2. Intellectual Property and Confidential Information. You and the Owners agree to: (a) refrain from using any Intellectual Property or Confidential Information in any business or for any purpose other than the operation of your Facility pursuant to this Agreement; (b) maintain the confidentiality of all Confidential Information at all times; (c) refrain from making unauthorized copies of documents containing Confidential Information; (d) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and (e) stop using the Intellectual Property and Confidential Information immediately upon the expiration, termination or Transfer of this Agreement (and any Owner who ceases to be an Owner before the expiration, termination or Transfer of this Agreement must stop using the Intellectual Property and Confidential Information immediately at the time he or she ceases to be an Owner).

15.3. Unfair Competition During Term. You and your Owners agree not to unfairly compete with us during the Term by engaging in any of the following activities ("Prohibited Activities"): (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in any Competitive Business, other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business; (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); or (iii) inducing or attempting to induce any customer or member of a Flurry Fitness facility to discontinue their relationship with the Flurry Fitness facility and/or transfer their business to any competitor or other business.

15.4. Unfair Competition After Term. During the Post-Term Restricted Period, you and your Owners agree not to engage in any Prohibited Activities. Notwithstanding the foregoing, you and your Owners may have an interest in a Competitive Business during the Post-Term Restricted Period as long as the Competitive Business is not located within, and does not provide competitive goods or services to customers who are located within, the Restricted Territory. If you or an Owner engages in a Prohibited Activity during the Post-Term Restricted Period (other than having an interest in a Competitive Business that is permitted under this Section), then the Post-Term Restricted Period applicable to you or the non-compliant Owner, as applicable, shall be extended by the period of time during which you or the non-compliant Owner, as applicable, engaged in the Prohibited Activity.

15.5. Immediate Family Members. Because (a) an Owner could circumvent the intent of Section 15 by disclosing Confidential Information to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild) and (b) it would be difficult for us to prove whether the Owner disclosed Confidential Information to the family member, each Owner agrees that he or she will be presumed to have violated the terms of Section 15 if any member of his or her immediate family engages in any Prohibited Activities during the Term or Post-Term Restricted Period or uses or discloses Confidential Information. However, the Owner may rebut this presumption with evidence conclusively showing he or she did not disclose Confidential Information to the family member

15.6. Employees and Others Associated with You. You must ensure that all of your employees, officers, directors, partners, members, independent contractors and other persons associated with you or your Business who may have access to our Know-how sign and send us a Confidentiality Agreement before having access to our Know-how. You must use your best efforts to ensure that these individuals comply with the terms of the Confidentiality Agreements and you must immediately notify us of any breach that comes to your attention. You agree to reimburse us for all reasonable expenses that we incur in enforcing a Confidentiality Agreement, including reasonable attorneys' fees and court costs.

15.7. Covenants Reasonable. You and the Owners agree that: (a) the covenants in Section 15 are reasonable both in duration and geographic scope; (b) our use and enforcement of similar covenants with respect to other franchisees benefits you and the Owners by preventing others from unfairly competing with your Business; and (c) you and the Owners have sufficient resources, business experience and opportunities to earn an adequate living while complying with the covenants in Section 15.

15.8. Breach of Covenants. You and the Owners agree that: (a) any failure to comply with § Section 15 is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at law; and (b) we are entitled to injunctive relief if you or an Owner breaches Section 15, together with any other relief available at equity or Law. We will notify you if we intend to seek injunctive relief but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the bond amount may not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

16. YOUR OTHER RESPONSIBILITIES

16.1. Insurance. For your protection and ours, you agree to maintain the following insurance policies: (i) "all risk" property insurance coverage on all assets, including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of your Business, which must include coverage for fire, vandalism and malicious mischief and have coverage limits of at least full replacement cost; (ii) comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of your Facility, containing minimum liability protection of $1,000,000 combined single limit per occurrence, and $3,000,000 in the aggregate; (iii) umbrella / excess liability coverage containing minimum liability protection of $1,000,000 combined single limit per occurrence, and $1,000,000 in the aggregate; (iv) worker's compensation insurance and employer's liability insurance as required by law; and (v) any other insurance that we specify in the Manual from time to time. You agree to provide us with proof of coverage prior to opening, within 10 days of any renewal of a policy, and at any other time on demand. You agree to obtain these insurance policies from insurance carriers that are rated A- or better by Alfred M. Best & Company, Inc. and that are licensed and admitted in the state in which you operate your Business. All insurance policies must endorsed to: (i) name us (and our members, officers, directors, and employees) as additional insureds; (ii) contain a waiver by the insurance carrier of all subrogation rights against us; and (iii) provide that we receive 10 days prior written notice of the termination, expiration, cancellation or modification of the policy. If any of your policies fail to meet these criteria, then we may disapprove the policy and you must immediately find additional coverage with an alternative carrier satisfactory to us. Upon 10 days' notice to you, we may increase the minimum protection requirement as of the renewal date of any policy, and require different or additional types of insurance at any time, including automobile insurance (for vehicles used in connection with your Business), to reflect inflation, identification of special risks, changes in law or standards or liability, higher damage awards or other relevant changes in circumstances. If you fail to maintain any required insurance coverage, we have the right to obtain the coverage on your behalf (which right shall be at our option and in addition to our other rights and remedies in this Agreement), and you must promptly sign all applications and other forms and instruments required to obtain the insurance and pay to us, within 10 days after invoicing, all costs and premiums that we incur.

16.2. Books and Records. You agree to prepare and maintain at your Facility for at least five (5) years after their preparation, complete and accurate books, records, accounts and tax returns pertaining to your Business. You must maintain, and upon our request furnish to us by e-mail, mail or facsimile, a written list of all of your members. You must send us copies of your books and records within seven (7) days of our request.

16.3. Reports. No later than the end of the day of each week that we specify (currently Monday), you must prepare and provide to us weekly statements of your Gross Sales for the prior week's operations. No later than the 10^{th} day of each month, you must prepare and provide to us monthly statements of your expenditures on local advertising required by Section 11.3 that were incurred during the prior month (which shall be accompanied by copies of receipts for such expenditures). You also agree to prepare all other reports that we require in the form and manner that we require. We also have the right to independently access your Technology Systems to retrieve and compile Business Data and generate any reports we deem appropriate, including Gross Sales reports.

16.4. Financial Statements. Within 90 days after the end of each calendar year, you must prepare a balance sheet for your Business (as of the end of the calendar year) and an annual statement of profit and loss and source and application of funds. All financial statements must be: (i) verified and signed by you certifying to us that the information is true, complete, and accurate; (ii) prepared on an accrual basis in compliance with Generally Accepted Accounting Principles; and (iii) submitted in any format that we reasonably require. We have the right to require that your financial statements be audited by a certified public accountant. You agree to send us a copy of any financial statement required by this Section upon request. You authorize us to disclose Operational Data to prospective franchisees, regulatory agencies and others at our discretion, provided the disclosure is not prohibited by applicable law.

16.5. Legal Compliance. You must secure and maintain in force all required licenses, permits and regulatory approvals for the operation of your Business and operate and manage your Business in full compliance with all applicable laws, ordinances, rules and regulations. You must notify us in writing within two (2) business days of the beginning of any action, suit, investigation or proceeding, or of the issuance of any order, writ, injunction, disciplinary action, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation of your Business or your financial condition. You must immediately deliver to us a copy of any inspection report, warning, certificate or rating by any governmental agency involving any health or safety law, rule or regulation that reflects your failure to fully comply with the law, rule or regulation.

16.6. Ownership and Protection of Data. We are the exclusive owner of all Business Data collected by you, us or any other person. We hereby grant you a license to utilize the Business Data solely for purposes of operating your Business in compliance with this Agreement. You must protect all Customer Data with a level of control proportionate to the sensitivity of data. You must adhere to applicable privacy laws with respect to data which, if compromised, could have a negative impact on our image or consumer confidence. You must comply with all applicable data protection laws and our data processing and data privacy policies in the Manual (if any). Upon our request, you must sign any data processing or data privacy agreement required by us or by law. You further agree to: (a) obtain, maintain and adhere to all applicable compliance standards established by PCI-DSS; (b) establish appropriate administrative, technical and physical controls consistent with Law and PCI-DSS to preserve the security and confidentiality of any credit card information, in any form whatsoever, that you store, process, transmit or come in contact with; (c) promptly notify us if you suspect there is, or has been, a security breach or potential compromise of any such credit card information; (d) provide us with updates regarding the status of PCI-DSS, which update may be through a completed PCI AOC (Attestation of Compliance), PCI-DSS SAQ (Self-Assessment Questionnaire) or other method mutually agreed; and (e) promptly notify us of any noncompliance with PCI-DSS requirements to discuss your remediation efforts and timeline.

17. INSPECTION AND AUDIT

17.1. Inspections. To ensure compliance with this Agreement, we or our representatives will have the right to enter your Facility, evaluate your operations and inspect or examine your books, records, accounts and tax returns. Our evaluation may include watching or participating in your classes, contacting your landlord, members and/or employees. We may conduct our evaluation at any time and without prior notice. During the course of our inspections, we and our representatives will use reasonable efforts to minimize our interference with the operation of your Business, and you and your employees will cooperate and not interfere with our inspection. You consent to us accessing your Technology Systems and retrieving any Business Data we deem appropriate. You must reimburse us for all travel, lodging and local transportation costs we incur to conduct an inspection to determine if you remedied a: (a) health or safety issue identified by a governmental authority; or (b) breach of system standards we bring to your attention. We bear the cost of all other inspections.

17.2. Audit. We have the right, at any time, to have an independent audit made of your books and financial records. You agree to fully cooperate with us and any third parties that we hire to conduct the audit. If an audit reveals an understatement of your Gross Sales or any amount that you owe us, you agree to immediately pay to us any additional fees that you owe us together with any late fee payable pursuant to Section 14.4. Any audit will be performed at our cost and expense unless the audit: (i) is necessitated by your failure to provide the information requested or to preserve records or file reports as required by this Agreement; or (ii) reveals an understatement of any amount due to us by at least three percent (3%), in which case you agree to reimburse us for the cost of the audit or inspection, including without limitation, reasonable accounting and attorneys' fees and travel and lodging expenses that we or our representatives incur. The audit cost reimbursements will be due 10 days after invoicing. We shall not be deemed to have waived our right to terminate this Agreement by accepting reimbursements of our audit costs.

18. INTELLECTUAL PROPERTY

18.1. Ownership and Use of Intellectual Property. You acknowledge that: (i) we are the sole and exclusive owner of the Intellectual Property and the goodwill associated with the Marks; (ii) your right to use the Intellectual Property is derived solely from this Agreement; and (iii) your right to use the Intellectual Property is limited to a license granted by us to operate your Business during the Term pursuant to, and only in compliance with, this Agreement, the Manual, and all applicable standards, specifications and operating procedures that we prescribe from time to time. You may not use any of the Intellectual Property in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized by us. Any unauthorized use of the Intellectual Property constitutes an infringement of our rights. You agree to comply with all provisions of the Manual governing your use of the Intellectual Property. This Agreement does not confer to you any goodwill, title or interest in any of the Intellectual Property.

18.2. Changes to Intellectual Property. We have the right to modify the Intellectual Property at any time in our sole and absolute discretion, including by changing the Marks, the System, the Copyrights or the Know-how. If we modify or discontinue use of any of the Intellectual Property, then you must comply with any such instructions from us within 30 days. If we require you to change the Marks, our sole obligation will be to reimburse you for your reasonable documented expenses of compliance, including changing signage up to a maximum of $1,000 per facility that you own. You waive all other claims arising from or relating to any change, modification, substitution or discontinuation of the Intellectual Property. Except for the reimbursement obligation listed in this Section, we will not be liable to you for any expenses, losses or damages that you incur (including the loss of any goodwill associated with a Mark) because of any addition, modification, substitution or discontinuation of the Intellectual Property.

18.3. **Use of Marks**. You agree to use the Marks as the sole identification of your Business; provided, however that you must identify yourself as the independent owner of your Business in the manner that we prescribe. You may not use any Marks in any modified form or as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs or symbols (other than logos licensed to you by this Agreement). You agree to: (i) prominently display the Marks on or in connection with any media advertising, promotional materials, posters and displays, receipts, stationery and forms that we designate and in the manner that we prescribe to give notice of trade and service mark registrations and copyrights; and (ii) obtain any fictitious or assumed name registrations required under applicable law. You may not use the Marks in signing any contract, lease, mortgage, check, purchase agreement, negotiable instrument or other legal obligation or in any manner that is likely to confuse or result in liability to us for any indebtedness or obligation of yours.

18.4. **Use of Know-how**. We will disclose the Know-how to you in the initial training program, the Manual, and in other guidance furnished to you during the Term. You agree that you will not acquire any interest in the Know-how other than the right to utilize it in strict accordance with the terms of this Agreement in the development and operation of your Business. You acknowledge that the Know-how is proprietary and is disclosed to you solely for use in the development and operation of your Business during the Term.

18.5. **Improvements**. If you conceive of or develop any improvements or additions to the marketing, method of operation or the services or products offered by a Flurry Fitness business (collectively, "Improvements"), you agree to promptly and fully disclose the Improvements to us without disclosing the Improvements to others. You must obtain our approval prior to using any such Improvements. Any Improvement that we approve may be used by us and any third parties that we authorize to operate a Flurry Fitness franchise, without any obligation to pay you royalties or other fees. You must assign to us or our designee, without charge, all rights to any such Improvement, including the right to grant sublicenses. In return, we will authorize you to use any Improvements that we or other franchisees develop that we authorize for general use in connection with the operation of a Flurry Fitness business.

18.6. **Notification of Infringements and Claims**. You must immediately notify us of any: (i) apparent infringement of any of the Intellectual Property; (ii) challenge to your use of any of the Intellectual Property; or (iii) claim by any person of any rights in any of the Intellectual Property. You may not communicate with any person other than us and our counsel in connection with any such infringement, challenge or claim. We will have sole discretion to take such action as we deem appropriate. We have the right to exclusively control any litigation, Patent and Trademark Office proceeding, or other proceeding arising out of any such infringement, challenge or claim. You agree to execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of our counsel, be necessary or advisable to protect and maintain our interest in any such litigation, Patent and Trademark Office proceeding or other proceeding, or to otherwise protect and maintain our interest in the Intellectual Property.

19. **INDEMNITY**. You agree to indemnify the Indemnified Parties and hold them harmless for, from and against any and all Losses and Expenses incurred by any of them as a result of or in connection with any of the following:

(i) the marketing, use or operation of your Business;

(ii) the breach of a Definitive Agreement committed by you or any of your Owners or affiliates;

(iii) any Claim relating to taxes or penalties assessed by any governmental entity against us that are directly related to your failure to pay or perform functions required of you under this Agreement;

(iv) libel, slander or disparaging comments made by you or any of your Owners, officers, employees or independent contractors;

(v) any labor, employment or similar type of Claim pertaining to your employees, including claims alleging we are a joint employer of your employees;

(vi) any actions, investigations, rulings or proceedings conducted by any state or federal agency relating to your employees, including, without limitation, the United States Department of Labor, the Equal Employment Opportunity Commission and the National Labor Relations Board; and

(vii) any labor, employment or similar type of Claim pertaining to our relationship with you or your Owners, including claims alleging we are an employer of you and/or any of your Owners.

You and your Owners must notify us of any action, suit, proceeding, claim, demand, inquiry or investigation described above. The Indemnified Parties shall have the right, in their sole discretion to: (a) retain counsel of their choosing to represent them with respect to any Claim; and (b) control the response thereto and the defense thereof, including the right to enter into an agreement to settle the Claim. You may participate in such defense at your expense. You must fully cooperate and assist the Indemnified Parties with the defense of any such Claim. You must reimburse the Indemnified Parties for all of their costs and expenses in defending any such Claim, including court costs and reasonable attorneys' fees, within 10 days of receipt of each invoice enumerating such costs, expenses and attorneys' fees.

Provided that you are in full compliance with all Definitive Agreements, we will indemnify you and your Owners and hold them harmless for, from and against any and all Losses and Expenses incurred by any of them as a result of or in connection with any Claim asserted against you and/or your Owners based upon the violation of any third party's intellectual property rights caused by your use of our Marks in strict compliance with the terms of this Agreement and the Manual. You must promptly notify us of any such Claim and fully cooperate with us in the defense of such Claim.

20. TRANSFERS

20.1. **By Us**. This Agreement and the franchise is fully assignable by us (without prior notice to you) and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement, provided that we shall, subsequent to any such assignment, remain liable for the performance of our obligations under this Agreement up to the effective date of the assignment. We may also delegate some or all of our obligations under this Agreement to one or more persons without assigning the Agreement.

20.2. **By You**. You understand that the rights and duties created by this Agreement are personal to you and the Owners and that we have granted the franchise in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of you and your Owners. Therefore, neither you nor any Owner may engage in any Transfer other than a Permitted Transfer without our prior written approval. Any Transfer (other than a Permitted Transfer) without our approval shall be void and constitute a breach of this Agreement. We will not unreasonably withhold our approval of any proposed Transfer, provided that the following conditions are all satisfied:

(i) the proposed transferee is, in our opinion, an individual of good moral character, who has sufficient business experience, aptitude and financial resources to own and operate a Flurry Fitness business and otherwise meets all of our then applicable standards for franchisees;

(ii) you and your Owners are in full compliance with all Definitive Agreements;

(iii) all of the owners of the transferee have successfully completed, or made arrangements to attend, the initial training program (and the transferee has paid us the Training Fee for each new person who must attend training);

(iv) your landlord consents to your assignment of the lease to the transferee, or the transferee is diligently pursuing an approved substitute location within the Site Selection Area;

(v) the transferee and its owners, to the extent necessary, have obtained all licenses and permits required by applicable law in order to own and operate the Business;

(vi) the transferee and its owners sign our then-current form of franchise agreement (unless we, in our sole discretion, instruct you to assign this Agreement to the transferee), except that: (a) the Term and renewal term(s) shall be the Term and renewal term(s) remaining under this Agreement; and (b) the transferee need not pay a separate initial franchise fee;

(vii) you remodel your Facility to comply with our then-current standards and specifications or you obtain a commitment from the transferee to do so;

(viii) you or the transferee pay us a transfer fee equal to 50% of our then-current initial franchise fee to defray expenses that we incur in connection with the Transfer;

(ix) you and your Owners sign a General Release for all claims arising before or contemporaneously with the Transfer;

(x) you enter into an agreement with us to subordinate the transferee's obligations to you to the transferee's financial obligations owed to us pursuant to the franchise agreement;

(xi) we do not elect to exercise our right of first refusal described in Section 20.5; and

(xii) you or the transferring Owner, as applicable, and the transferee have satisfied any other conditions we reasonably require as a condition to our approval of the Transfer.

Our consent to a Transfer shall not constitute a waiver of any claims we may have against the transferor, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of the franchise by the transferee.

20.3. Permitted Transfers. You may engage in a Permitted Transfer without our prior approval, but you must give us at least 10 days prior written notice. You and the Owners (and the transferee) agree to sign all documents that we reasonably request to effectuate and document the Permitted Transfer.

20.4. Death or Disability of an Owner. Upon the death or permanent disability of an Owner, the Owner's ownership interest in you or the franchise, as applicable, must be assigned to another Owner or to a third party approved by us within 180 days. Any assignment to a third party will be subject to all of the terms and conditions of Section 20.2 unless the assignment qualifies as a Permitted Transfer. For purposes of this Section, an Owner is deemed to have a "permanent disability" only if the person has a medical or mental problem that prevents the person from substantially complying with his or her obligations under this Agreement or otherwise operating the Business in the manner required by this Agreement and the Manual for a continuous period of at least three (3) months.

20.5. Our Right of First Refusal. If you or an Owner desires to engage in a Transfer, you or the Owner, as applicable, must obtain a bona fide, signed written offer from the fully disclosed purchaser and submit an exact copy of the offer to us. We will have 30 days after receipt of the offer to decide whether we will purchase the interest in your Business or the ownership interest in you for the same price and upon the same terms contained in the offer (however, we may substitute cash for any form of payment proposed in the offer). If we notify you that we intend to purchase the interest within the 30-day period, you or the Owner, as applicable, must sell the interest to us. We will have at least an additional 30 days to prepare for closing. We will be entitled to receive from you or the Owner, as applicable, all customary representations and warranties given by you as the seller of the assets or the Owner as the seller of the ownership interest or, at our election, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to and on the terms of the offer, subject to the requirements of Section 20.2 (including our approval of the transferee). However, if the sale to the purchaser is not completed within 120 days after delivery of the offer to us, or there is a material change in the terms of the sale, we will again have the right of first refusal specified in this Section. Our right of first refusal in this Section shall not apply to any Permitted Transfer.

21. TERMINATION

21.1. By You. You may terminate this Agreement if we materially breach this Agreement and fail to cure the breach within 90 days after you send us a written notice specifying the nature of the breach. If you terminate this Agreement, you must still comply with your post-termination obligations described in Section 22 and all other obligations that survive the expiration or termination of this Agreement.

21.2. Termination By Us Without Cure Period. We may, in our sole discretion, terminate this Agreement upon five (5) days' written notice, without opportunity to cure, for any of the following reasons, all of which constitute material events of default under this Agreement:

(i) if the Managing Owner fails to satisfactorily complete the initial training program in the manner required by Section 5.1;

(ii) if you fail to obtain our approval of your site within the time period required by Sections 7.1;

(iii) if you fail to open your Business within the time period required by Section 7.4;

(iv) if you become insolvent by reason of your inability to pay your debts as they become due or you file a voluntary petition in bankruptcy or any pleading seeking any reorganization, liquidation, dissolution or composition or other settlement with creditors under any law, or are the subject of an involuntary bankruptcy (which may or may not be enforceable under the Bankruptcy Act of 1978);

(v) if your Business, or a substantial portion of the assets associated with your Business, are seized, taken over or foreclosed by a government official in the exercise of his or her duties, or seized, taken over or foreclosed by a creditor, lienholder or lessor; or a final judgment against you remains unsatisfied for 30 days (unless a supersedes or other appeal bond has been filed); or a levy of execution has been made upon the license granted by this Agreement or upon any property used in your Business, and it is not discharged within five (5) days of the levy;

(vi) if you abandon or fail to operate your Business for three (3) consecutive business days, unless the failure is due to an event of force majeure or another reason that we approve;

(vii) if a regulatory authority suspends or revokes a license or permit held by you or an Owner that is required to operate the Business, even if you or the Owner still maintain appeal rights;

(viii) if you or an Owner (a) is convicted of or pleads no contest to a felony, a crime involving moral turpitude or any other material crime or (b) is subject to any material administrative disciplinary action or (c) fails to comply with any material federal, state or local law or regulation applicable to your Business;

(ix) if you or an Owner commits an act that can reasonably be expected to adversely affect the reputation of the System or the goodwill associated with the Marks;

(x) if you manage or operate your Business in a manner that presents a health or safety hazard to your customers, employees or the public;

(xi) if you or an Owner make any material misrepresentation to us, whether occurring before or after being granted the franchise;

(xii) if you fail to pay any amount owed to us or an affiliate of ours within ten (10) days after receipt of a demand for payment;

(xiii) if you underreport any amount owed to us by at least three percent (3%), after having already committed a similar breach that had been cured in accordance with Section 21.3;

(xiv) if you make an unauthorized Transfer;

(xv) if you make an unauthorized use of the Intellectual Property;

(xvi) if you breach any of the brand protection covenants described in Section 15;

(xvii) if any Owner, or the spouse of any Owner, breaches a Franchise Owner Agreement;

(xviii) if the lease for your premises is terminated due to your default;

(xix) if you breach this Agreement and/or the Manual two (2) or more times during any 12 month period; or

(xx) if we or our affiliate terminates a Definitive Agreement (other than an area development agreement) due to a default by you or your affiliate.

21.3. Additional Conditions of Termination. In addition to our termination rights in Section 21.2, we may, in our sole discretion, terminate this Agreement upon 30 days' written notice if you or an Owner fail to comply with any other provision of this Agreement (including any mandatory provision in the Manual) or any other agreement with us, unless such default is cured, as determined by us in our sole discretion, within such 30-day notice period. If we deliver a notice of default to you pursuant to this Section 21.3, we may suspend performance of any of our obligations under this Agreement until you fully cure the breach.

21.4. Mutual Agreement to Terminate. If you and we mutually agree in writing to terminate this Agreement, you and we will be deemed to have waived any required notice period.

22. POST-TERM OBLIGATIONS.

22.1. Obligations of You and the Owners. After the termination, expiration or Transfer of this Agreement, you and the Owners agree to:

(i) immediately cease to use the Intellectual Property;

(ii) pay us all amounts that you owe us;

(iii) comply with all covenants described in Section 15 that apply after the expiration, termination or Transfer of this Agreement or the disposal of an ownership interest by an Owner;

(iv) return all copies of the Manual, or any portions thereof, as well as all signs, sign faces, brochures, advertising and promotional materials, forms, and any other materials that bear the Marks or Copyrights or include our Confidential Information, unless we allow you to transfer such items to an approved transferee;

(v) take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to your use of any of the Marks;

(vi) provide us with a list of all current, former and prospective members (you acknowledge that we are the exclusive owner of all Customer Data and member relationships and accounts and that you may not at any time solicit or induce any member to transfer their business to you or to any competitor or business other than a Flurry Fitness facility);

(vii) assign all member contracts to us (unless we allow you to transfer those contracts to an approved transferee);

(viii) comply with our data retention policies pertaining to the Business Data;

(ix) make such modifications and alterations to the premises that are necessary or that we require to prevent any association between us or the System and any business subsequently operated by you or any third party at the premises; provided, however, that this subsection shall not apply if your franchise is transferred to an approved transferee or if we exercise our right to purchase your entire Business;

(x) notify all telephone companies, listing agencies and domain name registration companies (collectively, the "Agencies") of the termination or expiration of your right to use: (a) the telephone numbers and/or domain names, if applicable, related to the operation of your Business; and (b) any regular, classified or other telephone directory listings associated with the Marks (you hereby authorize the Agencies to transfer such telephone numbers, domain names and listings to us and you authorize us, and appoint us and any officer we designate as your attorney-in-fact to direct the Agencies to transfer the telephone numbers, domain names and listings to us if you fail or refuse to do so); and

(xi) provide us with satisfactory evidence of your compliance with the above obligations within 30 days after the effective date of the termination, expiration or Transfer of this Agreement.

22.2. Right to Purchase Facility and Assets.

(a) Generally. Upon the termination or expiration of this Agreement, we shall have the right, but not the obligation, to purchase your Facility and/or its assets at fair market value as ascertained by an independent business appraiser. If we elect to exercise this option, the date of determination of the fair market value shall be the effective date of the termination or expiration of the Agreement (the "Appraisal Date"). We will notify you of the specific items that we wish to purchase (the "Acquired Assets"). We may also require that you assign your lease to us at no additional charge.

(b) Selecting Qualified Appraisers. You and we each shall appoint an appraiser with experience appraising businesses comparable to your Business in the United States (a "Qualified Appraiser"). This appointment of the appraisers shall be made within 30 days after the Appraisal Date by giving written notice to the other party of the name and address of the Qualified Appraiser. If either of us fails to appoint a Qualified Appraiser within the 30-day period, the appraisal shall be made by the sole Qualified Appraiser appointed within that period. If each of us shall have appointed a Qualified Appraiser within the 30-day period, then within 30 days after that the two (2) Qualified Appraisers shall appoint a third (3^{rd}) Qualified Appraiser. If the two (2) Qualified Appraisers fail to agree on the appointment of a third (3^{rd}) Qualified Appraiser within the 30-day period, then a third (3^{rd}) Qualified Appraiser shall be appointed by the American Arbitration Association (acting through its office located closest to our corporate headquarters) as promptly as possible after that, upon application by either us or you. Nothing in this provision shall prohibit us and you from jointly approving a single appraiser, nor shall it obligate us or you to do so.

(c) Information for Appraisal. You must furnish to the Qualified Appraisers a copy of your current financial statements, as well as your financial statements for the prior three (3) years (or the period of time that you have operated your Business, if less than three (3) years), together with the work papers and other financial information or other documents or information that the Qualified Appraisers may request. The Qualified Appraisers shall take into account the other information and factors that they deem relevant, but the Qualified Appraisers shall be instructed that there shall be no consideration of goodwill in the determination of fair market value.

(d) Appraisal Process. Within 60 days after the appointment of the third Qualified Appraiser, the three (3) Qualified Appraisers shall appraise the Appraised Assets at fair market value without taking into account any value for goodwill (the "Appraised Value"). If the three (3) Qualified Appraisers agree on a single value, then they shall issue a joint report and the Appraised Value shall be the value determined by the agreement of the three (3) Qualified Appraisers. If two (2) of the three (3) Qualified Appraisers agree on a single value, these two (2) Qualified Appraisers shall issue a joint report, and the dissenting Qualified Appraiser may (but need not) issue a separate report, and the value determined by agreement of the two (2) Qualified Appraisers who shall agree shall be the Appraised Value. If none of the Qualified Appraisers are able to agree on a single value, each Qualified Appraiser shall issue a report setting forth the value determined by him or her, and the average of the two values that are closest to each other shall be the Appraised Value. Before the issuance of a report by any Qualified Appraiser, each Qualified Appraiser shall advise the others of the value that will appear in his or her report to ensure that the determination of value made by any Qualified Appraiser is made with knowledge of the values determined by the other Qualified Appraisers. If there shall be only a single Qualified Appraiser (because you or we failed to appoint a Qualified Appraiser within the time provided), then the Appraised Value shall be the value determined by the single Qualified Appraiser.

(e) Cost of Appraisal. You and we shall equally bear the cost of the appraisal.

(f) Closing. Once the Appraised Value has been determined, we will have at least 60 days to prepare for the closing. We will be entitled to receive from you all customary representations and warranties given by you as the seller of the Acquired Assets and you must transfer good and clean title to the Acquired Assets, subject to any exceptions agreed to by us. We may deduct from the Appraised Value: (i) all amounts owed to us and our affiliates under any Definitive Agreements including, if applicable, damages owed as a result of our termination of this Agreement due to your breach; and (ii) the amount of any liabilities we assume on your behalf, including future rent.

23. DISPUTE RESOLUTION. The parties agree to submit any claim, dispute or disagreement, including any matter pertaining to the interpretation of this Agreement or issues relating to the offer and sale of the franchise or the relationship between the parties (a "Dispute") to mediation before a mutually-agreeable mediator prior to arbitration. If the Dispute is not resolved by mediation within 30 days after either party makes a demand for mediation, the parties will submit the dispute to mandatory and binding arbitration conducted pursuant to the Commercial Arbitration Rules of the American Arbitration Association. The party filing the arbitration must initially bear the cost of any arbitration fees or costs. The arbitrators will not have authority to award exemplary or punitive damages. Notwithstanding the foregoing, any Dispute that involves an alleged breach of Section 15 or Section 18 will not be subject to mediation or arbitration unless otherwise agreed to by both parties, and either party may immediately file a lawsuit in accordance with this Section with respect to any alleged breach of Section 15 or Section 18. All mediation, arbitration and litigation shall take place in the county in which we maintain our principal place of business at the time the Dispute arises (currently, Maricopa County, Arizona) and the parties irrevocably waive any objection to such venue. If we or you must enforce this Agreement in a judicial or arbitration proceeding, the substantially prevailing party will be entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees. In addition, if you or an Owner breaches any term of a Definitive Agreement, you must reimburse us for all reasonable legal fees and other expenses we incur relating to such breach, regardless of whether the breach is cured prior to commencement of formal dispute resolution proceedings. UNLESS PROHIBITED BY APPLICABLE LAW, ANY DISPUTE (OTHER THAN FOR PAYMENT OF MONIES OWED OR A VIOLATION OF SECTION 15 OR SECTION 18) MUST BE BROUGHT BY FILING A WRITTEN DEMAND FOR ARBITRATION (OR IF PERMITTED, LITIGATION) WITHIN ONE (1) YEAR FOLLOWING THE CONDUCT, ACT OR OTHER EVENT OR OCCURRENCE GIVING RISE TO THE CLAIM, OR THE RIGHT TO ANY REMEDY WILL BE DEEMED FOREVER WAIVED AND BARRED. WE AND YOU IRREVOCABLY WAIVE: (I) TRIAL BY JURY; AND (II) THE RIGHT TO ARBITRATE OR LITIGATE ON A CLASS ACTION BASIS, IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THE PARTIES.

24. YOUR REPRESENTATIONS. YOU HEREBY REPRESENT THAT:

(i) YOU RECEIVED: (A) AN EXACT COPY OF THIS AGREEMENT AND ITS ATTACHMENTS, WITH ALL MATERIAL TERMS FILLED IN, AT LEAST SEVEN (7) CALENDAR DAYS BEFORE YOU SIGNED THIS AGREEMENT; AND (B) OUR FRANCHISE DISCLOSURE DOCUMENT AT THE EARLIER OF (i) 14 CALENDAR DAYS BEFORE YOU SIGNED A BINDING AGREEMENT OR PAID ANY MONEY TO US OR OUR AFFILIATES OR (ii) SUCH EARLIER TIME IN THE SALES PROCESS THAT YOU REQUESTED A COPY;

(ii) YOU ARE AWARE OF THE FACT THAT OTHER PRESENT OR FUTURE FRANCHISEES OF OURS MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENT AND CONSEQUENTLY THAT OUR OBLIGATIONS AND RIGHTS WITH RESPECT TO OUR VARIOUS FRANCHISEES MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES; AND

(iii) WE MAY NEGOTIATE TERMS OR OFFER CONCESSIONS TO OTHER FRANCHISEES AND WE HAVE NO OBLIGATION TO OFFER YOU THE SAME OR SIMILAR NEGOTIATED TERMS OR CONCESSIONS EXCEPT TO THE EXTENT REQUIRED BY APPLICABLE LAW.

25. GENERAL PROVISIONS

25.1. Governing Law. Except as governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051, et seq.), this Agreement and the franchise relationship shall be governed by the laws of the State of Arizona (without reference to its principles of conflicts of law), but any law of the State of Arizona that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

25.2. Relationship of the Parties. You understand and agree that nothing in this Agreement creates a fiduciary relationship between you and us or is intended to make either party a general or special agent, legal representative, subsidiary, joint venture, partner, employee or servant of the other for any purpose. During the Term, you must conspicuously identify yourself at your base of operations, and in all dealings with third parties, as a franchisee of ours and the independent owner of your Business. You agree to place such other notices of independent ownership on such forms, stationery, advertising, business cards and other materials as we may require from time to time. Neither we nor you are permitted to make any express or implied agreement, warranty or representation, or incur any debt, in the name of or on behalf of the other, or represent that our relationship is other than franchisor and franchisee. In addition, neither we nor you will be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized by this Agreement.

25.3. Severability and Substitution. Each section, subsection, term and provision of this Agreement, and any portion thereof, shall be considered severable. If any applicable and binding law imposes mandatory, non-waivable terms or conditions that conflict with a provision of this Agreement, the terms or conditions required by such law shall govern to the extent of the inconsistency and supersede the conflicting provision of this Agreement. If a court concludes that any promise or covenant in this Agreement is unreasonable and unenforceable: (i) the court may modify such promise or covenant to the minimum extent necessary to make such promise or covenant enforceable; or (ii) we may unilaterally modify such promise or covenant to the minimum extent necessary to make such promise or covenant enforceable.

25.4. Waivers. We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other. Any waiver granted by us shall be without prejudice to any other rights we may have. We and you shall not be deemed to have waived or impaired any right, power or option reserved by this Agreement (including the right to demand exact compliance with every term, condition and covenant in this Agreement or to declare any breach of this Agreement to be a default and to terminate the franchise before the expiration of its term) by virtue of: (i) any custom or practice of the parties at variance with the terms of this Agreement; (ii) any failure, refusal or neglect of us or you to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations under this Agreement, including any mandatory specification, standard, or operating procedure; (iii) any waiver, forbearance, delay, failure or omission by us to exercise any right, power or option, whether of the same, similar or different nature, relating to other Flurry Fitness franchisees; or (iv) the acceptance by us of any payments due from you after breach of this Agreement.

25.5. Approvals. Whenever this Agreement requires our approval, you must make a timely written request for approval, and the approval must be in writing in order to bind us. Except as otherwise expressly provided in this Agreement, if we fail to approve any request for approval within the required period of time, we shall be deemed to have disapproved your request.

25.6. Force Majeure. Neither we nor you shall be liable for loss or damage or deemed to be in breach of this Agreement if our or your failure to perform our or your obligations results from any event of force majeure. Any delay resulting from an event of force majeure will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable under the circumstances. Notwithstanding the foregoing, "force majeure" will not: (i) relieve you of any payment obligations under this Agreement; or (ii) excuse, or apply with respect to, any breaches resulting from an epidemic or pandemic of a contagious illness or disease or resulting from any economic or financial changes caused by such epidemic or pandemic.

25.7. Binding Effect. This Agreement is binding upon the parties to this Agreement and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement; provided, however, that the additional insureds listed in Section 16.1 and the Indemnified Parties are intended third party beneficiaries under this Agreement with respect to Section 16.1 and Section 19, respectively.

25.8. Integration. THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT, EXCEPT AS PERMITTED BY SECTION 12.2 AND SECTION 25.3, BE

CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. In addition, our issuance of the Site Approval Notice attached hereto as ATTACHMENT "B" shall be deemed to amend this Agreement to identify the approved site and Territory for your Business, regardless of whether you countersign and/or return the Site Approval Notice. Any e-mail correspondence or other form of informal electronic communication shall not be deemed to modify this Agreement unless such communication is signed by both parties and specifically states that it is intended to modify this Agreement. The attachment(s) are part of this Agreement, which, together with any Amendments or Addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the parties, and there are no other oral or written understandings or agreements between us and you about the subject matter of this Agreement. As referenced above, all mandatory provisions of the Manual are part of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. This provision is intended to define the nature and extent of the parties' mutual contractual intent, there being no mutual intent to enter into contract relations, whether by agreement or by implication, other than as set forth above. The parties acknowledge that these limitations are intended to achieve the highest possible degree of certainty in the definition of the contract being formed, in recognition of the fact that uncertainty creates economic risks for both parties which, if not addressed as provided in this Agreement, would affect the economic terms of this bargain. Nothing in this Agreement is intended to disclaim: (a) any of the representations we made in the Franchise Disclosure Document; or (b) any representations that we (or our personnel or agents) made to you prior to the Effective Date.

25.9. Covenant of Good Faith. If applicable law implies a covenant of good faith and fair dealing in this Agreement, the parties agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply the covenant, you agree that: (i) this Agreement (and the relationship of the parties that is inherent in this Agreement) grants us the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may affect favorably or adversely your interests; (ii) we will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees generally (including ourselves and our affiliates if applicable), and specifically without considering your individual interests or the individual interests of any other particular franchisee; (iii) we will have no liability to you for the exercise of our discretion in this manner, so long as the discretion is not exercised in bad faith; and (iv) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for our judgment so exercised.

25.10. Rights of Parties are Cumulative. The rights of the parties under this Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by law.

25.11. Survival. All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement (or the Transfer of an ownership interest in the franchise) shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied in full or by their nature expire, including, without limitation, Section 14, Section 15, Section 17, Section 19, Section 22, Section 23 and Section 25.

25.12. Construction. The headings in this Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified. The term "you" as used in this Agreement is applicable to one or more persons or an Entity, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive.

25.13. Time of Essence. Time is of the essence in this Agreement and every term thereof.

25.14. Counterparts. This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

25.15. Notice. All notices given under this Agreement must be in writing, delivered by hand, email (to the last email address provided by the recipient) or first class mail, to the following addresses (which may be changed upon 10 business days prior written notice):

YOU:	As set forth in ATTACHMENT "B"
US:	Flurry Franchise System, LLC 13215 W. McDowell Rd , Suite D-1 Goodyear, Arizona 85395

Notice shall be considered given at the time delivered by hand, or one (1) business day after sending by fax, email or comparable electronic system, or three (3) business days after placed in the mail, postage prepaid, by certified mail with a return receipt requested.

FRANCHISOR:

Flurry Franchise System, LLC, an Arizona limited liability company

By:___________________________________
Name:________________________________
Its:___________________________________

YOU (If you are an entity):

______________________________________,
a(n)__________________________________

By:___________________________________
Name:________________________________
Its:___________________________________

YOU (If you are not an entity):

____
Name:__________________________________

____
Name: _________________________________

____
Name: _________________________________

____
Name: _________________________________

ATTACHMENT "A"

TO FRANCHISE AGREEMENT

DEFINITIONS

"Account" is defined in Section 14.5.

"Acquisition" means either (i) a competitive or non-competitive company, franchise system, network or chain directly or indirectly acquiring us, whether in whole or in part, including by asset or stock purchase, change of control, merger, affiliation or otherwise or (ii) us directly or indirectly acquiring another competitive or non-competitive company, franchise system, network or chain, whether in whole or in part, including by asset or stock purchase, change of control, merger, affiliation or otherwise.

"Acquired Assets" is defined in Section 22.2.

"Agencies" is defined in Section 22.1(x).

"Agreement" is defined in the Introductory Paragraph.

"Alternative Channels of Distribution" means all channels of distribution other than retail sales made to customers from a Flurry Fitness facility, including, but not limited to: (i) sales through direct marketing, such as over the Internet or through catalogs or telemarketing; (ii) sales through retail stores that do not operate under the Marks, such as fitness equipment stores; and (iii) sales made at wholesale.

"Appraisal Date" is defined in Section 22.2.

"Appraised Value" is defined in Section 22.2.

"Business" is defined in Section 2.

"Business Data" means, collectively or individually, Customer Data and Operational Data.

"Claim" or *"Claims"* means any and all claims, actions, demands, assessments, litigation, or other form of regulatory or adjudicatory procedures, claims, demands, assessments, investigations, or formal or informal inquiries.

"Competitive Business" means any business competitive with us (or competitive with any of our affiliates or our franchisees) involving a cardio kickboxing and/or boxing-based fitness program.

"Confidential Information" means and includes: (a) the Know-How; (b) the Business Data; (c) the terms of the Definitive Agreements and all attachments thereto and amendments thereof; (d) the components of the System; (e) all information within or comprising the Manual; and (f) all other concepts, ideas, trade secrets, financial information, marketing strategies, expansion strategies, studies, supplier information, customer information, franchisee information, investor information, flow charts, inventions, mask works, improvements, discoveries, standards, specifications, formulae, recipes, designs, sketches, drawings, policies, processes, procedures, methodologies and techniques, together with analyses, compilations, studies or other documents that are: (i) designated as confidential; (ii) known by you to be considered confidential by us; and/or (iii) reasonably to be considered confidential due to their nature. Confidential Information does not include information that: (a) is now, or subsequently becomes, generally available to the public (except as a result of a breach of confidentiality obligations by you or your Owners, employees or other constituents); (b) you can demonstrate was rightfully possessed by you or an Owner, without obligation of nondisclosure, before we disclosed the information to you or the Owner; (c) is independently developed by you or an Owner without any use of, or reference to, any Confidential Information; or (d) is rightfully obtained from a third party who has the right to transfer or disclose such information to you or to an Owner without breaching any obligation of confidentiality imposed on such third party.

"Confidentiality Agreement" means our form of Confidentiality Agreement, the most current form of which is attached to this Agreement as ATTACHMENT "F".

"Copyrights" means all works and materials for which we or our affiliate has secured common law or registered copyright protection and that we allow Flurry Fitness franchisees to use, sell or display in connection with the marketing and/or operation of a Flurry Fitness facility, whether now in existence or created in the future.

"Customer Data" means and includes any and all data that pertains to a customer or member of your Facility, including name, address, contact information, date of birth, membership information, class history, purchase history and any information collected in connection with any loyalty program or for any other purpose.

"Definitive Agreements" means, collectively: (a) this Agreement; (b) the Area Development Agreement pursuant to which this Agreement is being executed (if applicable); (c) any other Franchise Agreement between you (or your affiliate) and us (or our affiliate) for a Flurry Fitness facility or any other franchised concept; and (d) all ancillary agreements executed in connection with the foregoing, including Franchise Owner Agreements.

"Dispute" is defined in Section 23.

"Effective Date" is defined in the Introductory Paragraph.

"Entity" means a corporation, partnership, limited liability company or other form of association.

"Franchise Owner Agreement" means the Franchise Owner Agreement that must be signed by the Owners and their spouses pursuant to Section 10, the current form of which is attached as ATTACHMENT "D".

"General Release" means our current form of general release of all claims against us and our affiliates and subsidiaries, and our and their respective members, officers, directors, agents and employees, in both their corporate and individual capacities.

"Gross Sales" means all gross sums collected or billed by you from all goods and services sold in connection with your Business, together with any other revenue or monies derived in connection with your Business, including the proceeds of any business interruption insurance. "Gross Sales" does not include: (i) revenues derived from the sale of products to customers if you purchased such products from us or an affiliate of ours at wholesale; (ii) revenues that you collect from a customer and later refund to that customer; or (iii) any sales or use taxes that you pay to a government agency. From time to time, we may establish policies governing the manner in which the proceeds from the sale of gift cards are treated for purposes of calculating Gross Sales. Similarly, we may establish policies governing the manner in which the monthly membership dues are allocated between the Flurry Fitness facility that sold the membership and the Flurry Fitness facility or facilities where the goods or services are redeemed.

"Improvements" is defined in Section 18.5.

"Indemnified Party" or *"Indemnified Parties"* means us and each of our past, present and future owners, members, officers, directors, employees and agents, as well as our parent companies, subsidiaries and affiliates, and each of their past, present and future owners, members, officers, directors, employees and agents.

"Intellectual Property" means, collectively or individually, the Business Data, Copyrights, Improvements, Know-how, Marks and System.

"Interim Manager" is defined in Section 8.4.

"Interim Term" is defined in Section 4.3.

"Know-how" means all of our trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of a Flurry Fitness facility, including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the System and the Manual.

"Losses and Expenses" means all compensatory, exemplary, and punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against Claims; settlement amounts; judgments; compensation for damages to our reputation and goodwill; and all other costs, damages, liabilities and expenses associated with any of the foregoing losses and expenses or incurred by an Indemnified Party as a result of a Claim.

"Managing Owner" means the Owner that you designate and we approve who is primarily responsible for the

daily on-premises management and supervision of the Business.

"Manual" is defined in Section 6.1.

"Marks" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Flurry Fitness facility, including "Flurry Fitness," and any other trademarks, service marks or trade names that we designate for use in a Flurry Fitness facility. The term "Marks" also includes any distinctive trade dress used to identify a Flurry Fitness facility, whether now in existence or hereafter created.

"Marketing Campaign" is defined in Section 11.1(a).

"Operational Data" means and includes all data and information pertaining to the operation of your Business including employee data, expense data, financial accounting data and Gross Sales data.

"Owner" or *"Owners"* means any individual who owns a direct or indirect ownership interest in the franchise or the Entity that is the franchisee under this Agreement. "Owner" includes both passive and active owners.

"Permitted Transfer" means: (i) a Transfer from one Owner to another Owner who was an approved Owner prior to such Transfer, other than a Transfer by an Owner who is the Managing Owner; and/or (ii) a Transfer to a newly established Entity for which the Owners collectively own and control 100% of the ownership interests and voting power.

"Post-Term Restricted Period" means, with respect to you, a period of two (2) years after the termination, expiration or Transfer of this Agreement; provided, however, that if a court of competent jurisdiction determines that the two-year Post-Term Restricted Period is too long to be enforceable, then the "Post-Term Restricted Period" means, with respect to you, a period of one (1) year after the termination, expiration or Transfer of this Agreement. "Post-Term Restricted Period" means, with respect to an Owner, a period of two (2) years after the earlier to occur of (i) the termination, expiration or Transfer of this Agreement or (ii) the Owner's Transfer of his or her entire ownership interest in the franchise or the Entity that is the franchisee, as applicable; provided, however, that if a court of competent jurisdiction determines that the two-year Post-Term Restricted Period is too long to be enforceable, then the "Post-Term Restricted Period" means, with respect to an Owner, a period of one (1) year after the earlier to occur of (i) the termination, expiration or Transfer of this Agreement or (ii) the Owner's Transfer of his or her entire ownership interest in the franchise or the Entity that is the franchisee, as applicable.

"Prohibited Activities" is defined in Section 15.3.

"Qualified Appraiser" is defined in Section 22.2.

"Restricted Territory" means the geographic area within: (i) a four (4) mile radius from your Facility (and including your Facility itself); and (ii) a four (4) mile from all other Flurry Fitness facilities that are operating or under construction as of the Effective Date and remain in operation or under construction during all or any part of the Post-Term Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the "Restricted Territory" means the geographic area within a four (4) mile radius from your Facility (and including your Facility itself).

"Site Selection Area" is defined in Sections 7.1.

"Successor Agreement" is defined in Section 4.1.

"System" means our distinct system for the operation of a cardio kickboxing and boxing-based fitness business, the distinctive characteristics of which include logo, trade secrets, confidential brand standards manual and operating system.

"Technology Systems" is defined in Section 12.6(a).

"Term" is defined in Section 4.1.

"Territory" is defined in Section 3.

"Transfer" means any direct or indirect, voluntary or involuntary (including by judicial award, order or decree), assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of the franchise (or any interest therein), the Business (or any portion thereof) or an ownership interest in an Entity that is the franchisee,

including by merger or consolidation, by issuance of additional securities representing an ownership interest in the Entity that is the franchisee, or by operation of law, will or a trust upon the death of an Owner (including the laws of intestate succession).

"We" or "us" is defined in the Introductory Paragraph.

"You" is defined in the Introductory Paragraph.

ATTACHMENT "B"

TO FRANCHISE AGREEMENT

DEAL TERMS

A. Franchisee Details.

Name of Franchisee: [____]

Is the franchisee one or more natural persons signing in their individual capacity? **Yes**: _____ **No**: _____

Type of Entity and State of Formation* (if applicable): [__________________________________]

** If the franchisee is a business entity, each natural person holding a direct or indirect ownership interest in the business entity, and spouse of each such person, must sign the Franchise Owner Agreement concurrently with the execution of this Agreement.*

The following table includes the full name of each natural person holding a direct or indirect ownership interest in the franchise (or the franchisee business entity if applicable) along with a description of their ownership interest.

Owner's Name	% Ownership Interest	Direct or Indirect (if indirect, include description of nature of interest)

Notice Address: [____]

B. Site Selection Area.

The Site Selection Area referenced in the Franchise Agreement shall consist of the following geographic area: [____]

** The Site Selection Area is not your territory and there are no protections associated with this area.*

C. **Approved Site.**

We hereby approve the site listed below for the operation of your Flurry Fitness facility.

Approved Address: [____]

** If the site for your Flurry Fitness facility has not been approved by us at the time the Franchise Agreement is signed, then we will send you a Site Approval Notice in accordance with Section 7.1 listing the address of your approved site.*

D. **Territory**.

The Territory referenced in the Franchise Agreement shall consist of the geographic area within a four (4) mile radius from the approved site for your Facility

ATTACHMENT "C"

TO FRANCHISE AGREEMENT

LEASE ADDENDUM

[See Attached]

Lease Addendum

THIS AGREEMENT dated this ___ day of _____________, 202__ among Flurry Franchise System, LLC, an Arizona limited liability company, with principal offices at 13215 W. McDowell Rd , Suite D-1, Goodyear, Arizona 85395 (the "Franchisor"), ____, a(n)__________________________, with principal offices located at ____ (the "Landlord"), and ____________________________________, a(n)______________________, with principal offices located at ____ (the "Tenant/Franchisee").

Introduction

A. On ________________, 202___, the Tenant/Franchisee and the Franchisor entered a Flurry Fitness, Franchise Agreement (the "Franchise Agreement"). Under the Franchise Agreement, the Franchisor granted the Tenant/Franchisee the right, and the Tenant/Franchisee undertook the duty, to operate a Flurry Fitness franchised business (the "Franchised Business") at the Premises (defined below).

B. Simultaneously with entering this Agreement, the Landlord and the Tenant/Franchisee are entering a lease agreement (the "Lease"). Under the Lease, the Tenant/Franchisee leases the premises described in Exhibit "A" (the "Premises").

C. To protect the Franchisor's rights and interests under the Franchise Agreement, the Landlord grants certain rights to the Franchisor under the Lease as set forth below.

Agreement

The parties, therefore, agree as follows:

1. Notices. At the same time such notices are sent to the Tenant/Franchisee, the Landlord must provide the Franchisor with copies of all written notices of default that it sends to the Tenant/Franchisee. The Landlord agrees to send such copies by first-class mail, postage prepaid, to the Franchisor at its address set forth above or such other address as the Franchisor may notify the Landlord in writing.

2. Right to Cure. If the Tenant/Franchisee defaults under the Lease, the Franchisor has the right (but not the duty) to cure such default within 15 days following the expiration of any applicable cure period. Furthermore, in such event, the Franchisor may immediately commence occupancy of the Premises as the tenant under the Lease without obtaining the Landlord's or Franchisee's consent. The Franchisor may thereafter assign the Lease to another Flurry Fitness franchisee or to an entity owned and/or controlled by the Franchisor. If it does, the Franchisor must first obtain the Landlord's written approval of the assignee. The Landlord, however, must neither unreasonably withhold nor delay its approval thereof. The Landlord will acknowledge any such assignment in writing. No assignment permitted under this Section is subject to any assignment or similar fee or will cause any rental acceleration.

3. Right to Assign. At any time (including, without limitation, upon the expiration or sooner termination of the Franchise Agreement) without the Landlord's prior consent, the Tenant/Franchisee may assign the Lease to the Franchisor. In such event, the Franchisor may thereafter assign the Lease to another Flurry Fitness franchisee or to an entity owned and/or controlled by the Franchisor. If it does, the Franchisor must first obtain the Landlord's written approval of the assignee. The Landlord, however, must neither unreasonably withhold nor delay its approval thereof. The Landlord will acknowledge any such assignment in writing. No assignment permitted under this Section is subject to any assignment or similar fee or will cause any rental acceleration.

4. Right of First Refusal. The Landlord agrees that upon the expiration or termination of the Lease, the Franchisor shall have the first right of refusal to lease the Premises as the new tenant.

5. Expiration or Termination of Franchise Agreement. The Landlord agrees that the expiration or termination of the Franchise Agreement shall constitute a default under the Lease, giving the Franchisor the right, but not the obligation, to cure such default by succeeding to Tenant/Franchisee's interests under the Lease in accordance with Section 2 above.

6. Acknowledgement of Rights. The Landlord acknowledges the Franchisor's rights under the Franchise Agreement to enter the Premises to: (i) make any modifications or alterations necessary in the Franchisor's sole discretion to protect its franchise system and its trademarks without being guilty of trespass or any other tort or crime; and (ii) remove any trade fixtures, interior or exterior signs and other items bearing the Franchisor's trademarks or service marks upon the expiration or termination of the Franchise Agreement.

7. Modification of Lease. Without the Franchisor's prior written consent, the Landlord and the Tenant/Franchisee may not amend, modify, supplement, terminate, renew or extend the Lease.

8. Miscellaneous.

a. In the event of any inconsistency between the terms of this Agreement and the terms of the Lease, the terms of this Agreement control.

b. All of the terms of this Agreement, whether so expressed or not, are binding upon, inure to the benefit of, and are enforceable by the parties and their respective personal and legal representatives, heirs, successors and permitted assigns.

c. The provisions of this Agreement may be amended, supplemented, waived or changed only by a written document signed by all the parties to this Agreement and making specific reference to this Agreement.

d. This Agreement may be executed in one or more counterparts, each of which is an original, but all of which together constitute one and the same instrument. Confirmation of execution by telex or by telecopy facsimile signature page is binding upon any party so confirming or telecopying.

IN WITNESS WHEREOF, this Agreement has been executed the date and year first above written.

FRANCHISOR:

Flurry Franchise System, LLC, an Arizona limited liability company

By:____
Name:______________________________________
Its:____

LANDLORD:

___________________________, (a)n _________
____

By:____
Name:______________________________________
Its:____

TENANT/FRANCHISEE:

___________________________, (a)n _________
____

By:____
Name:______________________________________
Its:____

EXHIBIT “A” TO LEASE ADDENDUM

DESCRIPTION OF PREMISES

____

____

____

ATTACHMENT "D"

TO FRANCHISE AGREEMENT

FRANCHISE OWNER AGREEMENT

[See Attached]

FRANCHISE OWNER AGREEMENT

This Franchise Owner Agreement (this "Agreement") is entered into by: (i) each of the undersigned owners of Franchisee (defined below); and (ii) the spouse of each such owner, in favor of Flurry Franchise System, LLC, an Arizona limited liability company, and its successors and assigns ("us"), upon the terms and conditions set forth in this Agreement. Each signatory to this Agreement is referred to as "you".

1. Definitions. Capitalized terms used in this Agreement shall have the meanings given to them below, or if not defined below, the meanings given to them in the Franchise Agreement:

"Franchise Agreement" means the Flurry Fitness Franchise Agreement executed by Franchisee with an effective date of ____________________.

"Franchised Business" means the Flurry Fitness facility operated by Franchisee pursuant to the Franchise Agreement.

"Franchisee" means _____________________.

"Restricted Period" means the two (2) year period after the earliest to occur of the following: (i) the termination or expiration of the Franchise Agreement; (ii) the date on which Franchisee assigns the Franchise Agreement to another person with respect to whom neither you nor your spouse holds any direct or indirect ownership interest; or (iii) the date on which you cease to be an owner of Franchisee or your spouse ceases to be an owner of Franchisee, as applicable; provided however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the "Restricted Period" means the one (1) year period after the earliest to occur of the following: (i) the termination or expiration of the Franchise Agreement; (ii) the date on which Franchisee assigns the Franchise Agreement to another person with respect to whom neither you nor your spouse holds any direct or indirect ownership interest; or (iii) the date on which you cease to be an owner of Franchisee or your spouse ceases to be an owner of Franchisee, as applicable.

2. Background. In your capacity as an owner of Franchisee, or the spouse of an owner of Franchisee, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us. In addition, you understand that certain terms of the Franchise Agreement apply to "owners" and not just Franchisee. You agree to comply with the terms of this Agreement In order to: (i) avoid damaging our System by engaging in unfair competition; and (ii) bind yourself to the terms of the Franchise Agreement applicable to owners.

3. Brand Protection Covenants.

(a) Intellectual Property and Confidential Information. You agree to: (i) refrain from using the Intellectual Property or Confidential Information in any capacity or for any purpose other than the operation of Franchisee's Facility in compliance with the Franchise Agreement and Manual; (ii) maintain the confidentiality of Confidential Information at all times; (iii) refrain from making unauthorized copies of documents containing Confidential Information; (iv) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and (v) immediately stop using the Intellectual Property and Confidential Information at such time that you are (or your spouse is) no longer an owner of Franchisee. You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any Improvement to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize and sublicense the same.

(b) Unfair Competition. You may not engage in any Prohibited Activities at any time: (i) that you are (or your spouse is) an owner of Franchisee; or (ii) during the Restricted Period. Notwithstanding the foregoing, you may have an interest in a Competitive Business during the Restricted Period as long as the Competitive Business is not located within, and does not provide competitive goods or services to customers who are located within, the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period (other than having an interest in a Competitive Business permitted by this Section), your Restricted Period will be extended by the period of time during which you engaged in the Prohibited Activity. Any such extension of time will not constitute a waiver of your breach or impair any of our rights or remedies relating to your breach.

(c) Family Members. Because you could circumvent the purpose of Section 3 by disclosing Confidential Information to an immediate family member (i.e., parent, sibling, child, or grandchild) and it would be difficult for us to prove any such breach, you will be presumed to have breached this Agreement if a member of your immediate family (i) engages in any Prohibited Activities at any time that you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses Confidential Information. However, you may rebut this presumption with evidence conclusively showing you did not disclose Confidential Information to the family member.

(d) Covenants Reasonable. You agree that: (i) the covenants in Section 3 are reasonable both in duration and geographic scope; and (ii) you have sufficient resources, business experience and opportunities to earn an adequate living while complying with these covenants. Although you and we both believe the covenants in Section 3 are reasonable we may, upon written notice to you, unilaterally modify the brand protection covenants in Section 3 of this Agreement by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under Section 3 of this Agreement to ensure the covenants are enforceable under applicable law.

(e) Breach. You agree that: (i) any failure to comply with Section 3 is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at law; and (ii) we are entitled to injunctive relief if you breach Section 3 together with any other relief available at equity or law. We will notify you if we intend to seek injunctive relief but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the bond amount may not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

4. Transfer Restrictions. If you are an owner of Franchisee, you acknowledge that we must approve all persons who hold a direct or indirect ownership interest in Franchisee. Accordingly, you agree that you will not, directly or indirectly or by operation of law, sell, assign, mortgage, pledge or in any manner transfer any direct or indirect ownership interest in Franchisee except in accordance with the terms and conditions set forth in Section 20.2 of the Franchise Agreement.

5. Financial Security. In order to secure Franchisee's financial obligations under the Franchise Agreement and all ancillary agreements executed by Franchisee in connection with the Franchise Agreement, including, but not limited to, any agreement for the purchase of goods or services from us or an affiliate of ours and any promissory note related to payments owed to us (collectively, the "Secured Agreements"), you, jointly and severally, personally and unconditionally: (a) guarantee to us and our successor and assigns, that Franchisee shall punctually fulfil all of its payment and other financial obligations under the Secured Agreement; and (b) agree to be personally bound by, and personally liable for, each and every monetary provision in the Secured Agreements. You waive: (1) acceptance and notice of acceptance by us of the foregoing undertakings; (2) notice of demand for payment of any indebtedness guaranteed; (3) protest and notice of default to any party with respect to the indebtedness guaranteed; (4) any right you may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (5) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness hereby guaranteed. You agree that: (1) your direct and immediate liability under this guaranty shall be joint and several with Franchisee and all other signatories to this Agreement; (2) you will render any payment required under the Secured Agreements upon demand if Franchisee fails or refuses punctually to do so; (3) your liability shall not be contingent or conditioned upon pursuit by us of any remedies against Franchisee or any other person; and (4) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that we may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable during the term of each of the Secured Agreements and following the termination, expiration or transfer of each of the Secured Agreements to the extent any financial obligations under any such Secured Agreements survive such termination, expiration or transfer. This guaranty will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by any abandonment of one or more of the Secured Agreements by a trustee of Franchisee. Neither your obligation to make payment in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency.

6. Dispute Resolution. Any dispute between the parties relating to this Agreement shall be brought in accordance with the dispute resolution procedures set forth in the Franchise Agreement. Notwithstanding the foregoing, if any of the dispute resolution procedures set forth in the Franchise Agreement conflict with any of the terms of this Agreement, the terms of this Agreement shall prevail. **You acknowledge and agree that a breach of this Agreement by you shall constitute a material event of default under the Franchise Agreement, permitting us to terminate the Franchise Agreement in accordance with the terms thereof.**

7. Miscellaneous.

(a) If either party hires an attorney or files suit against the other party relating to or alleging a breach of this Agreement, the losing party agrees to pay the prevailing party's reasonable attorneys' fees and costs incurred in connection with such breach.

(b) This Agreement will be governed by, construed and enforced under the laws of Arizona and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

(c) Any claim, defense or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

(d) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

(e) You agree that we may deliver to you any notice or other communication contemplated by this Agreement in the same manner and to the same address listed in the notice provisions of the Franchise Agreement and any such delivery shall be deemed effective for purposes of this Agreement. You may change the address to which notices must be sent by sending us a written notice requesting such change, which notice shall be delivered in the manner and to the address listed in the Franchise Agreement.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement as of the date or dates set forth below.

OWNER / SPOUSE

By: ________________________________

Name: ______________________________

Date: _______________________________

OWNER / SPOUSE

By: ________________________________

Name: ______________________________

Date: _______________________________

OWNER / SPOUSE

By: ________________________________

Name: ______________________________

Date: _______________________________

OWNER / SPOUSE

By: ________________________________

Name: ______________________________

Date: _______________________________

ATTACHMENT "E"

TO FRANCHISE AGREEMENT

ACH AUTHORIZATION FORM

[See Attached]

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

Franchisee Information:

Franchisee Name ____________ Business No. ____________

Franchisee Mailing Address (street) ____________ Franchisee Phone No. ____________

Franchisee Mailing Address (city, state, zip) ____________

Contact Name, Address and Phone number (if different from above) ____________

Franchisee Fax No. ____________ Franchisee E-mail Address ____________

Bank Account Information:

Bank Name ____________

Bank Mailing Address (street, city, state, zip) ____________

Bank Account No. ____________ ☐ Checking ☐ Savings (check one) Bank Routing No. (9 digits) ____________

Bank Mailing Address (city, state, zip) ____________ Bank Phone No. ____________

Authorization:

Franchisee hereby authorizes Flurry Franchise System, LLC ("Franchisor") to initiate debit entries to Franchisee's account with the Bank listed above and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee's account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature:____________________ Date:____________________

Name:____________________

Its:____________________

Federal Tax ID Number:____________________

NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.

ATTACHMENT "F"

TO FRANCHISE AGREEMENT

CONFIDENTIALITY AGREEMENT

[See Attached]

CONFIDENTIALITY AGREEMENT

This Agreement (this "Agreement") is entered into by the undersigned ("you") in favor of Flurry Franchise System, LLC, an Arizona limited liability company, and its successors and assigns ("us"), upon the terms and conditions set forth in this Agreement.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

"*Business Data*" means all data pertaining to Franchisee's customers and business operations, whether collected by you, Franchisee, us or any other person.

"*Confidential Information*" means and includes: (a) the Know-How; (b) the Business Data; (c) the terms of the Franchise Agreement and all related agreements signed by Franchisee in connection with Franchisee's Flurry Fitness facility, and all attachments thereto and amendments thereof; (d) the components of the System; (e) all information within or comprising the Manual; and (f) all other concepts, ideas, trade secrets, financial information, marketing strategies, expansion strategies, studies, supplier information, customer information, franchisee information, investor information, flow charts, inventions, mask works, improvements, discoveries, standards, specifications, formulae, recipes, designs, sketches, drawings, policies, processes, procedures, methodologies and techniques, together with analyses, compilations, studies or other documents that are: (i) designated as confidential; (ii) known by you to be considered confidential by us; and/or (iii) reasonably to be considered confidential due to their nature. Confidential Information does not include information that: (a) is now, or subsequently becomes, generally available to the public (except as a result of a breach of confidentiality obligations by you, Franchisee or Franchisee's owners, employees or other constituents); (b) you can demonstrate was rightfully in your possession, without obligation of nondisclosure, before we (or any person associated with us) or Franchisee (or any person associated with Franchisee) disclosed the information to you; (c) is independently developed by you without any use of, or reference to, any Confidential Information; or (d) is rightfully obtained from a third party who has the right to transfer or disclose such information to you without breaching any obligation of confidentiality imposed on such third party.

"Copyrights" means all works and materials for which we or our affiliate has secured common law or registered copyright protection and that we allow Flurry Fitness franchisees to use, sell or display in connection with the marketing and/or operation of a Flurry Fitness facility, whether now in existence or created in the future.

"Franchisee" means the Flurry Fitness franchisee for whom you are an officer, director, employee or independent contractor.

"Improvements" means any additions, modifications or improvements to (i) the goods or services offered at a Flurry Fitness facility, (ii) the method of operation of a Flurry Fitness facility or (iii) any marketing or promotional ideals relating to a Flurry Fitness facility, whether developed by you, Franchisee or any other person.

"Intellectual Property" means, collectively or individually, the Business Data, Copyrights, Improvements, Know-how, Marks and System.

"Know-how" means all of our trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of a Flurry Fitness facility, including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the System and the Manual.

"Manual" means our confidential brand standards manual for the operation of a Flurry Fitness facility.

"Marks" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Flurry Fitness facility, including "Flurry Fitness," and any other trademarks, service marks or trade names that we designate for use in a Flurry Fitness facility. The term "Marks" also includes any distinctive trade dress used to identify a Flurry Fitness facility, whether now in existence or hereafter created.

"System" means our distinct system for the operation of a cardio kickboxing and boxing-based fitness business, the distinctive characteristics of which include logo, trade secrets, confidential brand standards manual and operating system.

2. Background. You are an officer, director, employee or independent contractor of Franchisee. As a result of this association, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

3. Intellectual Property and Confidential Information. You agree to: (a) refrain from using the Intellectual Property or Confidential Information in any business or for any purpose other than the operation of Franchisee's Flurry Fitness facility; (b) maintain the confidentiality of all Confidential Information at all times; (c) refrain from making unauthorized copies of documents containing any Confidential Information; (d) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and (e) immediately stop using the Intellectual Property and Confidential Information at such time that you are no longer an employee or independent contractor of Franchisee. Without limiting the generality of the foregoing, you acknowledge that the names and other information about Franchisee's customers and members are owner by us and that you may not at any time solicit or induce our customers or members to transfer their business to you or to any competitor or business other than a Flurry Fitness facility. You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any Improvement to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize and sublicense the same.

4. Family Members. Because you could circumvent the purpose of this Agreement by disclosing Confidential Information to an immediate family member (i.e., parent, sibling, child, or grandchild) and it would be difficult for us to prove any such breach, you will be presumed to have breached this Agreement if a member of your immediate family uses or discloses Confidential Information. You may rebut this presumption with evidence conclusively showing you did not disclose Confidential Information to the family member.

5. Breach. You agree that: (a) any failure to comply with this Agreement is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at law; and (b) we are entitled to injunctive relief if you breach this Agreement together with any other relief available at equity or law. We will notify you if we intend to seek injunctive relief but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the bond amount may not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

6. Miscellaneous.

(a) If we hire an attorney or file suit against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorneys' fees and costs in doing so.

(b) This Agreement will be governed by, construed and enforced under the laws of Arizona and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

(c) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.

This Confidentiality Agreement is executed as of the date set forth below.

By: ______________________________

Name: ____________________________

Date: _____________________________

EXHIBIT "D"

TO DISCLOSURE DOCUMENT

AREA DEVELOPMENT AGREEMENT

[See Attached]

FLURRY FITNESS

AREA DEVELOPMENT AGREEMENT

AREA DEVELOPER: ______________________________
DATE: ______________________________

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ATTACHMENTS

ATTACHMENT "A" Deal Terms

AREA DEVELOPMENT AGREEMENT

This Area Development Agreement (this "Agreement") is entered into as of ____________, 202__ (the "Effective Date") between Flurry Franchise System, LLC, an Arizona limited liability company ("we" or "us") and ___________________, a(n) ________________ ("you").

1. DEFINITIONS. Capitalized terms used in this Agreement shall have the meanings given to them below. Any capitalized term used in this Agreement that is not defined below shall have the meaning given to such term in the Initial Franchise Agreement (as defined below).

"Development Schedule" means the schedule described in Section 4.1 and Part D of ATTACHMENT "A" for the development of the Flurry Fitness facilities within the Development Territory.

"Development Territory" means the geographic area described in Part C of ATTACHMENT "A".

"Discounted Initial Franchise Fee" means the discounted initial franchise fee that you must pay for each Flurry Fitness facility to be developed under this Agreement (other than your first Flurry Fitness FACILITY), which discounted initial franchise fee is set forth in Part B of ATTACHMENT "A".

"Franchise Agreement" means a Flurry Fitness Franchise Agreement executed by us and you (or an affiliate of yours) for the establishment and operation of a Flurry Fitness facility pursuant to this Agreement.

"Initial Franchise Agreement" means the Franchise Agreement executed by you concurrently with the execution of this Agreement for the first franchise to be established pursuant to this Agreement.

"Owner" or *"Owners"* means any individual who directly signs this Agreement or who owns a direct or indirect ownership interest in the area development rights or the entity that is the area developer under this Agreement. "Owner" includes both passive and active owners.

"Permitted Transfer" means: (i) a Transfer from one Owner to another Owner who was an approved Owner prior to such Transfer, other than a Transfer by an Owner who is the Managing Owner; and/or (ii) a Transfer to a newly established Entity for which the Owners collectively own and control 100% of the ownership interests and voting power.

"Term" the period of time commencing with the Effective Date of this Agreement and expiring upon the date by which you are required to open the last Flurry Fitness facility under the Development Schedule.

"Transfer" means any direct or indirect, voluntary or involuntary (including by judicial award, order or decree), assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of the area development rights (or any interest therein), the business conducted by you pursuant to this Agreement, or an ownership interest in an entity that is the area developer under this Agreement, including by merger or consolidation, by issuance of additional securities representing an ownership interest in the entity that is the area developer, or by operation of law, will or a trust upon the death of an Owner of the area developer entity (including the laws of intestate succession).

2. GRANT OF DEVELOPMENT RIGHTS. Subject to the terms and conditions of this Agreement, we hereby grant you the exclusive right and obligation to develop each of the Flurry Fitness facilities referred to in the Development Schedule. Each Flurry Fitness facility that you develop pursuant to this Agreement must be located within the Development Territory and at a specific site that we approve in accordance with the terms of the applicable Franchise Agreement. This Agreement does not grant you any rights or licenses to use any of our Intellectual Property.

3. TERRITORIAL PROTECTIONS AND LIMITATIONS. Your Development Territory will be protected, meaning that for the duration of the Term, we will not operate, or grant a license to any third party to operate, a Flurry Fitness facility that is physically located within the Development Territory other than: (i) any Flurry Fitness facility that is operating, under development, or for which a franchise agreement has been executed, in each case as of the Effective Date, and that is located, or is to be located within, the Development Territory; and (ii) any Flurry Fitness facility that is otherwise permitted by this Section in connection with an Acquisition. We reserve the right to engage in Acquisitions, even if as a result of an Acquisition one or more competitive businesses of the acquired or acquiring company begin using our Intellectual Property (including our Marks) and are located within your Development Territory. We also reserve the right to sell, or grant franchises or licenses to third parties to sell, competitive or identical goods or services (including under the Marks) through Alternative Channels of Distribution, irrespective of whether the sales take place in your Development Territory.

4. DEVELOPMENT OBLIGATIONS

4.1. Development Schedule. You agree to open each Flurry Fitness facility in strict accordance with time periods set forth in the Development Schedule. You must develop, open and operate each Flurry Fitness facility in compliance with all of the terms of the applicable Franchise Agreement. We may, in our sole discretion, extend the time periods listed in the Development Schedule, but only if you can demonstrate to our reasonable satisfaction that you have used your best efforts to comply with your development obligations and the need for additional time is due to unforeseeable delays and not due to your neglect, misconduct or financial inability. You must open all of the Flurry Fitness facilities referred to in the Development Schedule.

4.2. Site Selection. You must select a specific location within the Development Territory for each Flurry Fitness facility in accordance with our then-current guidelines for opening a new location as contained in the Manual and the applicable Franchise Agreement. Each site that you select is subject to our prior approval as specified in the applicable Franchise Agreement.

4.3. Franchise Agreements. You must a separate Franchise Agreement for each Flurry Fitness facility. You must sign the Initial Franchise Agreement for your first Flurry Fitness facility at the time you sign this Agreement. We will not review or approve a proposed site until you sign the applicable Franchise Agreement for the proposed location. Each Franchise Agreement shall be our then-current form of Flurry Fitness Franchise Agreement (modified to reflect the Discounted Initial Franchise Fee), the terms and conditions of which may vary materially and substantially from the terms and conditions of the Initial Franchise Agreement. At the time you sign the Franchise Agreement for each new Flurry Fitness facility, you must pay us the balance of the Discounted Initial Franchise Fee for that franchise (i.e., $12,500). You will have no right to construct or operate any Flurry Fitness facility until you and we have executed the applicable Franchise Agreement and all ancillary agreements for that facility.

4.4. Additional Locations. You have no right to develop any Flurry Fitness facility other than the facilities listed in the Development Schedule unless we, in our sole discretion, permit you to enter into a new area development agreement, which will be upon such terms and conditions that we specify, following your development of all facilities listed in the Development Schedule under this Agreement.

5. DEVELOPMENT FEE. At the time you sign this Agreement, you must pay us the full initial franchise fee for your first franchise in the amount set forth in Part B of ATTACHMENT "A". In addition, at the time you sign this Agreement, you must pay us a development fee in the amount set forth in Part B of ATTACHMENT "A", which amount is calculated as 50% of the aggregate Discounted Initial Franchise Fees that you must pay us for all franchises under your Development Schedule (other than your first franchise). The development fee is fully earned and nonrefundable upon execution of this Agreement.

6. AREA DEVELOPER AS ENTITY. If you are an entity, you represent that Part A of ATTACHMENT "A" includes a complete and accurate list of all of your Owners. Upon our request, you must provide us with a resolution of the entity authorizing the execution of this Agreement, a copy of the entity's organizational documents and a current Certificate of Good Standing (or the functional equivalent thereof). You represent that the entity is duly formed and validly existing under the laws of the state of its formation or incorporation. You may form a separate entity to enter into each Franchise Agreement provided that: (i) the individuals holding the ownership interests (and their percentage interests) in each such entity must be the same individuals holding ownership interests (with the same percentage interests) in the entity that is the Area Developer under this Agreement; and (ii) each such entity guarantees the performance of all other entities formed under the authority of this Section 5.

7. TRANSFERS

7.1. **By Us**. This Agreement is fully assignable by us (without prior notice to you) and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement, provided that we shall, subsequent to any such assignment, remain liable for the performance of our obligations under this Agreement up to the effective date of the assignment.

7.2. **By You**. You understand that the rights and duties created by this Agreement are personal to you and your Owners and that we have granted the area development rights in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of you and your Owners. Therefore, neither you nor any Owner may engage in any Transfer other than a Permitted Transfer without our prior written approval. Any Transfer (other than a Permitted Transfer) without our approval shall be void and constitute a breach of this Agreement. We will not unreasonably withhold our approval of any proposed Transfer, provided that the following conditions are all satisfied:

(i) the proposed transferee is, in our opinion, an individual of good moral character, who has sufficient business experience, aptitude and financial resources to develop, own and operate all of the remaining Flurry Fitness facilities that are to be develop under this Agreement and otherwise meets all of our then applicable standards for area developer franchisees;

(ii) you and your Owners are in full compliance with the terms of this Agreement, all Franchise Agreements and all other agreements with us or our affiliate;

(iii) all of the Owners of the transferee have successfully completed, or made arrangements to attend, the initial training program;

(iv) the transferee and its owners sign our then current form of area development agreement (unless we, in our sole discretion, instruct you to assign this Agreement to the transferee), except that: (a) the Term and renewal term(s) shall be the Term remaining under this Agreement; (b) the transferee need not pay a separate development fee; and (c) the Development Schedule and Development Territory shall be the same Development Schedule and Development Territory specified in this Agreement (modified to reflect the development obligations satisfied prior to the transfer);

(v) you or the transferee pay us a transfer fee of $5,000 for each undeveloped Flurry Fitness facility for which you have not signed a Franchise Agreement as well as each open and operating Flurry Fitness facility being transferred;

(vi) you assign all of your Franchise Agreements to the transferee in accordance with all of the transfer terms and conditions applicable under each such Franchise Agreement (including payment of any transfer fee imposed under each such Franchise Agreement);

(vii) you and your Owners sign a General Release for all claims arising before or contemporaneously with the Transfer;

(viii) we do not elect to exercise our right of first refusal described in Section 7.5; and

(ix) you or the transferring Owner, as applicable, and the transferee have satisfied any other conditions we reasonably require as a condition to our approval of the Transfer.

You may not transfer less than your entire remaining area development rights under this Agreement (i.e., you may not retain the right to develop any Flurry Fitness facility). You also may not transfer your area development rights to multiple transferees. Our consent to a Transfer shall not constitute a waiver of any claims we may have against the transferor, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of the franchise by the transferee.

7.3. Permitted Transfers. You may engage in a Permitted Transfer without our prior approval, but you must give us at least ten (10) days prior written notice. You and the Owners (and the transferee) agree to sign all documents that we reasonably request to effectuate and document the Permitted Transfer.

7.4. Death or Disability of an Owner. Upon the death or permanent disability of an Owner, the Owner's ownership interest in you or the area development rights, as applicable, must be assigned to another Owner or to a third party approved by us within 180 days. Any assignment to a third party will be subject to all of the terms and conditions of Section 7.2 unless the assignment qualifies as a Permitted Transfer. For purposes of this Section, an Owner is deemed to have a "permanent disability" only if the person has a medical or mental problem that prevents the person from substantially complying with his or her obligations under this Agreement for a continuous period of at least three (3) months.

7.5. Our Right of First Refusal. If you or an Owner desires to engage in a Transfer, you or the Owner, as applicable, must obtain a bona fide, signed written offer from the fully disclosed purchaser and submit an exact copy of the offer to us. We will have 30 days after receipt of the offer to decide whether we will purchase your remaining area development rights and any Flurry Fitness facilities to be assigned, or the ownership interest in you, as applicable, for the same price and upon the same terms contained in the offer (however, we may substitute cash for any form of payment proposed in the offer). If we notify you that we intend to purchase the interest within the 30-day period, you or the Owner, as applicable, must sell the interest to us. We will have at least an additional 30 days to prepare for closing. We will be entitled to receive from you or the Owner, as applicable, all customary representations and warranties given by you as the seller of the assets or the Owner as the seller of the ownership interest or, at our election, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to and on the terms of the offer, subject to the requirements of Section 7.2 (including our approval of the transferee). However, if the sale to the purchaser is not completed within 120 days after delivery of the offer to us, or there is a material change in the terms of the sale, we will again have the right of first refusal specified in this Section. Our right of first refusal in this Section shall not apply to any Permitted Transfer.

8. TERMINATION OF DEVELOPMENT RIGHTS

8.1. Reasonableness. You represent that you: (i) have conducted your own independent investigation and analysis of the prospects for the establishment of the Flurry Fitness facilities within the Development Territory; (ii) approve the Development Schedule as being reasonable and viable; and (iii) recognize that your failure to achieve the results required by the Development Schedule will constitute a material breach of this Agreement.

8.2. Termination of Development Rights. If you fail to comply with any term of this Agreement, we may terminate this Agreement, effective 30 days after giving you written notice of the default, unless you have fully cured the default within such 30-day period. Any such termination will end all of your rights and future obligations under this Agreement, including without limitation, your interests in the Development Territory and right to open additional Flurry Fitness facilities. In the event of a termination, you will not be entitled to any refund of the development fee, except that you will not be obligated to pay the remaining balance of the Discounted Initial Franchise Fees for any Flurry Fitness facility with respect to which, as of the effective date of termination of this Agreement, you had not executed a Franchise Agreement.

8.3. Cross Default. Our termination of any Franchise Agreement due to your default shall constitute a default under this Agreement permitting us to terminate this Agreement immediately upon notice to you.

9. DISPUTE RESOLUTION. Any dispute between the parties relating to this Agreement shall be resolved pursuant to the dispute resolution provisions set forth in the Initial Franchise Agreement executed concurrently with this Agreement. All such dispute resolution provisions are incorporated herein by reference as if full set forth in this Agreement.

10. YOUR REPRESENTATIONS. YOU HEREBY REPRESENT THAT:

(i) YOU RECEIVED: (A) AN EXACT COPY OF THIS AGREEMENT AND ITS ATTACHMENTS, WITH ALL MATERIAL TERMS FILLED IN, AT LEAST SEVEN (7) CALENDAR DAYS BEFORE YOU SIGNED THIS AGREEMENT; AND (B) OUR FRANCHISE DISCLOSURE DOCUMENT AT THE EARLIER OF (i) 14 CALENDAR DAYS BEFORE YOU SIGNED A BINDING AGREEMENT OR PAID ANY MONEY TO US OR OUR AFFILIATES OR (ii) SUCH EARLIER TIME IN THE SALES PROCESS THAT YOU REQUESTED A COPY;

(ii) YOU ARE AWARE OF THE FACT THAT OTHER PRESENT OR FUTURE FRANCHISEES AND AREA DEVELOPERS OF OURS MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENT AND CONSEQUENTLY THAT OUR OBLIGATIONS AND RIGHTS WITH RESPECT TO OUR VARIOUS FRANCHISEES AND AREA DEVELOPERS MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES; AND

(iii) WE MAY NEGOTIATE TERMS OR OFFER CONCESSIONS TO OTHER FRANCHISEES AND WE HAVE NO OBLIGATION TO OFFER YOU THE SAME OR SIMILAR NEGOTIATED TERMS OR CONCESSIONS EXCEPT TO THE EXTENT REQUIRED BY APPLICABLE LAW.

11. GENERAL PROVISIONS

11.1. <u>Governing Law</u>. This Agreement and the franchise relationship shall be governed by the laws of the State of Arizona (without reference to its principles of conflicts of law), but any law of the State of Arizona that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

11.2. <u>Severability</u>. Each section, subsection, term and provision of this Agreement, and any portion thereof, shall be considered severable.

11.3. <u>Waivers</u>. We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other.

11.4. <u>Force Majeure</u>. Neither we nor you shall be liable for loss or damage or deemed to be in breach of this Agreement if our or your failure to perform our or your obligations results from any event of force majeure. Any delay resulting from an event of force majeure will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable under the circumstances. Notwithstanding the foregoing, "force majeure" will not: (i) relieve you of any payment obligations under this Agreement; or (ii) excuse, or apply with respect to, any breaches resulting from an epidemic or pandemic of a contagious illness or disease or resulting from any economic or financial changes caused by such epidemic or pandemic.

11.5. <u>Binding Effect</u>. This Agreement is binding upon the parties to this Agreement and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

11.6. <u>Integration</u>. THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. Any e-mail correspondence or other form of informal electronic communication shall not be deemed to modify this Agreement unless such communication is signed by both parties and specifically states that it is intended to modify this Agreement. The attachment(s) are part of this Agreement, which, together with any Amendments or Addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the parties, and there are no other oral or written understandings or agreements between us and you about the subject matter of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. This provision is intended to define the nature and extent of the parties' mutual contractual intent, there being no mutual intent to enter into contract relations, whether by agreement or by implication, other than as set forth above. The parties acknowledge that these limitations are intended to achieve the highest possible degree of certainty in the definition of the contract being formed, in recognition of the fact that uncertainty creates economic risks for both parties which, if not addressed as provided in this Agreement, would affect the economic terms of this bargain. Nothing in this Agreement is intended to disclaim: (a) any of the representations we made in the Franchise Disclosure Document; or (b) any representations that we (or our personnel or agents) made to you prior to the Effective Date.

11.7. **Covenant of Good Faith**. If applicable law implies a covenant of good faith and fair dealing in this Agreement, the parties agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply the covenant, you agree that: (i) this Agreement (and the relationship of the parties that is inherent in this Agreement) grants us the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may affect favorably or adversely your interests; (ii) we will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees generally (including ourselves and our affiliates if applicable), and specifically without considering your individual interests or the individual interests of any other particular franchisee; (iii) we will have no liability to you for the exercise of our discretion in this manner, so long as the discretion is not exercised in bad faith; and (iv) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for our judgment so exercised.

11.8. **Rights of Parties are Cumulative**. The rights of the parties under this Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by law.

11.9. **Survival**. All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement (or the Transfer of an ownership interest in the franchise) shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied in full or by their nature expire.

11.10. **Construction.** The headings in this Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified. The term "you" as used in this Agreement is applicable to one or more persons or an Entity, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive.

11.11. **Time of Essence.** Time is of the essence in this Agreement and every term thereof.

11.12. **Counterparts.** This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

11.13. **Notice.** All notices and statements to be given under this Agreement are to be provided in accordance with the Notice Provision of the initial Franchise Agreement signed concurrently with this Agreement.

The parties to this Agreement have executed this Agreement effective as of the Effective Date first above written.

FRANCHISOR:

Flurry Franchise System, LLC, an Arizona limited liability company

By:___________________________________
Name:________________________________
Its:___________________________________

YOU (If you are an entity):

______________________________________,
a(n)___________________________________

By:___________________________________
Name:________________________________
Its:___________________________________

YOU (If you are not an entity):

____
Name:___________________________________

____
Name: __________________________________

____
Name: __________________________________

____
Name: __________________________________

ATTACHMENT "A"

TO AREA DEVELOPMENT AGREEMENT

<u>DEAL TERMS</u>

A. <u>Area Developer Details</u>.

Name of franchisee: [____]

Is the franchisee one or more natural persons signing in their individual capacity? **Yes**: _____ **No**: _____

Type of Entity and State of Formation* (if applicable): [____]

** If the franchisee is a business entity, each natural person holding a direct or indirect ownership interest in the business entity, and spouse of each such person, must sign a Franchise Owner Agreement concurrently with the execution of this Agreement.*

The following table includes the full name of each natural person holding a direct or indirect ownership interest in the area developer franchise (or the franchisee business entity if applicable) along with a description of their ownership interest.

Owner's Name	% Ownership Interest	Direct or Indirect (if indirect, include description of nature of interest)

Notice Address: [____]

B. <u>Fees</u>.

- The Discounted Initial Franchise Fee shall be $25,000.
- The initial franchise fee for the first Flurry Fitness facility to be developed pursuant to this agreement shall be $30,000.
- The development fee shall be $____________________.

C. **Development Territory**.

The Development Territory shall include the following geographic area:

____

____

If the boundaries that define the Development Territory change during the term, the boundaries of your Development Territory will remain unaffected and will continue to be defined by the boundaries that were in effect as of the Effective Date.

D. **Development Schedule**.

You agree to comply with the following minimum development obligations as specified in Section 4 of the Agreement:

DEVELOPMENT PERIOD ENDING	NUMBER OF FRANCHISES OPENED DURING DEVELOPMENT PERIOD	CUMULATIVE NUMBER OF FRANCHISES OPENED AND IN OPERATION
1 year after Effective Date		
2 years after Effective Date		
3 years after Effective Date		
4 years after Effective Date		
5 years after Effective Date		
6 years after Effective Date		
7 years after Effective Date		
8 years after Effective Date		
9 years after Effective Date		
10 years after Effective Date		
Total Number of Franchises to be Developed: [_____]		

EXHIBIT "E"

TO DISCLOSURE DOCUMENT

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[See Attached]

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EXHIBIT "F"

TO DISCLOSURE DOCUMENT

LIST OF FRANCHISEES

Part A (Current Franchisees)

The following table lists our franchisees that were open as of December 31, 2023.

FRANCHISEES OPEN AS OF DECEMBER 31, 2023				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
Texas	Fort Worth	643 Sherry Lane Fort Worth, Texas 76114	682-395-2830	Andy Lickteig

* These franchisees are also area developers that have committed to open multiple franchised businesses under the terms of an area development agreement.

The following table lists our franchisees with signed franchise agreements that were not open as of December 31, 2023.

FRANCHISEES NOT OPEN AS OF DECEMBER 31, 2023				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
Texas*	Frisco	12398 FM 423 #900 Frisco, Texas 75033	469 713-4882	Russell Morita and Lawrence Arthur

* These franchisees are also area developers that have committed to open multiple franchised businesses under the terms of an area development agreement.

Part B (Former Franchisees Who Left System During Prior Fiscal Year)

State	City	Current Business Phone or Last Known Home Phone	Owner Name(s)
None			

Part C (Affiliate-Owned Facilities)

State	City	Address	Phone	Owner Name(s)
None				

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

EXHIBIT "G"

TO DISCLOSURE DOCUMENT

<u>FINANCIAL STATEMENTS</u>

[See Attached]

FLURRY FRANCHISE SYSTEM LLC
Balance Sheet
As of July 31, 2024

	Jul 31, 24
ASSETS	
Current Assets	
Checking/Savings	
Wells Fargo Checking	29,315.84
Total Checking/Savings	29,315.84
Other Current Assets	
Undeposited Funds	3,000.00
Total Other Current Assets	3,000.00
Total Current Assets	32,315.84
Fixed Assets	
2019 Vehicle	26,394.92
Accumulated Depreciation	-95,167.42
Furniture and Equipment	24,967.42
Toy Hauler Trailer	50,000.00
Total Fixed Assets	6,194.92
TOTAL ASSETS	**38,510.76**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Due to/ From M&M Fitness	-34,020.45
Payroll Liabilities	42.00
Total Other Current Liabilities	-33,978.45
Total Current Liabilities	-33,978.45
Long Term Liabilities	
Desert Financial 2019 Vehicle L	17,075.16
SBA EIDL	7,024.00
Total Long Term Liabilities	24,099.16
Total Liabilities	-9,879.29
Equity	
D Muir Draws	-5,837.49
D Muir Equity	12,779.74
J Martin Draws	-190,734.66
J Martin Equity	10,000.00
Retained Earnings	125,781.52
Net Income	96,400.94
Total Equity	48,390.05
TOTAL LIABILITIES & EQUITY	**38,510.76**

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08/30/24
Cash Basis

FLURRY FRANCHISE SYSTEM LLC
Profit & Loss
January through July 2024

	Jan - Jul 24
Ordinary Income/Expense	
Income	
Franchise License Fee	33,000.00
Franchise Monthly Fee	117,878.07
Merchandise Sales	75,916.54
Total Income	226,794.61
Cost of Goods Sold	
Merchandise Purchases	26,215.42
Shipping Fees	532.56
Total COGS	26,747.98
Gross Profit	200,046.63
Expense	
Advertising and Promotion	14,272.10
Automobile Expense	4,411.17
Bank Service Charges	1,062.16
Charitable Donations	604.90
Insurance Expense	816.41
Meals and Entertainment	2,854.22
Office Supplies	1,795.02
Payroll Expenses	41,605.90
Payroll Taxes	3,384.86
Professional Fees	16,729.33
Repairs and Maintenance	14.07
Storage Expense	2,456.45
Telephone Expense	216.06
Travel Expense	13,423.04
Total Expense	103,645.69
Net Ordinary Income	96,400.94
Net Income	**96,400.94**

Home Tax Prep LLC

7809 S. 20th Lane
Phoenix, AZ 85041
Phone: 602.617.3627

Laura J. Hudson, CPA

FLURRY FRANCHISE SYSTEM LLC

December 31, 2023

Financial Statements

FLURRY FRANCHISE SYSTEM LLC

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Home Tax Prep LLC

Laura J. Hudson, CPA

April 7, 2024

INDEPENDENT AUDITOR'S REPORT

To: Board of Directors and Shareholders of Flurry Franchise System LLC

OPINION

I have audited the financial statements of Flurry Franchise System LLC, which comprise the balance sheet as of December 31, 2023, and the related statement of income, changes in shareholders' equity, and cash flows for the year then ended, and the related notes to the financial statements. In my opinion, the accompanying financial statements present fairly, in all material respects, the respective cash financial position of Flurry Franchise System LLC as of December 31, 2023, 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 State of America.

BASIS FOR OPINION

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. I am required to be independent of Flurry Franchise System LLC and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that were communicated with those charged with governance, and in my professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

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 statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Flurry Franchise System LLC's ability to continue as a going concern.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but it's 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, individually or collectively, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, I:
*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 controls 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 Flurry Franchise System LLC's internal controls. 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Flurry Franchise System LLC's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Dated this 7th of April, 2024

Laura J. Hudson, CPA

Home Tax Prep LLC
7809 South 20th Lane
Phoenix, AZ 85041

Accrual Basis

Flurry Franchise Systems LLC
Balance Sheet
As of December 31, 2023

	Dec 31, 23
ASSETS	
Current Assets	
Checking/Savings	
Wells Fargo Checking	15,210.57
Total Checking/Savings	15,210.57
Accounts Receivable	
Accounts Receivable	0.00
Total Accounts Receivable	0.00
Total Current Assets	15,210.57
Fixed Assets	
Accumulated Depreciation	-101,362.34
2019 Vehicle	26,394.92
Equipment - Toy Hauler	50,000.00
Furniture and Equipment	24,967.42
Total Fixed Assets	0.00
Other Assets	
Due from M&M Fitness	33,896.52
Total Other Assets	33,896.52
TOTAL ASSETS	**49,107.09**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Payroll Liabilities	360.70
Total Current Liabilities	360.70
Long Term Liabilities	
2019 Vehicle Loan	17,075.16
SBA EIDL Loan	11,224.00
Total Long Term Liabilities	28,299.16
Total Liabilities	28,659.86
Equity	
David Muir Equity	12,779.74
David Muir Draws	-14,098.81
J Martin Equity	10,000.00
J Martin Draws	-168,278.65
Retained Earnings	52,693.45
Net Income	127,351.50
Total Equity	20,447.23
TOTAL LIABILITIES & EQUITY	**49,107.09**

See accompanying notes

Accrual Basis

Flurry Franchise Systems LLC
Profit & Loss
January through December 2023

	Jan - Dec 23
Income	
Franchise License Fee	50,000.00
Franchise Contracts Revenue	0.00
Franchise Monthly Fee Income	147,122.82
Merchandise Sales	132,648.74
Total Income	329,771.56
Cost of Goods Sold	
Merchandise Purchases	53,376.00
Shipping Costs	1,299.11
Total COGS	54,675.11
Gross Profit	275,096.45
Expense	
Advertising and Promotion	31,126.32
Automobile Expense	1,579.03
Bank Service Charges	3,008.90
Business Licenses & Permits	171.00
Computer and Internet Charges	2,642.00
Depreciation	26,394.92
Insurance	765.30
Meals (Business)	8,371.99
Office Supplies	752.24
Payroll Expenses	22,824.10
Professional Fees	19,200.76
Repairs and Maintenance	13.48
Storage Rental	175.73
Travel Expense	30,719.18
Total Expense	147,744.95
Net Income	**127,351.50**

See accompanying notes

Flurry Franchise Systems LLC
Statement of Changes in Owners' Equity
Year-Ending December 31, 2023

	Total Equity
Equity at January 1, 2023	$ 45,950.83
Capital Contributions	-
Dividends to Shareholders	(152,855.10)
Net Income/(Loss)	127,351.50
Equity at December 31, 2023	**$ 20,447.23**

See accompanying notes

Accrual Basis

Flurry Franchise Systems LLC
Statement of Cash Flows
January through December 2023

	Jan - Dec 23
OPERATING ACTIVITIES	
Net Income	127,351.50
Accounts Receivable	23,463.53
Due From M&M Fitness	-30,000.00
Net cash provided by Operating Activities	120,815.03
INVESTING ACTIVITIES	
N/A	0.00
Net cash provided by Investing Activities	0.00
FINANCING ACTIVITIES	
SBA EIDL Loan	-8,176.00
2019 Vehicle Loan	-5,251.67
David Muir Equity	-9,974.80
J Martin Equity	-95,225.35
Net cash provided by Financing Activities	-118,627.82
Net cash increase for period	2,187.21
Cash at beginning of period	13,023.36
Cash at end of period	**15,210.57**

See accompanying notes

FLURRY FRANCHISE SYSTEM LLC

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND NATURE OF BUSINESS:

Flurry Franchise System LLC (the "Company") was incorporated April 3, 2018, in the State of Arizona. The Company franchises athletic facilities under the name M&M Fitness.

The Company uses the accrual basis method of accounting in conformity with GAAP, and their accounting year is the 12-month period ending December 31st of each year. Income Tax returns are filed on a cash basis.

USE OF ESTIMATES:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as disclosure of contingent assets and liabilities at the date of the financial statements.

ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS:

Accounts Receivable for royalties, franchise fees and other income are recorded at the amount the Company reasonably expects to collect on balances outstanding at the end of the year. Management closely monitors outstanding balances and provides estimates, if necessary, for uncollectible amounts in an Allowance for Doubtful Accounts account. As of December 31, 2023, there were no Accounts Receivable outstanding.

REVENUE RECOGNITION:

Initial franchise fees are recorded as income when paid, when the Company provides substantially all of the initial services agreed upon in the Franchise Agreement, or when the franchise has commenced operations, whichever event occurs first. If the fee is received over a period of time and the Company has no reasonable basis to estimate the collectability of the full fee, the Company uses the installment method of recognition of the initial franchise fee as revenue.

Monthly royalty fees are recognized when incurred by the franchisee.

FLURRY FRANCHISE SYSTEM LLC

NOTES TO FINANCIAL STATEMENTS

ASC-606 guides revenue recognition regarding customer contracts. A 5-step method is employed to audit contracts and report disclosures; these steps and auditor conclusions are outlined below for Flurry Franchise System LLC:

1. Identify the contract(s): the Company completed four (4) contracts during 2023, with Angel Lazaro, Morgan and Braelen Coby, Russell Morita, and Henry Payes.
2. Identify the performance obligations of the contract(s): the franchise contract terms are clearly stated as follows: ***"14.1. Initial Franchise Fee. ....The initial franchise fee is fully earned by us and non-refundable once this Agreement has been signed."*** As such, the performance obligation is complete by the Company as of the signing of the contract.
3. Determine the transaction price: Following COVID lockdowns and subsequent loss of business and revenues, the Company adopted a new policy of $0 due at signing, with initial franchise fee(s) due upon opening of Franchise, which is agreed to in the fully executed contract.
4. Allocate the transaction price to the performance obligations in the contract: again, article 14.1 of the Franchise Agreement stipulates these terms as follows: ***"14.1. Initial Franchise Fee. ... The initial franchise fee is fully earned by us and non-refundable once this Agreement has been signed."*** The Franchise Agreements as executed set the price and the terms. For the 2023 contracts, the price was $0 at signing, Franchise fee or fees paid when franchise(s) is/(are) open. The terms as agreed state that the franchise fees are fully earned and non-refundable as of the signing of each Agreement. Such contracts were validly executed for the franchisees listed above.
5. Recognize the Revenue when (or as) the performance obligation is satisfied: Recognizing the revenue when received completes the cycle of the Contractual Agreement for the Company per all agreed upon terms as stipulated in the Franchise Agreement. Specifically, during 2023, $50,000 was recognized in Franchise Revenue from Lazaro ($30,000), Coby ($10,000), and Morita ($5,000), and the 2022 $5,000 payment from Setola was received and recognized as well in 2023. The franchise purchased by Henry Payes was not opened nor was the initial Franchise Fee paid during 2023, so the $5,000 payment remains outstanding until the franchise opens, completing the performance obligation for the Company and allowing for immediate recognition of the revenue as received.

It should be noted there are no contract remaining balances nor assets recorded on the Balance Sheet arising from these contracts. It is the judgment of the auditor that the recognition and recording of contracts revenue for 2023 is appropriate, given that contracts signed during 2023 were paid as the franchises opened, except for the Payes Franchise which will be paid once opened. Therefore, no further steps were required to be undertaken to identify and report any additional required disclosures under ASC 606.

FLURRY FRANCHISE SYSTEM LLC

NOTES TO FINANCIAL STATEMENTS

COMPANY INCOME TAXES:

The Company is a registered LLC, structured as a Partnership under the laws of the State of Arizona. Accordingly, the income or loss of the Company will be included in the income tax returns of its shareholders. Therefore, no provision is made for Federal and State income taxes.

The Company follows the guidance under Accounting Standards Codification ("ASC") Topic 740, Accounting for Uncertainty in Income Taxes. ASC 740 prescribes a "more likely than not" methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If any taxing authorities were to disallow any tax positions taken by the Company, additional income taxes, if any, would be imposed at the shareholder level, rather than at the Company level. Accordingly, there would be no effect on the Company's financial statements.

INTANGIBLE ASSETS:

The Company has adopted Financial Accounting Standards Boards ("FASB") Accounting Standards Codification ("ASC") 350, Intangibles – Goodwill and Other, that requires that goodwill and other intangible assets with indefinite lives no longer be amortized to earnings, but rather be tested for impairment on an annual basis. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which the asset is expected to contribute directly or indirectly to future cash flows. Intangible assets with finite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable.

Costs associated with the acquisition of trademarks, trade names, patents and operating manuals are capitalized and amortized using the Straight-Line method of Depreciation over fifteen (15) years. Software costs are capitalized and amortized using the Straight-Line method of Depreciation of three (3) years.

NOTE 2 DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company estimates that the fair value of all financial instruments at December 31, 2022, as defined in FASB 107, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying Balance Sheet. The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methods. Considerable judgment is required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

FLURRY FRANCHISE SYSTEM LLC

NOTES TO FINANCIAL STATEMENTS

NOTE 3 SUBSEQUENT EVENTS

1. No payment in 2024 so far from Henry Payes, but anticipated opening and subsequent payment are expected before the end of the second quarter.

Subsequent Events have been evaluated through April 7, 2024, the date the financial statements were finalized.

Home Tax Prep LLC

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Parker, AZ 85344
Phone: 602.617.3627

Laura J. Hudson, CPA

FLURRY FRANCHISE SYSTEM LLC

December 31, 2022

Financial Statements

FLURRY FRANCHISE SYSTEM LLC

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Home Tax Prep LLC

Laura J. Hudson, CPA

April 12, 2023

INDEPENDENT AUDITOR'S REPORT

To: Board of Directors and Shareholders of Flurry Franchise System LLC

OPINION

I have audited the financial statements of Flurry Franchise System LLC, which comprise the balance sheet as of December 31, 2022, and the related statement of income, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements. In my opinion, the accompanying financial statements present fairly, in all material respects, the respective cash financial position of Flurry Franchise System LLC as of December 31, 2022, 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 State of America.

BASIS FOR OPINION

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. I am required to be independent of Flurry Franchise System LLC and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

EMPHASIS OF MATTER

Identification of a 2021 Franchise Contract with Victor and Elvia Vasquez was reported in the 2021 Audit Report revenue recognition notes to the financial statements. I reported that the contract was validly executed as of December 31, 2021, but that the Franchise Fee had not been paid and therefore no revenue had been recognized as a result in 2021. The $5,000 Franchise Fee was received and recognized as revenue in 2022.

KEY AUDIT MATTERS

Key audit matters are those matters that were communicated with those charged with governance, and in my professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

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 statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Flurry Franchise System LLC's ability to continue as a going concern.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but its 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, individually or collectively, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, I:
*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 controls 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 Flurry Franchise System LLC's internal controls. 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Flurry Franchise System LLC's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Dated this 12th of April 2023

Laura J. Hudson, CPA

Home Tax Prep LLC
8625 Riverside Drive #38
Parker, AZ 85344

Accrual Basis

Flurry Franchise Systems LLC
Balance Sheet
As of December 31, 2022

	Dec 31, 22
ASSETS	
Current Assets	
Checking/Savings	
Wells Fargo Checking	13,023.36
Total Checking/Savings	13,023.36
Accounts Receivable	
Accounts Receivable	23,463.53
Total Accounts Receivable	23,463.53
Total Current Assets	36,486.89
Fixed Assets	
Accumulated Depreciation	-50,000.00
Equipment - Toy Hauler	50,000.00
Furniture and Equipment	24,967.42
Total Fixed Assets	24,967.42
Other Assets	
Due from M&M Fitness	3,896.52
Total Other Assets	3,896.52
TOTAL ASSETS	**65,350.83**
LIABILITIES & EQUITY	
Liabilities	
Long Term Liabilities	
SBA EIDL Loan	19,400.00
Total Long Term Liabilities	19,400.00
Total Liabilities	19,400.00
Equity	
David Muir Equity	12,779.74
David Muir Draws	-4,124.01
J Martin Equity	10,000.00
J Martin Draws	-73,053.30
Retained Earnings	37,092.03
Net Income	63,256.37
Total Equity	45,950.83
TOTAL LIABILITIES & EQUITY	**65,350.83**

See accompanying notes

Accrual Basis

Flurry Franchise Systems LLC
Profit & Loss
January through December 2022

	Jan - Dec 22
Income	
Franchise License Fee	6,534.16
Franchise Contracts Revenue	10,000.00
Franchise Monthly Fee Income	141,168.10
Merchandise Sales	43,159.76
Total Income	200,862.02
Cost of Goods Sold	
Merchandise Purchases	69,571.01
Total COGS	69,571.01
Gross Profit	131,291.01
Expense	
Advertising and Promotion	28,178.20
Automobile Expense	1,585.34
Bank Service Charges	447.79
Computer and Internet Charges	2,000.00
Meals (Business)	4,514.38
Office Supplies	1,117.60
Professional Fees	5,361.46
Repairs and Maintenance	5,698.59
Software Expense	689.67
Storage Rental	1,857.80
Travel Expense	14,945.81
Uniforms	1,638.00
Total Expense	68,034.64
Net Income	**63,256.37**

See accompanying notes

Flurry Franchise Systems LLC
Statement of Changes in Owners' Equity
Year-Ending December 31, 2022

	Total Equity
Equity at January 1, 2022	$ 49,871.77
Capital Contributions	10,000.00
Dividends to Shareholders	(77,177.31)
Net Income/(Loss)	63,256.37
Equity at December 31, 2022	**$ 45,950.83**

See accompanying notes

Accrual Basis

Flurry Franchise Systems LLC
Statement of Cash Flows
January through December 2022

	Jan - Dec 22
OPERATING ACTIVITIES	
Net Income	63,256.37
Accounts Receivable	-23,463.53
Due to M&M Fitness	-967.52
Net cash provided by Operating Activities	38,825.32
INVESTING ACTIVITIES	
Furniture and Equipment (new)	-24,967.42
Net cash provided by Investing Activities	-24,967.42
FINANCING ACTIVITIES	
SBA EIDL Loan	-600.00
David Muir Equity	-4,124.01
J Martin Equity	-63,053.30
Net cash provided by Financing Activities	-67,777.31
Net cash increase for period	-53,919.41
Cash at beginning of period	66,942.77
Cash at end of period	**13,023.36**

See accompanying notes

FLURRY FRANCHISE SYSTEM LLC

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND NATURE OF BUSINESS:

Flurry Franchise System LLC (the “Company”) was incorporated April 3, 2018, in the State of Arizona. The Company franchises athletic facilities under the name M&M Fitness.

The Company uses the accrual basis method of accounting in conformity with GAAP, and their accounting year is the 12-month period ending December 31st of each year. Income Tax returns are filed on the cash basis.

USE OF ESTIMATES:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as disclosure of contingent assets and liabilities at the date of the financial statements.

ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS:

Accounts Receivable for royalties, franchise fees and other income are recorded at the amount the Company reasonably expects to collect on balances outstanding at the end of the year. Management closely monitors outstanding balances and provides estimates, if necessary, for uncollectible amounts in an Allowance for Doubtful Accounts account.

REVENUE RECOGNITION:

Initial franchise fees are recorded as income when paid, when the Company provides substantially all of the initial services agreed upon in the Franchise Agreement, or when the franchise has commenced operations, whichever event occurs first. If the fee is received over a period of time and the Company has no reasonable basis to estimate the collectability of the full fee, the Company uses the installment method of recognition of the initial franchise fee as revenue.

Monthly royalty fees are recognized when incurred by the franchisee.

FLURRY FRANCHISE SYSTEM LLC

NOTES TO FINANCIAL STATEMENTS

ASC-606 guides revenue recognition regarding customer contracts. A 5-step method is employed to audit contracts and report disclosures; these steps and auditor conclusions are outlined below for Flurry Franchise System LLC:

1. Identify the contract(s): the Company completed 1 contract during 2022, with Setola Enterprises. The contract was signed in July 2022 and fully executed.
2. Identify the performance obligations of the contract(s): the franchise contract terms are clearly stated as follows: ***"14.1. Initial Franchise Fee. ….The initial franchise fee is fully earned by us and non-refundable once this Agreement has been signed."*** As such, the performance obligation is complete by the Company as of the signing of the contract.
3. Determine the transaction price: Following COVID lockdowns and subsequent loss of business and revenues, the Company adopted a new policy of $0 due at signing, with $5,000 initial franchise fee due upon opening of Franchise, which is agreed to in the fully executed contract.
4. Allocate the transaction price to the performance obligations in the contract: again, article 14.1 of the Franchise Agreement stipulates these terms as follows: ***"14.1. Initial Franchise Fee. … The initial franchise fee is fully earned by us and non-refundable once this Agreement has been signed."*** The Franchise Agreement as executed sets the price and the terms. In this case, the price was $0 at signing, $5,000 once Franchise is open. The terms as agreed state that the franchise fee is fully earned and non-refundable as of the signing of the Agreement. Such contract was validly executed.
5. Recognize the Revenue when (or as) the performance obligation is satisfied: Recognizing the revenue when received completes the cycle of the Contractual Agreement for the Company per all agreed upon terms as stipulated in the Franchise Agreement. Specifically, during 2022, $5,000 was recognized from Contracts Revenue from Setola Enterprises when they opened their Franchise and made payment on 7/11/2022. This completed the performance obligation for the Company and allowed for immediate recognition of the revenue as received.

It should also be noted there are no contract remaining balances nor assets recorded in the Balance Sheet arising from these contracts. It is the judgment of the auditor that the recognition and recording of contracts revenue for 2022 is appropriate, after following all required steps to identify and report certain required disclosures under ASC 606.

FLURRY FRANCHISE SYSTEM LLC

NOTES TO FINANCIAL STATEMENTS

COMPANY INCOME TAXES:

The Company is a registered LLC, structured as a Partnership under the laws of the State of Arizona. Accordingly, the income or loss of the Company will be included in the income tax returns of its shareholders. Therefore, no provision is made for Federal and State income taxes.

The Company follows the guidance under Accounting Standards Codification ("ASC") Topic 740, Accounting for Uncertainty in Income Taxes. ASC 740 prescribes a "more likely than not" methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed at the shareholder level, rather than at the Company level. Accordingly, there would be no effect on the Company's financial statements.

INTANGIBLE ASSETS:

The Company has adopted Financial Accounting Standards Boards ("FASB") Accounting Standards Codification ("ASC") 350, Intangibles – Goodwill and Other, that requires that goodwill and other intangible assets with indefinite lives no longer be amortized to earnings, but rather be tested for impairment on an annual basis. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which the asset is expected to contribute directly or indirectly to future cash flows. Intangible assets with finite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable.

Costs associated with the acquisition of trademarks, trade names, patents and operating manuals are capitalized and amortized using the Straight-Line method of Depreciation over fifteen (15) years. Software costs are capitalized and amortized using the Straight-Line method of Depreciation of three (3) years.

NOTE 2 DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company estimates that the fair value of all financial instruments at December 31, 2022, as defined in FASB 107, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying Balance Sheet. The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methods. Considerable judgment is required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

FLURRY FRANCHISE SYSTEM LLC

NOTES TO FINANCIAL STATEMENTS

NOTE 3 SUBSEQUENT EVENTS

1. Setola Enterprises bounced 2 checks following their Franchise opening. All payments now and in the future by Setola Enterprises to Flurry Fitness System LLC must be made via cashiers check and their contract has been amended to reflect this change. Management reserves the right to cancel the contract at Management's discretion should the franchisee commit further contract defaults.
2. Two Franchise Agreement Contracts were signed in 2023 as of the date of this Audit Report.

Subsequent Events have been evaluated through April 12, 2023, the date the financial statements were finalized.

Home Tax Prep LLC

7633 E Thornwood Dr
Scottsdale, AZ 85251
Phone: 602.617.3627

Laura J. Hudson, CPA

FLURRY FRANCHISE SYSTEM LLC

December 31, 2021

Financial Statements

FLURRY FRANCHISE SYSTEM LLC

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Home Tax Prep LLC

Laura J. Hudson, CPA

April 13, 2022

INDEPENDENT AUDITOR'S REPORT

To: Board of Directors and Shareholders of Flurry Franchise System LLC

REPORT ON FINANCIAL STATEMENTS

I have audited the accompanying Balance Sheet of Flurry Franchise System LLC as of December 31, 2021, and the related statements of Profit and Loss, Changes in Owner's Equity, and Statement of Cash Flows, for the year then ended, as well as the related notes accompanying these financials statements (collectively referred to as "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 Generally Accepted Accounting Principles of the United States of America. These standards include the design, implementation, maintenance and reporting of internal controls relevant to the preparation of financial statements that are free from material misstatement, whether due to error or fraud.

AUDITOR'S RESPONSIBILITY

My responsibility is to express an opinion on these financial statements based on my audits. I conducted these audits in accordance with Generally Accepted Accounting Principles of the United States of America. These standards require that I plan and perform the audit(s) to obtain reasonable assurance as to whether these financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence regarding amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of risks of material misstatements contained in the financial statements, whether due to error or to fraud. In making these risk assessments, the auditor considers internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate.

An audit also includes evaluating appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of financial statements; examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation.

I believe that the audit evidence I have obtained and examined is sufficient and appropriate to provide the basis for my audit opinion.

AUDIT OPINION

In my opinion, the financial statements referred to above fairly represent, in all material aspects and in presentation, the financial position of Flurry Franchise System LLC, as of December 31, 2021, and that the related Balance Sheet, Statement of Profit and Loss, Statement of Changes in Owner's Equity, and Statement of Cash Flows for the year then ended are in conformity with Generally Accepted Accounting Principles of the United States of America.

Laura J. Hudson, CPA
Home Tax Prep LLC
7633 E Thornwood Drive
Scottsdale, AZ 85251
Phone: 602.617.3627
eFax: 602.391.2124

Accrual Basis

Flurry Franchise Systems LLC
Balance Sheet
As of December 31, 2021

	Dec 31, 21
ASSETS	
Current Assets	
Checking/Savings	
Wells Fargo Checking	66,942.77
Total Checking/Savings	66,942.77
Total Current Assets	66,942.77
Fixed Assets	
Accumulated Depreciation	-50,000.00
Equipment - Toy Hauler	50,000.00
Total Fixed Assets	0.00
Other Assets	
Due from MTM Fitness	-5,071.00
Due from Marmur	8,000.00
Total Other Assets	2,929.00
TOTAL ASSETS	**69,871.77**
LIABILITIES & EQUITY	
Liabilities	
Long Term Liabilities	
SBA EIDL Loan	20,000.00
Total Long Term Liabilities	20,000.00
Total Liabilities	20,000.00
Equity	
David Muir Equity	12,779.74
Retained Earnings	-15,409.03
Net Income	52,501.06
Total Equity	49,871.77
TOTAL LIABILITIES & EQUITY	**69,871.77**

See accompanying notes

Accrual Basis

Flurry Franchise Systems LLC
Profit & Loss
January through December 2021

	Jan - Dec 21
Income	
Franchise License Fee	24,743.82
Franchise Contracts Revenue	5,000.00
Franchise Monthly Fee Income	50,142.85
Total Income	79,886.67
Gross Profit	79,886.67
Expense	
Advertising and Promotion	16,122.81
Business Meals Expense	733.59
Professional Fees	2,944.95
Repairs and Maintenance	5,246.04
Travel	2,338.22
Total Expense	27,385.61
Net Income	**52,501.06**

See accompanying notes

Flurry Franchise Systems LLC
Statement of Changes in Owners' Equity
Year-Ending December 31, 2021

	Total Equity
Equity at January 1, 2021	$ (2,629.29)
Capital Contributions	-
Dividends to Shareholders	-
Net Income/(Loss)	52,501.06
Equity at December 31, 2021	**$ 49,871.77**

See accompanying notes

Accrual Basis

Flurry Franchise Systems LLC
Statement of Cash Flows
January through December 2021

	Jan - Dec 21
OPERATING ACTIVITIES	
Net Income	52,501.06
Net cash provided by Operating Activities	52,501.06
INVESTING ACTIVITIES	
Accumulated Depreciation	50,000.00
Equipment - Toy Hauler	-50,000.00
Due from MTM Fitness	5,071.00
Due from Marmur	-8,000.00
Net cash provided by Investing Activities	-2,929.00
FINANCING ACTIVITIES	
SBA EIDL Loan	20,000.00
David Muir Equity	12,779.74
Retained Earnings	-15,409.03
Net cash provided by Financing Activities	17,370.71
Net cash increase for period	66,942.77
Cash at end of period	**66,942.77**

See accompanying notes

FLURRY FRANCHISE SYSTEM LLC

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND NATURE OF BUSINESS:

Flurry Franchise System LLC (the "Company") was incorporated April 3, 2018, in the State of Arizona. The Company franchises athletic facilities under the name M&M Fitness.

The Company uses the accrual basis method of accounting, and their accounting year is the 12-month period ending December 31st of each year.

USE OF ESTIMATES:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as disclosure of contingent assets and liabilities at the date of the financial statements.

ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS:

Accounts Receivable for royalties, franchise fees and other income are recorded at the amount the Company reasonably expects to collect on balances outstanding at the end of the year. Management closely monitors outstanding balances and provides estimates, if necessary, for uncollectible amounts in an Allowance for Doubtful Accounts.

REVENUE RECOGNITION:

Initial franchise fees are recorded as income when paid, when the Company provides substantially all of the initial services agreed upon in the Franchise Agreement, or when the franchise has commenced operations, whichever event occurs first. If the fee is received over a period of time and the Company has no reasonable basis to estimate the collectability of the full fee, the Company uses the installment method of recognition of the initial franchise fee as revenue.

Monthly royalty fees are recognized when incurred by the franchisee.

ASC-606 guides revenue recognition in regard to customer contracts. A 5-step method is employed to audit contracts and report disclosures; these steps and auditor conclusions are outlined below for Flurry Franchise System LLC:

1. Identify the contract(s): the Company completed 2 contracts during 2021. The first, with Lickteig Enterprises LLC, was signed on October 15, 2021. The second, with Victor and Elvia Vasquez, was signed on December 13, 2021. Both contracts were fully executed during 2021.
2. Identify the performance obligations of the contract(s): both franchise contracts contain the same terms: terms are clearly stated in both contracts as follows: ***"14.1. Initial Franchise Fee. ….The initial franchise fee is fully earned by us and non-refundable once this Agreement has been signed."*** As such, the performance obligations are complete by the Company as of the signing of the contract(s).
3. Determine the transaction price: both 2021 contracts signed by the Company were set at a franchise fee price of $5,000, agreed to in each fully executed contract.
4. Allocate the transaction price to the performance obligations in the contract: again, article 14.1 of the Franchise Agreement stipulates these terms as follows: ***"14.1. Initial Franchise Fee. You agree to pay us a $30,000 initial franchise fee in one lump sum at the time you sign this Agreement (or, if applicable, any discounted initial franchise fee specified in an area development agreement signed by you and us). The initial franchise fee is fully earned by us and non-refundable once this Agreement has been signed."*** The Franchise Agreement as executed sets the price and the terms. In this case, the price was $5,000 per each contract, for Lickteig Enterprises LLC and for Victor and Elvia Vasquez. The terms as agreed state that the franchise fee is fully earned and non-refundable as of the signing of the Agreement.
5. Recognize the Revenue when (or as) the performance obligation is satisfied: Recognizing the revenue when received completes the cycle of the Contractual Agreement for the Company per all agreed upon terms as stipulated in the Franchise Agreement. Specifically during 2021, $5,000 was recognized from Contracts Revenue from Lickteig Enterprises when they paid the initial Franchise Fee on October 18, 2021. This completed the performance obligation for the Company and allowed for immediate recognition of the revenue as received. The $5,000 initial Franchise Fee from the Vasquez's was not received during 2021, and therefore no revenue was recognized from this contract in 2021. Because the Company has no performance obligations outstanding, no receivable was recorded.

It should also be noted there are no contract remaining balances nor assets recorded in the Balance Sheet arising from these contracts. It is the judgment of the auditor that the recognition and recording of contracts revenue for 2021 is appropriate, after following all required steps to identify and report certain required disclosures under ASC 606.

FLURRY FRANCHISE SYSTEM LLC

NOTES TO FINANCIAL STATEMENTS

COMPANY INCOME TAXES:

The Company is a registered LLC, structured as a Partnership under the laws of the State of Arizona. Accordingly, the income or loss of the Company will be included in the income tax returns of its shareholders. Therefore, no provision is made for Federal and State income taxes.

The Company follows the guidance under Accounting Standards Codification ("ASC") Topic 740, Accounting for Uncertainty in Income Taxes. ASC 740 prescribes a "more likely than not" methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed at the shareholder level, rather than at the Company level. Accordingly, there would be no effect on the Company's financial statements.

INTANGIBLE ASSETS:

The Company has adopted Financial Accounting Standards Boards ("FASB") Accounting Standards Codification ("ASC") 350, Intangibles – Goodwill and Other, that requires that goodwill and other intangible assets with indefinite lives no longer be amortized to earnings, but rather be tested for impairment on an annual basis. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which the asset is expected to contribute directly or indirectly to future cash flows. Intangible assets with finite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable.

Costs associated with the acquisition of trademarks, trade names, patents and operating manuals are capitalized and amortized using the Straight-Line method of Depreciation over fifteen (15) years. Software costs are capitalized and amortized using the Straight-Line method of Depreciation of three (3) years.

NOTE 2 DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company estimates that the fair value of all financial instruments at December 31, 2021, as defined in FASB 107, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying Balance Sheet. The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methods. Considerable judgment is required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

FLURRY FRANCHISE SYSTEM LLC

NOTES TO FINANCIAL STATEMENTS

NOTE 3 SUBSEQUENT EVENTS

1. Marmur LLC was an affiliate of Flurry Franchise System LLC and shared the same ownership and shareholders as Flurry Franchise System LLC at the time the "due from" Accounts Receivable asset was established. Marmur LLC no longer holds the Note Payable liability owed to Flurry Franchise System LLC, as such responsibility was transferred directly to the shareholders of Flurry Franchise System LLC. The liability terms and balance due are unchanged and only the "due from" account title has been updated to reflect this change.
2. A Franchise Agreement Contract was signed with Victor Vasquez and Elvia Vasquez on December 13, 2021. The initial Franchise Fee has not been paid to the Company as of the signing of this report. Consequently, no revenue has been recorded, no receivable has been recorded and no other asset or liability has been recorded.

Subsequent Events have been evaluated through April 13, 2022, the date the financial statements were finalized.

EXHIBIT "H"

TO DISCLOSURE DOCUMENT

GENERAL RELEASE

[See Attached]

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (this "Agreement") is made as of ___________, 202__ (the "Effective Date") by ________________________, a(n) __________________ ("you") and each individual holding a direct or indirect ownership interest in you (collectively "Owner") in favor of Flurry Franchise System, LLC, an Arizona limited liability company ("us," and together with you and Owner, the "Parties").

WHEREAS, we signed a Franchise Agreement with you, dated _______, 202____ (the "Franchise Agreement") pursuant to which we granted you the right to own and operate a Flurry Fitness facility;

WHEREAS, you have notified us of your desire to transfer the Franchise Agreement and all rights related thereto, or an ownership interest in the franchisee entity, to a transferee, **[enter into a successor franchise agreement]** and we have consented to such transfer **[agreed to enter into a successor franchise agreement]**; and

WHEREAS, as a condition to our consent to the transfer **[your ability to enter into a successor franchise agreement]**, you and Owner have agreed to execute this Agreement upon the terms and conditions stated below.

NOW, THEREFORE, in consideration of our consent to the transfer **[our entering into a successor franchise agreement]**, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, you and Owner hereby agree as follows:

1. Release. Owner, you, and each of your officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them (the "Franchisee Parties"), hereby release, acquit and forever discharge us, any and all of our past and present affiliates, parents, subsidiaries and related companies, divisions and partnerships, consultants, advisors and franchise sellers and its and their respective past and present officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and the spouses of such individuals (collectively, the "Franchisor Parties"), from any and all claims, liabilities, damages, expenses, actions or causes of action which any of the Franchisee Parties may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, directly or indirectly arising out of or relating to the execution and performance (or lack thereof) of the Franchise Agreement or the offer, sale or acceptance of the franchise related thereto (including, but not limited to any disclosures and representations made in connection therewith). The foregoing release shall not be construed to apply with respect to any obligations contained within this Agreement.

2. California Law. You and Owner hereby express your intention to release all existing claims, whether known or unknown, against the Franchisor Parties. Accordingly, you and Owner hereby waive Section 1542 of the California Civil Code, which provides the following:

> "A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."
>
> [Section 2 only applies for California franchisees; otherwise it is omitted]

3. Nondisparagement. Each of the Franchisee Parties expressly covenant and agree not to make any false representation of facts, or to defame, disparage, discredit or deprecate any of the Franchisor Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Franchisor Parties, the business conducted by any of the Franchisor Parties or the reputation of any of the Franchisor Parties. For purposes of clarity, the obligations in this Section apply to all methods of communications, including the making of statements or representations through direct verbal or written communication as well as the making of

statements or representations on the Internet, through social media sites or through any other verbal, digital or electronic method of communication. The obligations in this Section also prohibit the Franchisee Parties from indirectly violating this Section by influencing or encouraging third parties to engage in activities that would constitute a violation of this Section if conducted directly by a Franchisee Party.

4. Representations and Warranties. You and Owner each represent and warrant that: (i) [Insert franchisee entity name] is duly authorized to execute this Agreement and perform its obligations hereunder; (ii) neither you nor Owner has assigned, transferred or conveyed, either voluntarily or by operation of law, any of their rights or claims against any of the Franchisor Parties or any of the rights, claims or obligations being terminated or released hereunder; (iii) you and Owner have not and shall not (a) institute or cause to be instituted against any of the Franchisor Parties any legal proceeding of any kind, including the filing of any claim or complaint with any state or federal court or regulatory agency, alleging any violation of common law, statute, regulation or public policy premised upon any legal theory or claim whatsoever relating to the matters released in this Agreement or (b) make any verbal, written or other communication that could reasonably be expected to damage or adversely impact any Franchisor Party's reputation or goodwill; and (iv) the individuals identified as Owners on the signature pages hereto together hold 100% of the legal and beneficial ownership interests in [Insert franchisee entity name].

5. Miscellaneous.

(a) The Parties agree that each has read and fully understands this Agreement and that the opportunity has been afforded to each Party to discuss the terms and contents of said Agreement with legal counsel and/or that such a discussion with legal counsel has occurred.

(b) This Agreement shall be construed and governed by the laws of the State of Arizona.

(c) In the event that it shall be necessary for any Party to institute legal action to enforce, or for the breach of, any of the terms and conditions or provisions of this Agreement, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

(d) All of the provisions of this Agreement shall be binding upon and inure to the benefit of the Parties and their respective current and future directors, officers, partners, attorneys, agents, employees, shareholders and the spouses of such individuals, successors, affiliates, and assigns.

(e) This Agreement contains the entire agreement and understanding between the Parties with respect to the subject matter hereof and supersedes and is in lieu of all prior and contemporaneous agreements, understandings, inducements and conditions, expressed or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. This Agreement may not be modified except in a writing signed by each of the Parties.

(f) If one or more of the provisions of this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect or impair any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein.

(g) The Parties agree to do such further acts and things and to execute and deliver such additional agreements and instruments as any Party may reasonably require to consummate, evidence, or confirm the transactions contemplated hereby.

(h) This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute but one document.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

FRANCHISEE:

____

By: ____
Name: ____
Its: ____

FRANCHISE OWNERS:

____
Name: _______________________________

____
Name: _______________________________

____
Name: _______________________________

EXHIBIT "I"

TO DISCLOSURE DOCUMENT

<u>STATE ADDENDUM</u>

ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705, the Disclosure Document, the Franchise Agreement and Area Development Agreement are amended as follows:

1. Illinois law shall apply to and govern the Franchise Agreement and Area Development Agreement.

2. In accordance with Section 4 of the Illinois Franchise Disclosure Act, any provision in the Franchise Agreement and the Area Development Agreement that designated jurisdiction and venue in a forum outside of the State of Illinois is void. However, the Franchise Agreement and the Area Development Agreement may provide for arbitration to take place outside of Illinois. Therefore, any arbitration proceeding may be brought in Arizona in accordance with the dispute resolution provision set forth in the Franchise Agreement and the Area Development Agreement.

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

4. 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.

5. The Franchise Agreement and the Area Development Agreement are amended to state the following:

   To the extent that any provision in the Illinois State Addendum is inconsistent with any provision in this Agreement, the provision in the Illinois State Addendum shall control.

6. 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.

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

FRANCHISOR:	**FRANCHISEE:**
Flurry Franchise System, LLC	______________________________
By: ______________________	By: ______________________
Name: ____________________	Name: ____________________
Title: _____________________	Title: _____________________
Date: _____________________	Date: _____________________

EXHIBIT "J"

TO DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
Illinois	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT "K"

TO DISCLOSURE DOCUMENT

<u>RECEIPTS</u>

[See Attached]

RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Flurry Franchise System, LLC offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

If Flurry Franchise System, 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 the appropriate state agency listed in EXHIBIT "A" to this Disclosure Document.

The franchise seller(s) involved with the sale of this franchise is/are:

David Muir; 13215 W. McDowell Rd , Suite D-1, Goodyear, Arizona 85395; (623) 256-3201

Jacob Martin; 13215 W. McDowell Rd , Suite D-1, Goodyear, Arizona 85395; (623) 256-3201

Daniel Trowbridge; 13215 W. McDowell Rd , Suite D-1, Goodyear, Arizona 85395; (623) 256-3201

(name)______________________; (address)________________________________; (phone)_______________

Issuance Date: May 21, 2024

Flurry Franchise System, LLC's agent to receive service of process is listed in EXHIBIT "A" to this Disclosure Document.

I received a Franchise Disclosure Document that included the following Exhibits:

EXHIBIT "A"	State Agencies and Administrators
EXHIBIT "B"	Agent for Service of Process
EXHIBIT "C"	Franchise Agreement
EXHIBIT "D"	Area Development Agreement
EXHIBIT "E"	Table of Contents of the confidential Brand Standards Manual
EXHIBIT "F"	List of Franchisees
EXHIBIT "G"	Financial Statements of Flurry Franchise System, LLC
EXHIBIT "H"	General Release
EXHIBIT "I"	State Addendum
EXHIBIT "J"	State Effective Dates
EXHIBIT "K"	Receipts

____
Print Name

____________________ ______________________________
Date (Signature) Prospective Franchise Owner

____

(This Receipt should be executed in duplicate. One Receipt must be signed and remains in the Franchise Disclosure Document as the prospective franchise owner's copy. The other Receipt must be signed and returned to Flurry Franchise System, LLC.)

RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language.

Read this Disclosure Document and all agreements carefully. If Flurry Franchise System, LLC offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

If Flurry Franchise System, 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 the appropriate state agency listed in EXHIBIT "A" to this Disclosure Document.

The franchise seller(s) involved with the sale of this franchise is/are:

David Muir; 13215 W. McDowell Rd , Suite D-1, Goodyear, Arizona 85395; (623) 256-3201

Jacob Martin; 13215 W. McDowell Rd , Suite D-1, Goodyear, Arizona 85395; (623) 256-3201

Daniel Trowbridge; 13215 W. McDowell Rd , Suite D-1, Goodyear, Arizona 85395; (623) 256-3201

(name)______________________; (address)________________________________; (phone)_______________

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