FRANCHISE DISCLOSURE DOCUMENT

Jabz Franchising, LLC
An Arizona limited liability company
42490 Garfield Rd., Suite 202
Clinton Township, Michigan 48038
Phone: (843) 377-0178
Email: franchise@jabzboxing.com
Website: www.jabzboxing.com

Jabz Franchising, LLC offers franchises for a boxing studio that features a customized physical fitness training program consisting of a unique multi-round boxing circuit.

The total investment necessary to begin operation of a Jabz Boxing franchise ranges from $219,000 to $374,600. This includes $43,600 to $46,250 that must be paid to us.

This Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in 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 42490 Garfield Rd., Suite 202, Clinton Township, Michigan 48038 or by phone at (843) 377-0178.

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 2, 2023 (amended June 14, 2023)

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 "E".
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or EXHIBIT "F" includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Jabz Boxing Studio 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 Jabz Boxing franchisee?	Item 20 or EXHIBIT "E" lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

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

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

3. **Mandatory Minimum Payments**. You must make mandatory minimum royalty payments and advertising contributions regardless of your sales levels. Your inability to make these payments may result in termination of your franchise and loss of your investment.

4. **Supplier Control**. You must purchase all or nearly all of the inventory & supplies necessary to operate your business from Franchisor, its affiliates, or from suppliers that Franchisor designates at prices that the Franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchised business.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

ITEM 1 FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, "we," "us" and "the Company" mean Jabz Franchising, LLC - the franchisor. "You" means the person who buys a Jabz Boxing 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.

For purposes of this Disclosure Document, a "Jabz Boxing Studio" refers to any boxing studio that we authorize to operate under our Marks and use our System (as such terms are defined below), including any Jabz Boxing Studio operated by us, our affiliate, you, or another franchisee.

Corporate Information

Jabz Franchising, LLC is an Arizona limited liability company that was organized on May 7, 2013. Our principal business address is located at 42490 Garfield Rd., Suite 202, Clinton Township, Michigan 48038 and our telephone number is (843) 377-0178. 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 "Jabz Franchising, LLC" and our tradename "Jabz Boxing".

Business History

The first Jabz Boxing Studio opened in Arizona in February 2012, originally under the name "Jabz Boxing Fitness for Women". We began offering franchises for Jabz Boxing Studios in June 2013, also under the name "Jabz Boxing Fitness For Women". In 2021, we rebranded from "Jabz Boxing Fitness For Women" to "Jabz Boxing". Existing studios may complete the rebranding process over time. We are not engaged in any other line of business other than offering Jabz Boxing Studio franchises and administering the franchise system. We have never offered franchises in any other line of business. We have not operated a business similar to a Jabz Boxing Studio. However, we have affiliated entities that own and operate Jabz Boxing Studios.

Predecessors, Parents and Affiliates

We do not have any predecessors.

Our direct parent company is Jabz Holdings, LLC and our indirect parent companies include ZGrowth Jabz, LLC and ZGrowth Capital Fund, LP. The principal business address of ZGrowth Capital Fund, LP; ZGrowth Jabz, LLC; and Jabz Holdings, LLC is 42490 Garfield Rd., Suite 202, Clinton Township, Michigan 48038.

Since May 2020, our affiliate Daily Jam Franchise System, LLC ("DJFS") has offered franchises for a fast-casual restaurant that operates under the name "Daily Jam®". DJFS has never offered franchises in any other line of business. As of December 31, 2022, DJFS has sold a total of 0 Daily Jam franchises. DJFS has never operated a Jabz Boxing studio. DJFS has a principal business address of 42490 Garfield Rd., Suite 202, Clinton Township, Michigan 48038.

Since July 2019, our affiliate Madabolic Franchise System, LLC ("MFS") has offered franchises for an athletic conditioning facility that operates under the name "Madabolic®". Madabolic facilities offer workouts commonly used by professional athletes that have been modified for everyday people to improve their overall health and wellness. MFS has never offered franchises in any other line of business. As of December 31, 2022, MFS has sold a total of 83 Madabolic franchises. MFS has never operated a Jabz Boxing studio. MFS has a principal business address of 2610 South Blvd., Charlotte, North Carolina 28209.

Except for DJFS and MFS, we do not have any affiliates that offer, or have ever offered, franchises in this or any other line of business. We do not have any affiliates that provide products or services to our franchisees.

Description of Franchised Business

The franchised business offered under this Disclosure Document is for a boxing studio that features a customized physical fitness training program consisting of a unique multi-round boxing circuit. Jabz Boxing

Studios offer a customized physical fitness training program that consists of a unique multi-round boxing circuit. Each circuit (or station) offers a different challenging exercise. The specific exercises (and sequence of exercises) vary from class to class. Jabz Boxing Studios offer a total-body workout while improving strength, stamina and overall physical health in a fun and motivational setting.

All classes are taught by nationally certified instructors who must hold, at a minimum, a CPR certification and a "group fitness instructor" certification from a nationally accredited fitness council. These individuals are referred to as "Coaches". All classes are designed for a group setting where customers rotate through the circuit. Due to the limited size of each class, customers receive personal training despite being in a group setting. Jabz Boxing Studios also offer customers one-on-one training sessions during non-peak hours. In addition to group classes and one-on-one training, Jabz Boxing Studios also sell ancillary products (such as branded merchandise and boxing gloves) and provide guidance and recommendations on leading a healthy lifestyle.

Jabz Boxing Studios operate under a membership model where customers pay a monthly membership fee and purchase membership packages. As a member, the customer can attend any available class (subject to available class space). Members can view an online schedule of classes, along with the number of remaining openings for each class, and reserve the specific classes they wish to attend. Instead of participating in the membership program, customers can purchase either individual classes or "packages" that include a certain number of classes.

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"). The franchised business you purchase is referred to in this Disclosure Document as your "Business" or your "Jabz Boxing Studio." Under the Franchise Agreement, we grant you a license to use certain service marks, trademarks, trade names and logos, including service marks "Jabz" and "Jabz Boxing" (collectively, the "Marks"). The Marks also include our distinctive trade dress used to identify a Jabz Boxing Studio, including colors, distinct wallpaper, etc. We also grant you a license to use the distinct system we developed for the operation of a Jabz Boxing Studio (the "System"). The operational aspects of a Jabz Boxing Studio are contained within our confidential training manuals and Brand Standards Manual (the "Manual"). You will operate your Jabz Boxing Studio as an independent business using the Marks, the System and the support, guidance and other methods and materials we provide.

Market and Competition

The target market for Jabz Boxing customers includes men and women between the ages of 25 and 55. However, customers of all ages (16 and up) may attend classes.

The fitness industry is well developed and highly competitive. Jabz Boxing Studios primarily compete with other health and fitness clubs, including traditional gyms and alternative fitness programs. Some health clubs operate through a franchise model while others consist of national/regional chains or independent local businesses. Jabz Boxing Studios also compete with at-home fitness programs.

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 Studio. Among other things, these laws and regulations may impose requirements relating to the consumer 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. The Payment Card Industry Data Security Standard ("PCI") requires that all companies that process, store, or transmit credit or debit card information maintain a secure environment. PCI applies to all organizations or merchants, regardless of size or number of transactions, that accept, transmit or store any

cardholder data.

There may be other local, state and/or federal laws or regulations pertaining to your Jabz Boxing Studio with which you must comply. We strongly suggest that you investigate these laws before buying this franchise.

ITEM 2 BUSINESS EXPERIENCE

Bertus Albertse – Brand President

Although not an employee of the franchisor, Bertus Albertse has served in the role of our Brand President since September of 2021. From June 2020 to the present, Mr. Albertse has served as Director of Lekker Vegan Global (PTY) LTD. in Cape Town, South Africa. From August 2019 to the present, Mr. Albertse has served as President and Chairman of Body20 International Limited in the Republic of Mauritius. From January 2018 to the present, Mr. Albertse has served as Chief Executive Officer for Body20 IP Holdings LLC in Boca Raton, Florida. From February 2017 to July 2019, Mr. Albertse served as Founder and Chief Executive Officer for Body20 USA LLC in Boca Raton, Florida. From August 2014 to July 2019, Mr. Albertse served as the Founder and Chief Executive Officer and from August 2019 to the present, served as Chairman and President of Body20 Global (PTY) Ltd in Cape Town, South Africa.

Artemis Benedetti – Chief Operating Officer

Artemis Benedetti has served in the role of our Chief Operating Officer since October of 2021. From September 2021 to October 2021, Ms. Benedetti was a Community Manager for V&B Ventures, LLC in Washington D.C. From May 2020 to September 2021, Ms. Benedetti was self-employed as an Independent Contractor in Washington D.C. From December 2015 to January 2020, Ms. Benedetti was a Studio Manager, Director and Regional Manager for Solidcore in Washington, D.C.

Erin Seaboyer – Vice President of Franchise Services

Erin Seaboyer has served as Vice President of Franchise Services since September 2021 after being hired as Director of Culture & Experience in February 2021. From March 2020 to February 2021, she was not employed. From January 2016 to March 2020, she served in various capacities with Solidcore in Washington D.C., including Senior Training Manager, Studio Operations Manager, New Studio Opening Manager and Pro Coach.

Danielle Scott – Franchise Development

Although not an employee of the franchisor, Danielle Scott has served in the role of Franchise Development since January 2022. She previously served as our President from February 2020 to July 2021. She has served as Executive Vice President of Brand Operations and Development for ZGrowth Partners in Miami, Florida since October 2018 (she also became a Partner in January 2019). From February 2017 to April 2018, Ms. Scott was the Vice President of Operations and Development for Zippy Shell, Inc. in Washington, D.C. From December 2013 to December 2019, Ms. Scott was a Partner for HES Holdings, Inc. in Crofton, Maryland.

ITEM 3 LITIGATION

Pearson and Tensaw Investment Group, LLC v. Zippy Shell Incorporated et. al., Case No: 01-20-0000-5245 (Washington, DC); *Del Basso and Tampa Bay Storage and Moving, LLC v. Zippy Shell Incorporated et. al., Case No: 01-20-0000-4022 (Washington, DC)*; *Brian Poggi v. Zippy Shell Incorporated et. al., Case No: 01-20-0001-7060 (Washington, DC)*

On March 5, 2020, 3 different Zippy Shell franchisees (John Pearson and his entity Tensaw Investment Group, LLC, Luigi Del Basso and his entity Tampa Bay Storage and Moving, LLC and Brian Poggi), filed separate demands for arbitration with the American Arbitration Association in Washington, DC, naming the following parties as defendants: Zippy Shell incorporated; Virgo Investment Group, LLC, 1-800-Pack-Rat, LLC; Mark Kuhns; Rick Del Sontro; Gareth Taylor; Danielle Scott; and Jay Young. Rick Del Sontro is the Chief Executive Officer of ZGrowth Partners, LLC, and Danielle Scott is the Vice President of Operations and Development for ZGrowth Partners, LLC. The plaintiff in each matter is a Zippy Shell franchisee. These actions arise out of a

series of events relating to the 2018 acquisition of 1-800-Pack-Rat (a competitive system) by the franchisor (Zippy Shell Incorporated) and its majority owner, Virgo Investment Group, LLC (the "Acquisition").

The complaints are virtually identical (prepared by the same attorney) and allege that the defendants: (i) breached the franchise agreement by allowing a competing business (i.e., 1-800-Pack-Rat) to operate within each franchisee's exclusive territory following the Acquisition and misrepresented the nature of each plaintiff's territory as being "exclusive" in the FDD; (ii) breached the covenant of good faith and fair dealing by acquiring 1-800-Pack-Rat utilizing the "acquisition" exception to exclusivity with the intention of undermining the Zippy Shell franchise system; (iii) tortiously interfered with plaintiff's Zippy Shell franchise agreement by engaging in the Acquisition despite knowing that the Acquisition would result in a breach of each plaintiff's franchise agreement; (iv) tortiously interfered with plaintiff's prospective business advantage by modifying the "ZipMove program" in a manner that would make it unavailable to franchisees; (v) fraudulently induced each plaintiff to enter into a Zippy Shell franchise agreement by misrepresenting business forecasts of future growth and making unauthorized financial performance representations; (vi) violated state "Little FTC Acts" by defrauding the plaintiffs into purchasing Zippy Shell franchises and intentionally misrepresenting the prospects or chances for success of these franchises; and (vii) violated 18 U.S.C. s. 1962(c) and 1962(d) by engaging in a fraudulent scheme to fraudulently induce prospective franchisees to become franchisees and take actions adverse to their interests. Mr. Del Sontro had left Zippy Shell prior to the Acquisition and Ms. Scott left Zippy Shell 1 month after the Acquisition. Each plaintiff sought damages ($8,500,000 by Pearson, $16,700,000 by Del Basso and $7,100,000 by Poggi, $6,800,000 by Avery, $9,700,000 by Thurston, $11,500,000 by Sheffield, $9,700,000 by Feil, and $9,700,000 by Elrod) including actual damages, treble damages under RICO, exemplary, statutory and punitive damages plus attorneys' fees and costs. The defendants vehemently denied all wrongdoing.

On September 16, 2022, each of the following parties entered into settlement agreements wherein the parties agreed to a discontinuance of claims under arbitration proceeding, termination of franchise agreement, compliance with post-termination covenants and executed mutual releases of claims. In addition, Zippy Shell agreed to the following settlement payments made by Zippy Shell Incorporated to each of the below franchisee plaintiffs:

Pearson and Tensaw Investment Group, LLC: $7,375,000; Del Basso and Tampa Bay Storage and Moving, LLC: $1,100,000; Sean Avery, Erin Avery and Avery Row Portable Moving & Storage LP: $1,900,000; David Thurston, Rosemarie Thurston and Tilden Greater Atlanta, LLC n/k/a Tilden Storage and Moving LLC: $1,325,000; Scott Sheffield and Bryma, Inc.: $1,050,000; Stephen Feil and Maroon Spider, LLC: $1,050,000; and Thomas Elrod, Maureen Elrod and Sunrise Ventures TBAE, LLC: $1,350,000.

The Poggi arbitration, which formally closed on December 13, 2022, was not subject to a settlement agreement and resulted in the following findings and awards: that Zippy Shell breached the exclusivity provisions of the franchise agreement, that Zippy Shell breached the covenant of good faith and fair dealing in relation to the franchise agreement, that Poggi was fraudulently induced to enter in the franchise agreement, and that Del Sontro and Taylor participated in the wrongful acts alleged on behalf of Zippy Shell. Conversely, in the context of a franchisor-franchisee contractual relationship, Poggi was unable to establish a claim for unfair competition against any of the defendants. In conclusion, an award was issued on or about January 20, 2023 in favor of Poggi and against Zippy Shell, Gareth Taylor and Rick Del Sontro, jointly and severally, in the sum of $1,464,048.

Except for the 1 action described above, there is no litigation that must be disclosed in this Item.

ITEM 4 BANKRUPTCY

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

ITEM 5 INITIAL FEES

Initial Franchise Fee

You pay us a nonrefundable $40,000 initial franchise fee at the time you sign the Franchise Agreement. If you purchase 3 franchises at the same time (referred to as a "3-pack"), you pay us total initial franchise fees of $110,000 for the 3 franchises, which reflects a $10,000 discount on the aggregate initial franchise fees. The discount does not apply to individual franchises purchased at separate times (for example, if you purchase 3 franchises over a 2-year period). You pay us the full $110,000 in initial franchise fees at the time you sign the Franchise Agreements (all 3 Franchise Agreements must be signed at the same time). The initial franchise fee is uniformly imposed on franchisees. However, in 2022 we charged a $35,000 initial franchise fee.

Initial Inventory Purchase (Required)

Before opening, you must purchase your initial supply of required Jabz Boxing inventory items (Jabz Boxing gloves, apparel and merchandise) from us. The estimated cost of this purchase ranges from $3,600 to $5,000 depending on the specific size, design and needs of your Jabz Boxing Studio. At our option, we may require you to purchase these items directly from the vendors, in which case you pay the purchase price to the vendors and not to us. The purchase price is uniformly imposed and nonrefundable.

Promotional Gloves (Optional)

Before opening, you have the option, but not the obligation, to purchase "presales promotional gloves" from us to help promote the opening of your Jabz Boxing Studio. The cost of this optional purchase is $1,250. The purchase price is uniformly imposed and nonrefundable.

ITEM 6 OTHER FEES

TYPE OF FEE [1]	AMOUNT	DUE DATE	REMARKS
Royalty Fee	Greater of (a) 6% of Gross Sales [2] or (b) $500	1st day of month for prior month's operations	See Note 3.
Brand and System Development Fund Fee	Greater of (a) 1.5% of monthly Gross Sales [2] or (b) $150	Same as royalty fee	See Note 4.
Cooperative Advertising Fee	Up to $250 per month	Same as royalty fee	See Note 5.
Training Fee	Up to $1,000 per day (plus reimbursement of expenses for onsite training)	10 days after invoice	See Note 6.
Conference Registration Fee	Up to $1,500 per conference (covers 2 people)	10 days after invoice	See Note 7.
Technology Fee	Varies (currently $250 per month)	10 days after invoice or as we otherwise specify	See Note 8.
Reimbursement of Music Licensing Fee	Actual costs we incur (currently $105 per month)	Same as royalty fee	We pay for your music licensing fee (ASCAP or BMI) and your music vendor (RockMyRun) up front each year then you reimburse us via equal monthly installments that are debited from your account. We do not mark up this fee.

TYPE OF FEE [1]	AMOUNT	DUE DATE	REMARKS
Loyalty or Gift Card Program Fees	Varies (not currently charged)	10 days after invoice or as we otherwise specify	You must participate in any customer loyalty and/or gift card program we establish and pay all associated program contributions and fees we reasonably require in order to implement and administer these programs. These amounts are paid to us or a third party we designate.
Product Purchases	Varies depending on item purchased	At time order is placed	See Note 9.
New Product or Supplier Testing	Cost of testing (estimated to range from $500 to $2,000 per test)	10 days after invoice	This covers the costs of testing new products or inspecting new suppliers you propose.
Renewal Fee	$10,000	At time you sign Renewal Agreement	None.
Franchise Resale Service Fee	3% of Sales Proceeds	At time of franchise sale	We offer an optional service to provide franchise sales assistance to franchisees interested in selling their business. Franchisees who use this service must sign a Franchise Resale Agreement with us (the current form is attached as EXHIBIT "G"-4) and pay us the franchise resale service fee.
Transfer Fee	$10,000	Before transfer	See Note 10.
Reimbursement of Insurance Costs	Amount of expenses we incur (including premiums)	10 days after invoice	If you fail to obtain and maintain the insurance we require, and we elect to do so on your behalf, you must reimburse us.
Reimbursement of Reinspection Costs	All costs we incur to travel to and inspect your Jabz Boxing Studio	10 days after invoice	Payable if we inspect your Jabz Boxing Studio 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.
Audit Fee	Actual cost of audit (including travel and lodging expenses for audit team)	10 days after invoice	Payable only if audit (a) reveals you understated any amount owed to us by at least 3% or (b) is necessary because you fail to send us required information or reports in a timely manner.
Late Fee	$100 plus default interest at lesser of (a) 18% per annum (prorated on daily basis) or (b) 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. In California, default interest is limited to 10% per annum.
Fines	Up to $500 per incident	Upon demand	Payable 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 fine for every 24 hours the non-compliance issue remains uncured after we impose the initial fine. We will deposit all fines into the brand fund.

TYPE OF FEE [1]	AMOUNT	DUE DATE	REMARKS
Management Fee	$500 per day plus reimbursement of travel and living expenses	10 days after invoice	If you default under the Franchise Agreement or the Owner/Operator dies, we can designate a temporary manager to manage your Jabz Boxing Studio until you cure the default or find a replacement Owner/Operator, as applicable.
Indemnification	Amount of our damages, losses or expenses	10 days after invoice	You must indemnify and reimburse us for any damages, losses or expenses we incur due to the operation of your Jabz Boxing Studio or your breach of the Franchise Agreement.
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 other agreement with us or our affiliates.
Liquidated Damages	Varies (See Note 11)	Upon demand	Paid if we terminate due to your default or you terminate in any manner not permitted under the Franchise Agreement.

Notes:

1. All fees are imposed by and payable to us except we may collect the cooperative advertising fee and transfer these funds to the applicable advertising cooperative. All fees are nonrefundable and uniformly imposed. You must sign an ACH Authorization Form (attached to the Franchise Agreement as ATTACHMENT "D") permitting us to electronically debit your designated bank account for all amounts owed to us and our affiliates (other than initial fees due less than 15 days after signing the Franchise Agreement). You must deposit all Gross Sales into the bank account and ensure sufficient funds are available for withdrawal before each due date (at all times you must have at least $3,000 in the account). 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. "Gross Sales" means all gross sums that you bill or collect from all goods and services that you sell, plus all other sums you collect from the operation of your Business, including any advertising revenues, sponsorship fees or business interruption insurance proceeds. Gross Sales does not include sales or use taxes, amounts refunded to customers, revenues that you raise for a charitable cause, or revenues you collect on behalf of, and pay to, unaffiliated third parties (for example, group entrance fees for participation in a Mud Run event). The Manual may include policies governing the manner in which proceeds from the sale of gift cards are treated for purposes of calculating Gross Sales. The Manual may also provide details on the calculation of Gross Sales relating to qualifying purchases and redemptions by members under a customer loyalty program.

3. You must provide us with a monthly Profit and Loss Statement in the format we specify by the 10th day of each month. We may electronically access your operational data through our designated business management software to obtain Gross Sales data. Each January 1st, we reserve the right to increase the minimum royalty fee (currently $500 per month) in the following manner: the then-current minimum royalty fee will be multiplied by a fraction, the numerator of which is the CPI for the prior calendar year (the "prior year") and the denominator of which is the CPI for the year immediately preceding the prior year. "CPI" means the Consumer Price Index published by the Bureau of Labor Statistics of the U.S. Department of Labor, for All Urban Wage Earners and Clerical Workers, U.S. Cities (1982-84 – 100), "All Items."

4. We have established and administer a brand and system development fund to promote public awareness of our brand and improve our System. You will have no voting rights pertaining to the administration of the fund, the creation and placement of the marketing materials or the amount of the required

contribution. Each January 1st, we reserve the right to increase the minimum monthly brand fund contribution based on CPI adjustments in the same manner described above in Note 3 relating to the minimum royalty fee.

In addition to your contributions to the brand and system development fund, you must spend at least the minimum amount we designate each month on digital marketing to promote your Studio (your "Local Marketing Commitment"). We may require that you utilize a digital marketing company that we designate or approve. The Local Marketing Commitment is:

- $2,500 per month until such time that you have 150 paying members (if your grand opening date occurs on a day other than the 1st day of the month, we will pro-rate the $2,500 for your first partial month)
- $2,000 per month beginning with the first full month after you have at least 150 paying members until such time that you have 200 paying members
- $1,500 per month once you achieve a minimum of 200 paying members

If you achieve 200 paying members but subsequently drop below the 200 member threshold your Local Marketing Commitment will increase to $2,000 per month until you once again have a minimum of 200 paying members.

5. We may establish regional advertising cooperatives for purposes of pooling advertising funds to be used in discrete regions. We will collect the cooperative advertising fees and remit these fees to the applicable advertising cooperative (unless we administer the cooperative ourselves). The amount of the fee may be adjusted (or temporarily suspended) upon the majority vote of all franchisees in the cooperative. Any Jabz Boxing Studio we operate will have the same voting power as third-party franchisees. If we own the majority of Jabz Boxing Studios within a cooperative, we will not increase the fee without the consent of a majority of all third-party franchisees in the cooperative. Cooperative advertising fees are uniformly imposed on all Jabz Boxing Studios in the cooperative, including Jabz Boxing Studios we own. All cooperative advertising fees you pay will be credited towards your Local Marketing Commitment. There were no advertising cooperatives in effect as of December 31, 2022.

6. Before you open, we will provide our initial training program at no additional charge. We also do not charge a training fee for any system-wide refresher or additional training we conduct at our headquarters or at an affiliate-owned Jabz Boxing Studio. You must pay us a training fee of up to $1,000 per day if:
   - we train new members of your staff after you open your Jabz Boxing Studio
   - we provide any special or additional training that you request
   - we provide onsite assistance or training that you request
   - we provide remedial training based on your operational deficiencies

   If we agree to provide onsite training or assistance, you must also 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 your trainees incur for training, including wages, travel and living expenses.

7. We may hold periodic national or regional conferences to discuss business and operational issues affecting Jabz Boxing Studios. You must attend at least 1 conference during every 2-year period. You are also responsible for all expenses and costs the conference attendees incur, including wages, travel and living expenses.

8. You must acquire and utilize all information and communication technology systems that we specify from time to time (the "Technology Systems"). The "technology fee" includes all amounts you pay us and/or our affiliates relating to these Technology Systems, including amounts paid for proprietary items and amounts 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 on 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 you pay directly to third-party suppliers for any component of the Technology Systems. As of the issuance date of this Disclosure Document, we charge a technology fee of $250 per month, which covers the following:

- business management and online training portal
- up to 3 email accounts*
- webpage hosting and support
- ongoing technology research and development
- Order.co
- Canva
- access to Jabz branded app management

* If you need more than 3 email addresses, we may add an additional $10 per additional email address per month to the technology fee.

9. We may, but need not, be a supplier for certain items purchased by franchisees, such as inventory, marketing material, equipment and operating supplies. Currently, you must purchase certain inventory items exclusively from us. We reserve the right to become a supplier for other goods and services you must purchase in the future. We will sell you marketing materials at our cost plus shipping and handling and a reasonable markup. You may also purchase marketing materials from our online store or from our designated supplier.

10. We must approve any assignment of the Franchise Agreement, sale of your Studio or transfer of ownership interests in the franchisee entity. Our approval is not required for "Permitted Transfers", which include: (a) certain transfers of ownership interests between existing owners; and (b) certain transfers from the existing owners to a business entity owned and controlled by the original owners. You must pay the transfer fee for any transfer other than a Permitted Transfer. A Permitted Transfer may require payment of a training fee if additional training is required. If the buyer is found by a broker we engage, you must also reimburse us for all commissions we pay to the broker (which will be in addition to the transfer fee). If you sign a Franchise Resale Agreement with us, you must pay both the transfer fee and the franchise resale service fee.

11. If we terminate the Franchise Agreement due to your default, or you terminate the Franchise Agreement prior to the expiration of the term (except in accordance with the provisions governing your right to terminate following our uncured breach), you must pay us liquidated damages. The amount of liquidated damages is calculated as the sum of average monthly royalty fees and brand fund fees imposed during the 12-month period preceding termination, multiplied by the lesser of (a) 24 or (b) the total number of months remaining under the term, discounted to present value.

ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT				
TYPE OF EXPENDITURE [1]	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee	$40,000	Lump sum	At time you sign Franchise Agreement	Us
Food, Lodging & Travel [2] (7 to 8 people while training)	$0 to $3,000	As incurred	During training	Hotels, restaurants and airlines

YOUR ESTIMATED INITIAL INVESTMENT				
TYPE OF EXPENDITURE [1]	**AMOUNT**	**METHOD OF PAYMENT**	**WHEN DUE**	**TO WHOM PAYMENT IS TO BE MADE**
Lease Deposit & 3 Months' Rent [3]	$16,000 to $33,000	Lump sum	Monthly (with security deposit paid before opening)	Landlord
Build Out & Improvements [4]	$20,000 to $72,000	As incurred	Before opening	Contractors & suppliers
Flooring and Mats	$6,800 to $8,000	As incurred	Before opening	Suppliers
Lighting	$8,000 to $11,000	As incurred	Before opening	Suppliers
Decorating, Furniture & Fixtures	$6,000 to $12,500	As incurred	Before opening	Suppliers
Equipment Package w/ Shipping & Installation	$51,000 to $54,000	Lump sum	Before opening	Suppliers
Jabz Inventory Items [5]	$3,600 to $5,000	Lump sum	Before opening	Us
Promotional Gloves [5] (optional)	$0 to $1,250	Lump sum	Before opening	Us
Security System (optional)	$0 to $650	Lump sum	Before opening	Suppliers
Signage [6]	$9,000 to $15,000	Lump sum	Before opening	Suppliers
Computer System [7]	$2,800 to $3,300	Lump sum	Before opening	Suppliers
Jabz K.O. Trackers [8]	$3,000 to $3,500	Lump sum	Before opening	Suppliers
Cleaning Supplies	$200 to $600	As incurred	Before opening	Suppliers
Grand Opening Marketing & Sales Support [9]	$12,000 to $18,000	Lump sum	At time you sign lease or purchase agreement	Suppliers
Utility Deposits	$300 to $800	As incurred	Before opening	Utility companies
Business Licenses	$250 to $800	Lump sum	Before opening	Government agencies
Professional Fees (including designs, permitting & owner's representations for build project)	$15,000 to $25,000	Lump sum	Before opening	Lawyers, accountants & architect
Banking Setup	$150 to $200	Lump sum	Before opening	Bank
Insurance (3 months' premium)	$900 to $2,000	Lump sum	Before opening	Insurance companies
Additional Funds [10] (3 months)	$24,000 to $65,000	As incurred	As incurred	Suppliers, employees and us
Total Estimated Initial Investment [11]	$219,000 to $374,600			

Notes:

1. We do not offer direct or indirect financing for any of these items. No fees paid to us are refundable. We are unaware of any fees 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. Your Owner/Operator, General Manager, Lead Coach, 4 part-time Coaches and at least 1 Class Host must successfully complete our initial training program. Currently, our initial training program is conducted virtually except for: (a) 3 days of Jabz Training Camp for your Coaches; and (b) 1 day of training for your Class Host. The "live" training may either be conducted at your Jabz Boxing Studio or at another Jabz Boxing Studio that we designate. The estimated training expenses in the table above cover the costs incurred by your Coaches and Class Host to attend live training held at a Jabz Boxing Studio we designate. You will not incur these expenses if we decide, in our discretion, to conduct this training at your Jabz Boxing Studio.

3. 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 Jabz Boxing Studio facilities will range in size from 1,800 to 2,200 square feet (and minimum width of 28 feet once finished) with rent ranging from $4,000 to $8,250 per month. 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 total estimated initial investment shown in the chart above includes 1 month's security plus 3 months' rent. In recent years, the majority of landlords have waived rent for an initial period of time after opening (usually in excess of 3 months). If your landlord waives your initial rent, your initial investment may be lower.

   Some franchisees may prefer to own the premises for their Jabz Boxing Studio. The cost to purchase real estate varies so widely that we cannot reasonably estimate the cost.

4. The cost of leasehold improvements and build-out vary widely based on a number of factors including:
   - the size and condition of the leased space
   - whether the leased space is a first or second generation retail location
   - the extent and nature of any existing leasehold improvements
   - whether the landlord will contribute to the costs of the leasehold improvements (referred to as "TI Allowances") 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

   In some cases, landlords that provide a TI Allowance increase the monthly rent to recapture the TI Allowance and amortize it over the lease term (or over a shorter period of time). A significant factor in determining whether the landlord will provide a TI Allowance, and if so, the amount, is whether the building is first generation or second generation space. In recent years, total buildout costs have ranged from $120,000 to $220,000. However, in all instances the landlords have contributed towards all, or a significant portion, of these costs, resulting in actual out-of-pocket expenses to the franchisees ranging from approximately $20,000 to $72,000. If your landlord does not provide you with any TI Allowance, your initial investment may be higher.

5. You must purchase your initial supply of required inventory items exclusively from us. You also have the option, but not the obligation, to purchase presales promotional gloves from us to help you promote the opening of your Jabz Boxing Studio.

6. 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.

7. You must purchase or lease the computer hardware and software that we require. This estimate includes the cost for 2 iPads; 1 laptop computer, 2 Bluetooth-enabled Smart HDTVs and any initial costs associated with QuickBooks Online and our required business management software.

8. You must purchase from our approved supplier boxing glove technology that will be installed into your

boxing glove equipment. You must purchase 24 trackers and 1 or 2 connection bridges at a cost ranging from $3,000 to $3,500. You must also pay the supplier an ongoing fee of $120/month for continued use of the Jabz K.O. Trackers.

9. You must pay our designated marketing vendor a $12,000 grand opening marketing fee. Our designated marketing vendors use these funds to implement your grand opening marketing campaign, which typically runs for a period of 12 weeks immediately preceding your anticipated grand opening date. Following your grand opening, you must spend a monthly amount equal to or greater than the applicable Local Marketing Commitment on digital marketing.

   You also have the option, but not the obligation, to purchase outbound call and lead management services from a designated vendor to help sell memberships (we estimate the cost of this service will be $6,000 for a 3-month period). The low estimate assumes you choose not to make this optional purchase, while the high estimate assumes you choose to make this optional purchase.

10. This estimates your expenses during the first 3 months of operation, including utilities, payroll costs (excluding any wage or salary paid to you), technology fees, third-party software fees, local marketing expenditures and other miscellaneous expenses. Your initial 3 months of rent is separately stated in the table above. These figures are estimates based on the past experience of our founder in opening and operating a 1,600 square foot Jabz Boxing Studio in Scottsdale, Arizona since February of 2012, a 1,900 square foot Jabz Boxing Studio in Tempe, Arizona since May of 2014, a 1,950 square foot Jabz Boxing Studio in Chandler, Arizona since February of 2018 and a 2,500 square foot Jabz Boxing Studio in Ridley Park, Pennsylvania since April 2019. We have also considered the recent experience of our franchisees.

11. 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 Jabz Boxing Studio.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Source-Restricted Purchases and Leases - Generally

You must purchase or lease certain "source-restricted" goods and services for the development and operation of your Jabz Boxing Studio. By "source-restricted", we mean 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). The Manual includes our specifications and list of suppliers. We notify you of changes to our specifications or supplier list within 10 days of the change by email, written notice, telephone, updates to the Manual, bulletins or other means of communication.

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 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 all additional information 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 decision within 30 days after we receive your request for approval and all additional information and samples 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 our then-current criteria. You must reimburse us for all costs we incur in reviewing products and suppliers you propose.

Current Source-Restricted Items

We estimate nearly 90% of the total purchases and leases to establish your Jabz Boxing Studio and 90% of ongoing operating expenses will consist of source-restricted goods or services, as further described below.

Contractors

Any commercial contractor that you engage to assist with the development of your Jabz Boxing Studio must be licensed, bonded and insured.

Site Selection Services

You must utilize our designated real estate company to assist you in finding potential sites for your Jabz Boxing Studio.

Lease

We do not review the terms of your lease. However, if you lease the premises for your Jabz Boxing Studio, you must use best efforts to ensure your landlord signs the Lease Addendum attached to the Franchise Agreement as ATTACHMENT "C". We may require that you utilize our designated real estate vendor to assist you with negotiating and drafting letters of intent.

Computer Equipment

You must purchase an 2 iPads, 2 Bluetooth-enabled Smart HDTVs, and a laptop computer that has Internet access and that has USB ports, and QuickBooks Online accounting software and business management software. You may purchase these items from any supplier of your choosing. You must purchase your POS software and related equipment (card swiper and cash drawer) from our designated supplier. You may not utilize any software or technology that we have not designated or approved.

Security System

If you choose to purchase a security system, it must meet our standards and specifications.

Exercise Equipment

All exercise equipment used in your Jabz Boxing Studio must meet our standards and specifications. All equipment must be purchased exclusively from suppliers we designate or approve.

Jabz K.O. Trackers

You must purchase boxing glove tracking technology called “Jabz K.O. Trackers” that will be installed into your boxing equipment. You must purchase these items exclusively from suppliers we designate or approve. You will also incur a monthly fee for ongoing use of the Jabz K.O. Trackers, paid to our approved supplier.

Inventory

All supplements, merchandise and supplies that you sell at your Jabz Boxing Studio must meet our standards and specifications. You must purchase these items exclusively through us or other suppliers we designate or approve. You may not offer any merchandise or other inventory items that we have not approved.

Flooring and Mats

You must purchase and install high quality flooring and mats that meet our standards and specifications. You must purchase the flooring and mats exclusively from suppliers we designate or approve.

Lighting

You must purchase and install the specific lighting that we designate. You must purchase the required lighting exclusively from suppliers we designate or approve.

Furniture and Fixtures

All of your furniture and fixtures must comply with our standards and specifications. You must purchase these items exclusively from suppliers we designate or approve.

Marketing Materials

All 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 (if we supply marketing materials) or other suppliers we designate or approve. You must use our designated marketing vendor to implement and coordinate your grand opening marketing campaign.

Digital Marketing Services

You must contract with our designated digital marketing services company to provide certain online and social media marketing services on behalf of your Jabz Boxing Studio. At all times, you must comply with our social media policy and we may restrict you to posting content contained in our social medial content library. We may have exclusive access to the social media account for your Jabz Boxing Studio.

Signage

All exterior signage must meet our standards and specifications and be purchased from suppliers we designate or approve.

Localized Webpage

We provide you with a webpage that will be linked on our website. You must use our designated web developer for purposes of creating, modifying and hosting your local webpage. We may require that you purchase these services exclusively through us or from other suppliers we designate or approve. We must approve all content on your webpage. You may not maintain a separate website.

Music

You may only play music we specify or approve at your Jabz Boxing Studio. Currently, we purchase your annual music licensing fee and you reimburse us for the licensing fees we pay on your behalf. You must use the music vendor we designate to provide music services.

Cleaning Service and Supplies

You must hire a professional cleaning service that meets our minimum standards and criteria to clean your facility at least 6 days per week. You must purchase and use the cleaning supplies we specify.

Accounting Services

If you are unable to produce your own reliable financial statements using QuickBooks Online, we may require that you hire a CPA to produce monthly financial statements. You may use our recommended vendor of accounting services or another CPA that we approve.

Insurance Policies

You must obtain the insurance coverage we require (whether in the Franchise Agreement or in the Manual) from licensed insurance carriers rated A or better by Alfred M. Best & Company, Inc., including the following:

Policy Type	Minimum Coverage
"All risk" Property Insurance	Replacement Value
Comprehensive General Liability Insurance	$1,000,000 per occurrence and $2,000,000 in the aggregate

Policy Type	Minimum Coverage
Employer's Liability Insurance	As required by law
Worker's Compensation Insurance	As required by law
Landlord-Required Insurance	As required by lease

The required coverage and policies are subject to change. All insurance policies must be endorsed to: (a) name us (and our members, officers, directors, and employees) as additional insureds; (b) contain a waiver by the insurance carrier of all subrogation rights against us; and (c) provide that we receive 10 days' prior written notice of the termination, expiration, cancellation or modification of the policy.

Purchase Agreements

We try to negotiate relationships with suppliers to enable our affiliates and franchisees to purchase certain items at discounted prices. If we succeed, you may purchase these items 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 negotiated purchase agreements (including pricing terms) with the supplier of the Jabz K.O. Trackers you must purchase.

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 exclusive supplier for your pre-opening purchase of required Jabz Boxing inventory items (Jabz Boxing gloves, apparel and merchandise) and optional promotional gloves. After opening, you may purchase inventory items from other suppliers we designate or approve. You must also license the services included as part of the technology fee exclusively from us. We collect certain of these funds from you and pay them to the various suppliers of these items. We may impose a reasonable markup on the purchase price to compensate us for our time and efforts facilitating our centralized purchasing program.

We reserve the right to designate ourselves as an approved or designated supplier for other items in the future. There are no approved or designated suppliers in which any of our officers own an interest. No persons affiliated with us are currently approved suppliers.

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 receive the following rebates:

- A supplier pays us a 15% rebate on inventory items you purchase from the supplier after opening (we do not receive a rebate on branded gloves that you purchase through this supplier). During the fiscal year ended December 31, 2022, we received $6,549 in rebates from this supplier.
- A supplier pays us a 10% rebate on flooring materials you purchase from the supplier. During the fiscal year ended December 31, 2022, we did not receive any rebates from this supplier.
- A supplier pays us a 25% rebate on apparel and merchandise you purchase from the supplier. During the fiscal year ended December 31, 2022, we did not receive any rebates from this supplier.
- A supplier pays us a 45% rebate on certain exercise equipment you purchase from the supplier. During the fiscal year ended December 31, 2022, we did not receive any rebates from this supplier.

Our total revenues during the fiscal year ended December 31, 2022 were $254,212. During that year, we received a total of $70,611 in revenue as a result of franchisee purchases or leases of goods or services from designated or approved suppliers (including technology fees and purchases made directly from us and payments

from third party suppliers), which represents 27.8% of our total revenues for that year.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

OBLIGATION	SECTIONS IN FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	§7.1 & 7.2	Item 7 & Item 11
b. Pre-opening purchases/leases	§6.2, 7.4, 11.6 & 15.1	Item 5, Item 7, Item 8 & Item 11
c. Site development and other pre-opening requirements	§7.3, 7.4 & 7.5	Item 6, Item 7 & Item 11
d. Initial and ongoing training	§5	Item 6 & Item 11
e. Opening	§7.5	Item 11
f. Fees	§4.2, 5.8, 6.2, 6.7, 6.8, 8.7, 10.1, 10.4, 11.6, 11.8, 11.10, 11.12, 11.13, 11.17, 13, 15.1, 16, 19.2 & 21.3	Item 5 & Item 6
g. Compliance with standards and policies/Operating Manual	§6.1, 7.1, 7.2, 7.3, 10.3, 11 & 17.1	Item 11
h. Trademarks and proprietary information	§17	Item 13 & Item 14
i. Restrictions on products/services offered	§11.3	Item 16
j. Warranty and client service requirements	§11.15	Not Applicable
k. Territorial development and sales quotas	Not Applicable	Item 12
l. Ongoing product/service purchases	§11.6	Item 8
m. Maintenance, appearance and remodeling requirements	§11.7 & 11.9	Item 11
n. Insurance	§15.1	Item 6 & Item 7 & Item 8
o. Advertising	§10	Item 6, Item 7 & Item 11
p. Indemnification	§18	Item 6
q. Owner's participation/ management/staffing	§8	Item 11 & Item 15
r. Records/reports	§15.2 & 15.3	Item 6
s. Inspections/audits	§16	Item 6 & Item 11
t. Transfer	§19	Item 17
u. Renewal	§4	Item 17
v. Post termination obligations	§21	Item 17
w. Non-competition covenants	§14	Item 17
x. Dispute resolution	§22	Item 17

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 Jabz Boxing Studio, we will:

1. License you the intellectual property necessary to begin operating your Business. (§2)
2. Provide access to our Manual and required Design Intent Plan (which is part of the Manual), which will help you establish and operate your Jabz Boxing Studio as further discussed below under "Manual". (§6.1)
3. Provide you with access to our designated real estate company to assist you in finding potentially suitable sites for your Jabz Boxing Studio. (§7.1)
4. Review and approve or disapprove sites you propose for your Jabz Boxing Studio as further discussed below under "Site Selection". (§7.1 & 7.5)
5. Provide our written specifications for the goods and services you must purchase to develop, equip and operate your Business and a list of approved and/or designated suppliers for these goods and services. You must purchase your initial supply of inventory items from us (as further described in Item 5, Item 7 and Item 8) and we will arrange for delivery of these items to your Studio. We do not deliver or install any other items that you are required to purchase. (§6.2 & 11.2)
6. Review and approve or disapprove the design and buildout of your Jabz Boxing Studio as further discussed below under "Site Development". (§7.3 & 7.5)
7. Provide a local webpage to promote your Jabz Boxing Studio, schedule classes and sell online memberships and inventory items, as further discussed below under "Advertising and Marketing". (§6.6 & 10.3)
8. Provide up to 3 email addresses for use with your Business as further discussed below under "Computer System". (§6.7)
9. Provide an initial training program as further discussed below under "Training Program". (§5)

During the operation of your Jabz Boxing Studio, we will:

1. Provide our guidance and recommendations to improve the operation of your Jabz Boxing Studio. (§6.3)
2. Provide our recommended market-specific pricing for the membership fees and other goods and services you will sell. You may deviate from our suggested retail pricing in your discretion. However, you must obtain our approval of any deviation more than 5% higher or lower than our suggested retail pricing, unless such pricing is part of a temporary advertising campaign that we have approved. To the extent permitted by applicable law, we may set maximum or minimum prices on the membership fees and other goods and services you sell. (§11.4)
3. Provide periodic training programs as further discussed below under "Training Program". (§5)
4. Maintain a corporate website to promote our brand as further discussed below under "Advertising and Marketing". (§6.6 & 10.3)
5. Administer the brand and system development fund as further discussed below under "Advertising and Marketing". (§10.1)

6. Develop new exercises and fitness programs that may be offered at Jabz Boxing Studios, which may be communicated to you through updates to the Manual (and may include demonstrational videos) or during ongoing training programs. (§6.9)

During the operation of your Jabz Boxing Studio, we may, but need not:

1. Conduct periodic field visits to provide onsite consultation, assistance and guidance pertaining to the operation and management of your Jabz Boxing Studio. (§6.4)
2. Develop new merchandise and other inventory items for sale at your Jabz Boxing Studio. (§6.9)
3. Negotiate purchase agreements with suppliers to obtain favorable pricing. We may also purchase items in bulk and resell them to you at our cost plus shipping and a reasonable markup. (§6.8)
4. Hold periodic conferences to discuss relevant business and operational issues such as industry changes, new services and/or merchandise and marketing strategies. (§5)
5. Provide additional training or assistance that you request (either at our headquarters or at your Jabz Boxing Studio) as further discussed below under "Training Program". (§5)
6. Create a franchise advisory council as further discussed below under "Advisory Council". (§12)
7. Assign to you a business consultant to perform periodic reviews of your Business to ensure compliance with our quality standards and other requirements. (§6.10)

Manual (§6.1, 11.2 & 24.8)

We provide access to our Manual in text or electronic form throughout the term of the franchise Agreement. The Manual may include, among other things:

- architectural plans and specifications for the design, dimensions, layout, equipping and trade dress for a prototype Jabz Boxing Studio
- a description of the authorized goods and services you may offer and sell
- specifications, techniques, methods, operating procedures and quality standards
- reporting and insurance requirements
- policies and procedures pertaining to any gift card or loyalty program we establish
- policies and procedures pertaining to our membership model
- policies and procedures pertaining to marketing and advertising
- policies and procedures pertaining to data ownership, protection, sharing and use
- a list of (a) the goods and services (or specifications for goods and services) you must purchase to develop and operate your Jabz Boxing Studio and (b) any designated or approved suppliers for these goods and services

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 contained 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. Any modification to the Manual is effective at the time we notify you of the change. However, we may provide you with a reasonable period of time to implement certain changes (for example, implementing new software of technology). The Manual is confidential and remains our property. The Manual contains a total of 134 pages. A copy of the Table of Contents to the Manual is attached to this Disclosure Document as EXHIBIT "D".

Site Selection (§7.1 & 7.2)

A typical Jabz Boxing Studio ranges in size from 1,800 to 2,200 square feet. We do not select the site for your

Jabz Boxing Studio and we do not purchase the premises and lease it to you. You must identify and obtain our approval of the site for your Jabz Boxing Studio within 90 days after signing the Franchise Agreement. If you fail to do so, we may terminate your Franchise Agreement.

Your Jabz Boxing Studio must be located within the Site Selection Area identified in Part B of ATTACHMENT "A" to the Franchise Agreement (the "Site Selection Area") and conform to our minimum site selection criteria. You must send us a complete site report for your proposed site that includes all demographic, commercial and other information, photographs and video tapes we reasonably require.

We will use our best efforts to approve or disapprove sites you propose 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 consider factors such as:

- parking
- visibility, size, condition and characteristics of the building
- traffic counts
- general location and market type (rural, suburban or urban)
- existence and location of competitive businesses
- general character of the neighborhood
- local demographic information
- various economic indicators

If we approve your site before signing the Franchise Agreement, we will list the address of your approved site in Part C of ATTACHMENT "A" to the Franchise Agreement. If we do not approve your site before signing, we will send you a Site Approval Notice (in the form attached to the Franchise Agreement as ATTACHMENT "B") within 30 days after approving your site, which will list the address of your approved site and identify your territory.

We do not review the terms of your lease. If you lease the premises for your Jabz Boxing Studio, you must use best efforts to cause your landlord to sign the Lease Addendum attached to the Franchise Agreement as ATTACHMENT "C". The terms of the Lease Addendum are 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 that you find a new site for your Jabz Boxing Studio.

Site Development (§7.3 & 7.4)

The Manual includes our Design Intent Plan that sets forth the standards and specifications pertaining to the design, layout, equipping and trade dress for a Jabz Boxing Studio, including flooring plans, mechanical layout, electrical layout and written specifications for colors and materials. You must hire a licensed and bonded architect to adapt our Design Intent Plan to your premises and prepare initial design plans and detailed construction plans. The architect must ensure these plans are consistent with the Design Intent Plan and comply with all local ordinances, building codes, permit and lease requirements and restrictions applicable to the premises. You must submit the final plans to us for approval, including a drawing prepared for permitting (permitting sets) stamped by your licensed architect. Once approved, you must construct and equip your Jabz Boxing Studio 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 Jabz Boxing Studio that we reasonably require from time to time to reflect our then-current standards and specifications. There is no limitation on the

cost of these remodeling obligations. However, we will not require that you remodel your Jabz Boxing Studio more than once during any 5-year period except as a condition to renewal or transfer of your franchise. You may not remodel or significantly alter your premises without our prior approval.

Training Program (§5)

We will provide an initial training program for the Owner/Operator, your General Manager (the Owner/Operator may, but need not, serve as the General Manager), 1 Lead Coach, 4 part-time Coaches and 1 to 2 Class Hosts (all of these terms/positions are discussed in more detail in Item 15).These individuals must complete initial training to our satisfaction before you open your Studio. You may send other owners and employees to initial training, but it is not required.

The specific training program varies depending on the role of the person being trained. The table below summarizes the initial training program the specific components that must be completed for each position:

TRAINING SUMMARY

COMPONENT	DESCRIPTION	WHO MUST ATTEND	WHERE TRAINING TAKES PLACE
Management Training	Includes 4 to 7 training sessions covering proper management and operation of the studio.	• Owner/Operator • General Manager	Conducted virtually
MindBody Training	Includes 8 training sessions (combination of virtual and self-directed training) regarding use of the MindBody POS system.	• Owner/Operator • General Manager	Conducted virtually or self-directed training completed at home or onsite at your studio
Jabz Training Camp (Coach Training)	Includes 3 days of onsite training on proper method of teaching classes at a Jabz Boxing Studio.	• Owner/Operator • General Manager • Coaches	Either onsite at your studio or at another Jabz Boxing Studio we designate
Lead Coach Training	Includes an additional half-day of training specifically geared towards Lead Coach.	• Lead Coach	Conducted either virtually or onsite at your studio or another Jabz Boxing Studio we designate
Client Experience Training	Includes a full day or half-day (depending on position) of training designed to promote and achieve proper client experience.	• Class Hosts (full day) • Owner/Operator (½ day) • General Manager (½ day) • Coaches (½ day)	Conducted onsite at your studio or another Jabz Boxing Studio we designate

The table below describes the training program in more detail:

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS ON THE JOB TRAINING	LOCATION
Pre-Opening Community Marketing	2	0	Virtual training
Social Media	2	0	Virtual training
MindBody	8	0	Virtual training (hosted by MindBody) and home study
Sales Process	2	0	Virtual training

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS ON THE JOB TRAINING	LOCATION
Management Training (policies, procedures, team management, facilities)	4	0	Virtual training or onsite at your studio or another Jabz Boxing Studio we designate, or combination of virtual and onsite
Lead Coach Training	0	3-4	Virtually or onsite at your studio or another Jabz Boxing Studio we designate
Jabz Training Camp (Coach training)	0	16-20	Your studio or another Jabz Boxing Studio we designate
Class Host	0	2-4	Your studio or another Jabz Boxing Studio we designate
Client Experience	0	2-4	Your studio or another Jabz Boxing Studio we designate
Total	18	23-32	

Currently, we offer the initial training program and Jabz Training Camp on an as-needed basis. Once it is determined that demand is sufficient, we will offer both training programs regularly.

Training Materials

All training materials used for the training program and continuing education are housed in the Jabz Boxing online learning management system called "The Ring". This platform is accessible online via any device at any time. With respect to training manuals and supporting resources that must be kept onsite at your Jabz Boxing Studio, we provide digital copies along with printing instructions to print at your expense. We do not charge additional fees for training materials.

Instructors

Our current instructors include Erin Seaboyer and Artemis Benedetti.

Erin Seaboyer joined us in 2021 as Director of Culture & Experience and is now serving as Vice President of Franchise Services. Erin provides instruction in the areas of marketing, social media, technology, operations, customer service, sales, studio management, coaching, and Jabz Boxing programming. She is a certified personal trainer and group fitness instructor with a Master of Science in Health Promotional Management. Erin has 12 years of experience in the field, including 5 years as a studio manager, 7 years training individuals in fitness instruction and studio management, 1 year as Senior Training Manager for Solidcore and 2 years as our Director of Culture & Experience.

Artemis Benedetti joined us in 2021 and currently serves as our Chief Operating Officer. Artemis' experience is rooted in efficient and effective operations for scaling businesses. Specifically, she played an instrumental role in developing training and operations procedures for Solidcore during the brand's growth from 7 to over 70 studios in the span of 5 years. Supporting this growth, she served as the brand's first Studio Manager then grew in other roles, including Regional Manager and Director of Studio Growth and Development. As Chief Operating Officer of Jabz Boxing, Artemis will primarily focus her efforts on business development of the brand and creating and providing the best tools and resources possible to empower franchisees from discovery through being operational. During the in-development process, Artemis will be responsible for implementing training in the areas of studio operations and management, team management, as well as business development. Artemis has 8 years of experience in the field, including 4 years as a studio manager, director and regional manager for Solidcore, 2 years as a fitness instructor for Town Sports International and 2 years as our Chief Operating Officer.

Jabz Boxing Certified Coaches

All of your Jabz Boxing coaches must successfully complete a group fitness instructor and/or personal training program with a test, certification and continuing education units, which program must be administered by a nationally accredited organization. You must send a copy of these certifications to us by email (onboarding@jabzboxing.com) and keep a copy of these certifications in the appropriate personnel files. At all times, you must have 1 Lead Coach and at least 4 part-time Coaches. Your Owner/Operator, General Manager and initial Coaches (including your Lead Coach) must attend and successfully complete Jabz Training Camp before you open. After you open, your Lead Coach may train new Coaches in compliance with the full Jabz Training Camp outline provided in Lead Coach training.

Ongoing Training

From time to time, we may require that your Owner/Operator, General Manager, Lead Coach and other staff members attend system-wide refresher or additional training courses. We will continue to provide refresher training programs and make available such other workshops and webinars as we deem appropriate or necessary. We intend to make every effort to create or provide additional training on requested topics that are relevant to the business and in demand from other franchisees.

Any new Owner/Operator, General Manager or Lead Coach you appoint must successfully complete our initial training program before assuming responsibility for the management of your Jabz Boxing Studio or supervision of classes, as applicable.

All of your Coaches must complete 3 days of training at Jabz Training Camp before serving as a Coach at your Jabz Boxing Studio. After opening, your Lead Coach may train new Coaches you hire. At any time that you do not have a fully trained Lead Coach, you must send your new Coaches to a Jabz Training Camp that we conduct.

If we inspect your Jabz Boxing Studio and determine you are not operating in compliance with the Franchise Agreement and/or the Manual, we may require that the Owner/Operator, General Manager, Coaches and/or other staff members attend remedial training that addresses your operational deficiencies.

You may also request that we provide additional training at corporate headquarters or your Jabz Boxing Studio. We are not required to provide this additional training.

Training Fees and Costs

We provide our pre-opening initial training program at no additional charge. We also do not charge a training fee for any system-wide refresher or additional training that we conduct at our headquarters or at an affiliate-owned Jabz Boxing Studio. You must pay us a training fee of up to $1,000 per day if:

- we train new members of your staff after you open your Jabz Boxing Studio
- we provide any special or additional training that you request
- we provide onsite assistance or training that you request
- we provide remedial training based on your operational deficiencies

If we agree to provide onsite training or assistance, you must also 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 your trainees incur for training, including wages, travel and living expenses.

Advertising and Marketing (§10)

We provide the advertising and marketing support discussed below. You must participate at your own expense in all advertising, promotional and marketing programs we require. There is currently no franchisee council that advises us on marketing matters.

Grand Opening Marketing

You pay our designated marketing vendor a $12,000 grand opening marketing fee that it utilizes to implement your grand opening marketing campaign during the 12-week period immediately preceding your anticipated grand opening date. We recommend, but do not require, that you purchase: (a) presales promotional gloves from us ($1,250); and (b) outbound call and lead management services from a designated vendor to help sell memberships (we estimate the cost of this service will be $6,000 for a 3-month period).

Ongoing Local Marketing By You

After your grand opening, you must spend a minimum monthly amount equal to your Local Marketing Commitment on digital marketing with suppliers that we designate or approve. The Local Marketing Commitment is:

- $2,500 per month until such time that you have 150 paying members (if your grand opening date occurs on a day other than the 1st day of the month, we will pro-rate the $2,500 for your first partial month);
- $2,000 per month beginning with the first full month after you have at least 150 paying members until such time that you have 200 paying members;
- $1,500 per month once you achieve a minimum of 200 paying members.

If you achieve 200 paying members but subsequently drop below the 200 member threshold your Local Marketing Commitment will increase to $2,000 per month until you once again have a minimum of 200 paying members.

You may develop your own advertising and marketing materials and programs, provided we approve them in advance. 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.

You must make available at your Jabz Boxing Studio all flyers, brochures and other materials we provide for purposes of promoting the franchise opportunity. You must follow the requirements in the Manual for purposes of displaying this information.

Local Marketing Assistance From Us

We provide reasonable marketing consulting, guidance and support throughout the franchise term on an "as-needed" basis. We may use the brand and system development fund to pay for the creation and distribution of advertising and marketing 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 create advertising or marketing materials for your purchase.

Websites, Social Media and Digital Advertising

We will maintain a corporate website to promote our brand. We will also host a local webpage to promote your Jabz Boxing Studio, which will be linked to our corporate website. Your webpage will list certain information about your Jabz Boxing Studio (such as class schedule, class availability, coach information, etc.). Your customers can purchase memberships and class packages and reserve classes through your webpage and the Jabz branded app. You must utilize our designated web developer for purposes of: (a) setting up and hosting your webpage and social media accounts; and (b) making design and content changes. The costs associated with setting up your webpage and social media accounts are covered by the technology fee. We can modify or discontinue our website (and your local webpage) at any time. Under current policy, you may not: (a) develop, host, or otherwise maintain any other website or other digital presence relating to your Jabz Boxing Studio (including any website bearing our Marks); or (b) utilize the Internet to conduct digital or online advertising or

otherwise engage in ecommerce (except through the webpage we provide).

We will provide you with social media pages. You are required to market your Jabz Boxing Studio through approved social media channels, subject to the following requirements:

- you must 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 even if compliant with our social media policy
- you must, if we so require, only post content contained in our social medial content library
- we may require that you utilize a supplier we designate for social media marketing services
- you provide us with full administrative rights to your social media accounts
- we retain ownership of all social media accounts relating to your Jabz Boxing Studio

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 cards sales are divided or otherwise accounted for and we may retain proceeds from unredeemed gift cards. You must follow all of our policies regarding gift card and/or loyalty programs we establish.

Advertising Cooperatives

We may, but need not, form one or more advertising cooperatives for the benefit of all Jabz Boxing Studios located within a particular region. If your Jabz Boxing Studio is located within a region subject to an advertising cooperative, you must pay a cooperative advertising fee in the amount we specify or as otherwise determined by the cooperative (not to exceed $250 per month). Any Jabz Boxing Studios owned by us or our affiliates that are located within the cooperative would contribute on the same basis as other franchisees. All cooperative advertising fees you pay will be credited against your Local Marketing Commitment. We have the right to determine the composition of all geographic territories and market areas for the implementation of each advertising cooperative. In most instances, the boundaries of an advertising cooperative will coincide with zip codes, designated marketing areas or municipal boundaries.

If we implement an advertising cooperative, we may establish an advertising council to self-administer the cooperative. You must participate in the council according to its rules and procedures and abide by its decisions. Alternatively, we may administer the cooperative ourselves. Advertising cooperatives are not required to operate from written governing documents or 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 established and administer a brand and system development fund to promote public awareness of our brand and improve our System. We may use the 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 fund
- preparing and distributing financial accountings of the 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 fund, including the creative concepts, content, materials, endorsements, frequency, placement and media used for the programs. Advertising may be local, regional or national in coverage and may utilize digital, print, television, radio, billboard or any other media we deem appropriate. The 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 contribute to the fund the amount we specify from time to time (not to exceed the greater of 1.5% of Gross Sales or $150 per month). The minimum contribution of $150 per month may be adjusted periodically based on changes in the Consumer Price Index. We will deposit into the fund all: (a) fund contributions paid by you and other franchisees; and (b) fines paid by you and other franchisees. Any company-owned Jabz Boxing Studio will contribute to the fund on the same basis as our franchisees. However, if we modify the amount or timing of the contributions that must be made to the fund, any company-owned Jabz Boxing Studio that is established or acquired after the modification may contribute to the fund utilizing the modified amount or timing. Except as stated in this paragraph, we have no obligation to expend our own funds or resources for any marketing activities in your area. We have charged different brand fund contributions in prior years, so some franchisees contribute at a different rate than new franchisees.

All monies deposited into the 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 in the fund may be invested and we may lend money to the fund if there is a deficit. An unaudited financial accounting of the operations of the fund will be prepared annually and made available to you upon request. During the fiscal year ended December 31, 2022, we spent the marketing funds in the following manner:

Allocation of Marketing Expenditures (2022)				
Use of Funds	**Production**	**Media Placement**	**Administrative Expenses**	**Other***
Percentage Allocation	54%	0%	9%	37%

* "Other" includes costs for development of the Brand Style Guide with a Brand Strategist.

We assume no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the fund. The fund is not a trust and we have no fiduciary obligations with respect to our administration of the fund. We may discontinue the fund at any time upon at least 30 days' prior notice.

Advisory Council (§12)

We may, but need not, establish 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 in good faith, but would not be bound by them. The council would be established and operated according to rules and regulations we periodically approve, including procedures governing the selection of council representatives to communicate with us on matters raised by the council. We anticipate that advisory council members would be elected by other franchisees and serve 2-year terms. To be eligible to serve on the council, the franchisee must be profitable, in good standing and their Jabz Boxing Studio must be open at least 1 year. You have the right to be a member of the council as long as you meet the eligibility criteria described above 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 Jabz Boxing Studio operated by us or our affiliates would also be eligible to be a member of the council. Each member would be granted 1 vote on all matters on which members are authorized to vote. We would have the power to form, change or dissolve the advisory council in our discretion.

Computer System (§6.7, 11.6, 11.7, 11.8, 15.3 & 16.1)

You must purchase and use all Technology Systems we designate from time to time. Our required Technology Systems may include computer systems, point-of-sale system, webcam systems, telecommunications systems, security 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.

One component of our Technology Systems is your "computer system," which consists of the following items:

- 2 iPads
- 1 dedicated laptop computer
- 2 Bluetooth-enabled Smart HDTVs
- QuickBooks Online
- Business management software, sales CRM, Messenger AI and Jabz branded app

We may change the components of the Technology Systems from time to time, including your computer system.

Email Addresses

We will provide you with up to 3 email addresses for use with your Business. The cost for the email addresses and accounts is covered by the technology fee. If you need more than 3 email addresses, we may charge you an additional $10 per additional email address, which will be added to your technology fee. You must exclusively use the email address(es) we provide for all communications with us, customers, suppliers and other persons relating to your Business. You may not use any email address we provide for any purpose unrelated to your Business. We will own the email addresses and accounts but allow you to use them during the term of your Franchise Agreement.

How Computer System Is Used

Our designated "business management software" collectively refers to a suite of software programs that are used to operate the business, including scheduling and payment processing software, email/text marketing software, CRM software and document/data storage and management software. You must license these programs from third-party licensors.

You will use your computer system for scheduling, booking classes, processing sales transactions, accounting, tracking financial information, inventory management, accessing the online store, payroll, reporting, business management and analytics, automated email and text marketing, contract management (storing and accessing documents), accessing the Manuals, and implementing the membership model. It also serves as your CRM system and implements various marketing campaigns utilizing customer profiling tools. You will also use your computer system for general business purposes, such as communicating by email and preparing reports.

You must use QuickBooks Online to prepare and send monthly financial statements (balance sheet, statement of profit & loss, and statement of cash flows) to us by the 10th day of each month. If you are unable to produce your own reliable financial statements using QuickBooks Online, you will be required to hire a CPA to produce monthly financial statements. You may use our recommended vendor of accounting services or another CPA that we approve.

Fees and Costs

We estimate the initial cost of your computer system (including any upfront license fees, setup fees, software training fees, data migration fees, etc.) will range from $2,800 to $3,300.

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 charge a technology fee of $250 per month ($3,000 per year). The table below identifies the ongoing fees and costs you must pay for the software, technology, Apps, subscriptions and related services (including the software, technology and related services covered by the technology fee):

COMPUTER SYSTEM – ONGOING FEES AND COSTS			
Item	**Fee (Monthly)**	**Fee (Annual)**	**To Whom Paid?**
• Business management/online training portal • 3 email accounts • Webpage hosting and support • Technology research and development • Order.co • Canva • Jabz Branded App Management	$250 (subject to change)	$3,000 (subject to change)	Us
Music Licensing Fee and Music Fitness App	$105 (subject to change)	$1,260 (subject to change)	Us
Business Management Software	$500 (subject to change)	$6,000 (subject to change)	Third-party licensor
Uptivo Trackers	$120	$1,440	Third-party licensor
QuickBooks Online	$40 to $70 (estimate)	$480 to $840 (estimate)	Third-party licensor
Total	**$1,015 to $1,045**	**$12,180 to $15,540**	

Maintenance, Support, Updates and Upgrades

In exchange for the ongoing fees listed above, the licensors of QuickBooks Online and the business management software will provide all required maintenance, support, updates and upgrades.

Except as otherwise 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 sales. We will have independent unlimited access to the data collected on your computer system and there are no contractual limits imposed on our access.

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 Business. 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 as well as our data processing and data privacy policies set forth in the Manual from time to time. 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 or update your computer system and other Technology Systems to conform to our then-current specifications. There are no contractual limitations on the frequency or cost of these updates or upgrades.

Opening Requirements (§7.5)

We anticipate a typical franchisee will open his or her Jabz Boxing Studio within 3 to 6 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 Jabz Boxing Studio prior to receipt of our written authorization to open. We will not issue our authorization to open until all of the following conditions are met:

- the initial trainees successfully complete the initial training program
- you purchase all required insurance policies and provide us with evidence of coverage
- you obtain all required licenses, permits and other governmental approvals
- we review and approve the construction, build-out and layout of your Jabz Boxing Studio
- you receive your Certificate of Occupancy from the city
- you pre-sell at least 100 memberships

Unless we agree to the contrary, you must open your Jabz Boxing Studio within 180 days after signing the Franchise Agreement. We may terminate the Franchise Agreement if you fail to open by this deadline.

ITEM 12 TERRITORY

Location of Your Business

The Franchise Agreement grants you the right to operate one Jabz Boxing Studio from the site we approve. You must identify a site for your Jabz Boxing Studio within the Site Selection Area described in Part B of ATTACHMENT "A" to your Franchise Agreement.

You may relocate your Jabz Boxing Studio 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 site for your new Jabz Boxing Studio 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; and (c) open your new Jabz Boxing Studio and resume operations within 7 days after closing your prior Jabz Boxing Studio.

Your Territory

We will identify the boundaries of your territory. Your territory will consist of a geographic area containing a minimum population of 30,000 people as determined by US Census figures collected and provided through MapBusinessOnline.com. If we approve the site for your Jabz Boxing Studio before you sign the Franchise Agreement, then your territory will be identified in Part D of ATTACHMENT "A" to your Franchise Agreement. If we do not approve the site for your Jabz Boxing Studio before you sign the Franchise Agreement, then your territory will be identified in the Site Approval Notice we send you after site approval. Upon renewal, we reserve the right to modify the boundaries of your territory in accordance with our then-current territory guidelines and criteria. We will not change the boundaries of your territory during the term due to changes in population or for any other reason.

Your territory will be exclusive. We will not develop or operate, or license a third party to develop or operate, a Jabz Boxing Studio using our Marks that is physically located within your territory during the term of your Franchise Agreement.

Alternative Channels of Distribution

We reserve the right to sell, and license others to sell, competitive or identical goods and services (whether under the Marks or under different trademarks) through Alternative Channels of Distribution, including within your territory. An "Alternative Channel of Distribution" means any channel of distribution other than retail sales made to customers from a Jabz Boxing Studio. Examples of Alternative Channels of Distribution include:

- sales through direct marketing, such as over the Internet or through catalogs or telemarketing
- sales through retail stores that do not operate under the Marks, such as sporting goods stores and department stores
- sales made at wholesale

All sales of merchandise and other inventory items made through your webpage will be credited to you. In addition, the revenues from all online membership and class package sales for your Jabz Boxing Studio will be credited to you. Except as stated above, you are not entitled to any compensation for sales that take place through Alternative Channels of Distribution.

Restrictions on Your Sales and Marketing Activities

You can market and advertise outside of your territory as long as: (a) you comply with all policies and procedures in the Manual governing extra-territorial marketing; and (b) you do not engage in targeted marketing directed into any territory assigned to us, our affiliate or another franchisee (unless the marketing is conducted as part of an advertising cooperative that includes the affected territory). Marketing that is distributed, circulated or received both within your territory and within another territory is not considered "targeted marketing" if: (a) you use reasonable efforts to limit the circulation or distribution of the advertising to areas within your territory; and (b) the majority of the recipients of the advertising are located within your territory and there is only

incidental circulation or distribution within a territory assigned to us, our affiliate or another franchisee. The meaning of "targeted marketing" that is "directed into a territory" may be further defined in the Manual, but examples include direct mail sent to addresses within a given territory, digital advertising sent to devices with IP addresses registered within a given territory and setting up promotional events that take place within a given territory.

You must comply with any minimum advertised pricing policy that we establish from time to time.

Except for (a) marketing and sales made through the webpage we provide and (b) marketing through approved social media channels, you may not market or sell using Alternative Channels of Distribution (such as over the Internet or through catalog sales, telemarketing or other direct marketing) either within or outside of your territory. Your marketing activities are also subject to the additional restrictions described in Item 11 under the Section entitled "Local 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 exclusivity does not depend on achieving a certain sales volume, market penetration or other contingency.

Additional Franchises and Territories

You are not granted any options, rights of first refusal or similar rights to acquire additional territories or franchises.

Competitive Businesses Under Different Marks

As discussed in Item 1, our affiliate MFS currently offers franchises for the operation of an athletic conditioning facility that operates under the name "Madabolic®". MFS's principal business address is 2610 South Blvd., Charlotte, North Carolina 28209. Madabolic workout facilities offer workout programs that can be considered competitive with the services offered by Jabz Boxing Studios. Madabolic operates both corporate-owned and franchised studios. There are no restrictions on the ability of Madabolic workout facilities to solicit or accept customers from within territories operated by Jabz Boxing Studios. Similarly, there are no restrictions on your ability to solicit or accept members from within the territories operated by Madabolic workout facilities. We do not anticipate any conflicts between us and our franchisees, or between franchisees, regarding territory, customers and franchise support. Any such conflicts would be reviewed and resolved on a case-by-case basis.

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 by a Jabz Boxing Studio. However, we reserve the right to do so in the future.

ITEM 13 TRADEMARKS

We grant you the right to operate a Jabz Boxing Studio under the name "Jabz Boxing" and the associated logo. By trademark, we mean trade names, trademarks, service marks and logos used to identify your Jabz Boxing Studio 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 this Item 13. If this happens, you must change to the new trademark at your expense.

Our affiliate, Jabz TM, LLC ("JTM"), registered the following trademarks on the Principal Register of the United States Patent and Trademark Office:

REGISTERED MARKS		
Mark	**Registration Number**	**Registration Date (Renewal Date)**
JABZ	6139153	September 1, 2020
JABZ BOXING	6558873	November 16, 2021
	7072786	June 6, 2023

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

On October 1, 2020, we entered into an Intellectual Property License Agreement with JTM (the "License Agreement"). Under the terms of the License Agreement, JTM granted us the right to use the Marks in the Jabz Boxing System and sublicense the Marks to our franchisees. The term of the License Agreement automatically renews annually, unless it is terminated in accordance with its terms. JTM is permitted to terminate the License Agreement only if we: (a) declare bankruptcy or become insolvent; (b) breach JTM's quality control standards and fail to cure the breach within a 60-day cure period; or (c) consent to the termination. If the License Agreement is terminated, it states 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. No other agreements limit our right to use or sublicense 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.

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 think 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 JTM's right to the Marks.

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; or (c) pending material litigation involving any of the Marks. We are not aware of any infringing uses 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 Jabz Boxing Studio. Examples include:

- architectural plans, drawings and specifications for a prototype Jabz Boxing Studio

- site selection criteria
- methods and techniques
- standards and specifications
- policies and procedures
- supplier lists and information
- marketing strategies
- merchandising strategies
- financial information
- information comprising the System

We own all operational and customer data relating to your Jabz Boxing Studio. You must treat this data as confidential and proprietary. We license you the right to utilize this data during the term of your Franchise Agreement. We consider all information in the Manual to be confidential.

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 Jabz Boxing Studio in compliance with the Franchise Agreement and Manual. You may not disclose our confidential information to any person (other than your employees on a need-to-know basis) without our prior permission.

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

We will own all ideas, improvements, inventions, marketing materials and other concepts you develop relating to a Jabz Boxing Studio.

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

Owner/Operator

You must designate an owner with overall responsibility for the daily onsite management and supervision of your Jabz Boxing Studio (the "Owner/Operator"). The Owner/Operator must:

- be approved by us
- successfully complete all training programs we require

  dedicate full-time efforts to the Business (unless you hire a General Manager)

The Owner/Operator is not required to provide onsite management of your Jabz Boxing Studio as long as a trained General Manager is onsite. Any new Owner/Operator you appoint must successfully complete our then-current initial training program before assuming responsibility for the supervision, management or operation of your Jabz Boxing Studio.

General Manager

You may hire a General Manager to provide onsite management and supervision of your Jabz Boxing Studio. Any person you hire as a General Manager must:

- be approved by us
- have at least 2 years' of fitness experience

- successfully complete all training we require
- teach no more than 8 classes per week
- sign the Brand Protection Agreement attached to the Franchise Agreement as ATTACHMENT "E"

At all times during normal business hours, either the Owner/Operator or a trained General Manager must be present at your Jabz Boxing Studio to provide onsite management and supervision. The Owner/Operator must monitor and supervise the activities of the General Manager to ensure your Jabz Boxing Studio is operated in accordance with the Franchise Agreement and Manual.

The Owner/Operator may serve as your General Manager as long as he/she teaches no more than 8 classes per week. We do not require that the General Manager own any equity interest in the franchise.

Coaches and Class Hosts

No person other than a trained Coach may teach classes at your Jabz Boxing Studio. At all times, you must have at least 1 Lead Coach and 4 part-time Coaches. You must designate the Coach that will serve as your Lead Coach prior to initial training. Your Owner/Operator may serve as a Coach. However, the Owner/Operator may not serve as both your General Manager and a Lead Coach.

Any person you hire as a Coach must:

- successfully complete all training we require, including 3 days of training at Jabz Training Camp
- successfully complete a nationally accredited group fitness instructor program

Any person you hire as your Lead Coach must:

- satisfy all requirements listed above for a Coach
- successfully complete all additional training we require for a Lead Coach
- hold a certification in CPR
- teach between 15 and 18 classes per week (unless otherwise provided in the Manual)
- supervise your Coaches
- conduct Jabz Training Camp at your Jabz Boxing Studio for purposes of training new coaches you hire

You must also hire at least 1 person (a "Class Host") to manage the front desk, create a welcoming environment for clients and ensure your Jabz Boxing Studio is ready for business each day. The Class Host also helps with client generation and retention and performs various administrative tasks. Any person you hire as Class Host must successfully complete all training we require. After opening, either your Owner/Operator or General Manager must train new Class Hosts that you hire.

We do not require that any of your Coaches or Class Hosts own any equity interest in the franchise. All of your staff with access to our confidential information must sign the Confidentiality Agreement attached to the Franchise Agreement as ATTACHMENT "F". However, your General Manager signs the Brand Protection Agreement instead of the Confidentiality Agreement.

Owner Obligations Under Franchise Agreement

We do not require that the owners sign a personal guaranty. However, all owners of the franchise that (a) directly or indirectly hold a 10% or greater ownership interest in the franchise (or franchisee entity) and/or (b) have any active involvement with the operation of your Jabz Boxing Studio, must sign the Franchise Agreement where indicated in order to bind themselves to each provision that applies to "owners" (such as noncompetition covenants, nondisclosure covenants, non-disparagement covenants, covenants protecting our intellectual property, restrictions on transfers, etc.) and assure the franchisee's payment obligations. We may also require that the spouse of each owner sign a Brand Protection Agreement, which obligations the spouse to comply with the same brand protection covenants imposed under the Franchise Agreement, including confidentiality

covenants, client non-solicitation covenants, noncompetition covenants, and covenants governing the use and protection of our intellectual property.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We must approve all goods and services you sell, including class offerings, merchandise, equipment, inventory items, memberships, packages and consultations. You must offer all goods and services we require. You may not sell any goods or services we have disapproved. You may only offer the specific classes and exercises that we designate. You may not sell any goods or services except from your Studio and through your local webpage (at this time, you may only sell memberships and class packages through your webpage and the associated Jabz branded app). You must only sell the memberships that we authorize or designate. We reserve the right to implement policies for transfers of memberships or to allow memberships to be utilized at multiple locations and you must comply with all such policies. We may require you to participate in a gift card or other customer loyalty program in accordance with our policies and procedures. At any time, we may change the goods and services you sell and you must comply with the change.

ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
a. Length of franchise term	FA: 4.1	Term is equal to 10 years.
b. Renewal or extension of the term	FA: 4.1 & 4.2	If you meet our conditions for renewal, you can enter into an unlimited number of consecutive successor franchise agreements. Each renewal term will be 5 years.
c. Requirements for you to renew or extend	FA: 4.1 & 4.2	You must: not be in default; give us timely notice; sign then-current form of franchise agreement and related documents (e.g., Franchise Owner Agreement, etc.); sign general release (subject to state law); pay renewal fee; remodel Jabz Boxing Studio 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.
d. Termination by you	FA: 20.1	You can terminate only if we fail to cure a material default within the cure period.
e. Termination by us without cause	FA: 20.4	We can terminate without cause if you and we mutually agree to terminate.
f. Termination by us with cause	FA: 20.2 & 20.3	We can terminate if you default.
g. "Cause" defined - curable defaults	FA: 20.2 & 20.3	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").

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
h. "Cause" defined - non-curable defaults	FA: 20.2	The following defaults cannot be cured: failure to successfully complete training; failure to find approved site or open in timely manner; insolvency, bankruptcy or seizure of assets; abandonment; failure to maintain required license or permit; conviction of certain types of crimes or subject of certain administrative actions; failure to comply with material law; commission of act that may adversely affect reputation of System or Marks; health or safety hazards; material misrepresentations; 2nd underreporting of amounts due by at least 3%; unauthorized transfers; unauthorized use of our intellectual property; failure to delete social media post bearing our Marks within 48 hours; violation of brand protection covenant; breach of Brand Protection Agreement by spouse of owner; 3 or more default notices in 18-month period; 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.
i. Your obligations on termination/non-renewal	FA: 21.1	Obligations include: remove trade dress and alter premises to eliminate any resemblance to a Jabz Boxing Studio; cease use of intellectual property; return Manual and branded materials; assign telephone numbers, listings and domain names; assign customer information and contracts; cancel fictitious names; comply with data retention policies; and pay amounts due (also see "r", below).
j. Assignment of contract by us	FA: 19.1	No restriction on our right to assign.
k. "Transfer" by you – definition	FA: 1 (definition of "Transfer") & 19.2	Includes ownership change or transfer of contract or assets.
l. Our approval of transfer by you	FA: 1 (definition of "Permitted Transfer"), 19.2 & 19.3	If certain conditions are met, you may transfer to a newly-formed entity owned by you, or in certain instances, to an existing owner, without our approval. We must approve other transfers but will not unreasonably withhold approval.
m. Conditions for our approval of transfer	FA: 19.2	Transferee must: meet our qualifications; successfully complete training (or arrange to do so); obtain required licenses and permits; agree in writing to assume your obligations under agreements relating to the Business; and sign then-current form of franchise agreement for remainder of term (or at our option, take assignment of existing franchise agreement). You must: be in compliance with Franchise Agreement; assign lease (if applicable); remodel Jabz Boxing Studio and upgrade furniture, fixtures and equipment to current standards (or get a commitment from transferee to do so); 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 do not intend to exercise our right of first refusal.

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
n. Our right of first refusal to acquire your business	FA: 19.5	We can match any offer for your business.
o. Our option to purchase your business	FA: 21.2	We have the option to purchase your Jabz Boxing Studio at the expiration or termination of the Franchise Agreement.
p. Your death or disability	FA: 19.4	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 Jabz Boxing Studio prior to transfer.
q. Non-competition covenants during the term of the franchise	FA: 14.3	No involvement in competing business.
r. Non-competition covenants after the franchise is terminated or expires	FA: 14.3 & 21.1	No involvement for 2 years in competing business within 10 miles from your Jabz Boxing Studio or any other then-existing Jabz Boxing Studio.
s. Modification of the agreement	FA: 24.3 & 24.8	Requires writing signed by both parties (except for unilateral changes to Manual or unilateral reduction of scope of restrictive covenants by us). Other modifications primarily to comply with various states laws.
t. Integration/merger clause	FA: 24.8	Only the terms of the Franchise Agreement and its attachments are binding (subject to state law). Any representations or promises made outside the Disclosure Document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement 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: 22	Subject to state law, all disputes must be mediated before litigation, except for certain disputes involving our intellectual property or compliance with restrictive covenants.
v. Choice of forum	FA: 22	Subject to state law, all mediation and litigation must take place in Maricopa County, Arizona.
w. Choice of law	FA: 24.1	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.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the Federal Trade Commission, the appropriate state regulatory agencies, and our management by contacting our President at 42490 Garfield Rd., Suite 202, Clinton Township, Michigan 48038 or by telephone at (843) 377-0178).

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

TABLE 1 - SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2020 TO 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	16	13	-3
	2021	13	12	-1
	2022	12	12	0
Company-Owned	2020	3	2	-1
	2021	2	1	-1
	2022	1	1	0
Total Outlets	2020	19	15	-4
	2021	15	13	-2
	2022	13	13	0

TABLE 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2020 TO 2022

State	Year	Number of Transfers
Arizona	2020	1
	2021	0
	2022	0
Florida	2020	0
	2021	0
	2022	1
Pennsylvania	2020	1
	2021	0
	2022	1

TABLE 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2020 TO 2022		
State	**Year**	**Number of Transfers**
Total	2020	1
	2021	0
	2022	2

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2020 TO 2022								
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Termin-ations**	**Non-Renewals**	**Reacquired by Franchisor**	**Ceased Operations - Other Reasons**	**Outlets at End of Year**
Arizona	2020	15	0	0	0	0	4	11
	2021	11	0	0	0	0	5	6
	2022	6	0	0	0	0	0	6
Florida	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Maryland	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
New Jersey	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Pennsylvania	2020	0	1	0	0	0	0	1
	2021	1	2	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Utah	2020	0	0	0	0	0	0	0
	2021	0	1	1	0	0	0	0
	2022	0	0	0	0	0	0	0
Totals	2020	16	1	0	0	0	4	13
	2021	13	5	1	0	0	5	12
	2022	12	0	0	0	0	0	12

TABLE 4 - STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2020 TO 2022							
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Outlets Reacquired From Franchisee**	**Outlets Closed**	**Outlets Sold to Franchisee**	**Outlets at End of Year**
Arizona	2020	2	0	0	1	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1

TABLE 4 - STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2020 TO 2022							
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Outlets Reacquired From Franchisee**	**Outlets Closed**	**Outlets Sold to Franchisee**	**Outlets at End of Year**
Pennsylvania	2020	1	0	0	0	0	1
	2021	1	0	0	0	1	0
	2022	0	0	0	0	0	0
Totals	2020	3	0	0	1	0	2
	2021	2	0	0	0	1	1
	2022	1	0	0	0	0	1

TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, 2022			
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**
Pennsylvania	1	0	0
Texas	9	3	0
TOTAL	10	3	0

Notes to Tables:

1. Our fiscal year ends on December 31st.

2. The transactions listed in Table 3 only refer to franchisees that left the system after opening their outlet. In 2020, we had 1 franchisee leave the system before opening an outlet. In 2022, we had 1 franchisee leave the system before opening an outlet. In addition, the multi-unit development rights were terminated with 2 of our other franchisees (one of these franchisees continues to operate a Studio while the other franchisee transferred her existing Studio and is no longer part of our system).

3. The outlet in Pennsylvania was jointly owned by an affiliate of ours and a third-party franchisee. The third-party franchisee was responsible for managing the outlet. Due to the joint ownership, we previously characterized this outlet as a company-owned outlet. The third-party franchisee acquired all of the ownership in 2021, after which we characterized this outlet as a franchised outlet.

A list of all current franchisees is attached to this Disclosure Document as EXHIBIT "E" (Part A), including their names and the addresses and telephone numbers of their outlets as of December 31, 2022. In addition, EXHIBIT "E" (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: (a) trademark-specific franchisee organizations associated with the franchise system being offered that we have created, sponsored or endorsed; or (b) independent franchisee organizations that have asked to be included in this Disclosure Document.

ITEM 21 FINANCIAL STATEMENTS

Our fiscal year ends on December 31st. Audited financial statements of Jabz Franchising, LLC for the fiscal years ended December 31, 2022, December 31, 2021 and December 31, 2020 are attached to this Disclosure Document as EXHIBIT "F". In addition, an unaudited balance sheet as of March 31, 2023 and an unaudited profit and loss statement from January 1, 2023 through March 31, 2023 are attached to this Disclosure Document as EXHIBIT "F".

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 "G"-1	State Addenda
EXHIBIT "G"-2	Franchisee Disclosure Questionnaire **(Questionnaire may not be signed or used if the franchisee resides within, or the franchised business will be located within, a franchise registration state)**
EXHIBIT "G"-3	General Release
EXHIBIT "G"-4	Franchise Resale Agreement

Attachments to Franchise Agreement

ATTACHMENT "B"	Form of Site Approval Notice
ATTACHMENT "C"	Lease Addendum
ATTACHMENT "D"	ACH Authorization Form
ATTACHMENT "E"	Brand Protection Agreement
ATTACHMENT "F"	Confidentiality Agreement
ATTACHMENT "G"	State Addenda

ITEM 23 RECEIPT

EXHIBIT "I" 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

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

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

Agent for Service of Process:
Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN
Franchise Section
Consumer Protection Division
525 W. Ottawa Street, G. Mennen Williams Building, 1st Floor
Lansing, MI 48913
(517) 335-7567

MINNESOTA
Commissioner of Commerce
Director of Registration
85 Seventh Place East, #280
St. Paul, Minnesota 55101-3165
(651) 539-1500

NEW YORK
NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005
Phone: (212) 416-8222

Agents for Service of Process:
New York Department of State
One Commerce Plaza
99 Washington Avenue, 6th Floor
Albany, NY 12231

NORTH DAKOTA
North Dakota Securities Department
State Capitol, 5th Floor, Dept 414 600 East Boulevard Avenue
Bismarck, North Dakota 58505
(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 Insurance Securities Regulation
124 S Euclid, 2nd Floor
Pierre, South Dakota 57501
(605) 773-3563

VIRGINIA
State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9051

Agents for Service of Process:
Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219

WASHINGTON
Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, WA 98501
(360) 902-8760

Mailing Address:
Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, WA 98507

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

Bret Seltzer
Warshawsky Seltzer, PLLC
9943 East Bell Road
Scottsdale, Arizona 85260

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]

FRANCHISE AGREEMENT

FRANCHISEE: _____
DATE: _____
TERRITORY: _____

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ATTACHMENTS

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ATTACHMENT "F"	Confidentiality Agreement
ATTACHMENT "G"	State Addenda

JABZ BOXING FRANCHISE AGREEMENT

This Jabz Boxing Franchise Agreement (this "Agreement") is entered into as of _____, 202__ (the "Effective Date") between: (a) Jabz Franchising, LLC, an Arizona limited liability company ("we" or "us"); (b) _____, a(n) _____ ("you"); and (c) each Owner (as defined herein) that (i) directly or indirectly holds a 10% or greater ownership interest in the Business or the Franchisee Entity, as applicable and/or (ii) has, or is likely to have, any active involvement with the management, supervision or operation of your Business (as defined herein).

1. DEFINITIONS. Capitalized terms used in this Agreement have the meanings given to them below:

"*Account*" means the checking account you designate from which we deduct fees and other amounts owed to us and our affiliates in accordance with §13.5.

"*ACH Agreement*" means the ACH Authorization Agreement attached hereto as ATTACHMENT "D", which authorizes us to electronically debit your Account for all amounts owed to us and our affiliates.

"*Acquired Assets*" means any assets associated with your Jabz Boxing Studio that we elect to purchase upon termination or expiration of this Agreement, as further described in §21.2.

"*Agencies*" is defined in §21.1.

"*Agreement*" is defined in the Introductory Paragraph.

"*Alternative Channels of Distribution*" means any channel of distribution other than retail sales made to customers from a Jabz Boxing Studio, including, but not limited to: (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 sporting goods stores or department stores; or (c) sales made at wholesale.

"*Anti-Terrorism Law*" means Executive Order 13224 issued by the President of the United States of America (or any successor Order), the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT Act) of 2001 (or any successor legislation) and all other present and future federal, state and local Laws, ordinances, regulations, policies, lists, orders and any other requirements of any Governmental Authority addressing or in any way relating to terrorist acts and acts of war.

"*Appraised Value*" is defined in §21.2.

"*Authorized Activities*" means all activities we authorize you to conduct in connection with this Agreement, including the development, ownership and operation of the Jabz Boxing Studio.

"*Brand Protection Agreement*" means the Brand Protection Agreement that must be signed by certain of your personnel, the current form of which is attached hereto as ATTACHMENT "E".

"*Business*" means the franchised business you operate pursuant to this Agreement.

"*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.

"*Coach*" means a Person who teaches classes at your Jabz Boxing Studio and meets the minimum criteria and requirements set forth in §8.3 applicable to Coaches.

"*Competitive Business*" means any business that meets at least one of the following criteria: (a) any business competitive with a Jabz Boxing Studio that offers fitness classes emphasizing boxing and/or boxing related exercises; (b) any business that solicits, offers or sells franchises or licenses for a business that meets the criteria in clause (a) of this definition; and/or (c) any business that services, trains, supports, consults with, advises or otherwise assists any Person with respect to the development, management and/or operation of a business that meets the criteria in clause (a) of this definition. A Competitive Business does not include any Jabz Boxing Jabz Boxing Studio operated pursuant to a valid franchise

agreement or license agreement with us or our affiliate.

"*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: (i) are designated as confidential; (ii) are known by you to be considered confidential by us; and/or (iii) are by their nature inherently or reasonably to be considered confidential. Confidential Information does not include any 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 in your possession, without obligation of nondisclosure, before we 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.

"*Confidentiality Agreement*" means the Confidentiality Agreement that must be signed by certain of your employees pursuant to §14.5, the current form of which is attached hereto as ATTACHMENT "F".

"*Copyrighted Materials*" means all copyrightable materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of a Jabz Boxing Studio, whether now in existence or created in the future.

"*Class Host*" means a Person who manages the front desk at your Jabz Boxing Studio and meets the minimum criteria and requirements set forth in §8.5.

"*Customer Data*" means and includes any and all data that pertains to a Jabz Boxing Studio customer, including, without limitation, name, address, contact information, date of birth, purchase history and any information collected in connection with any loyalty program or for any other purpose.

"*Definitive Agreements*" means, collectively, this Agreement, any other Franchise Agreement between you (or your affiliate) and us (or our affiliate) for a Jabz Boxing Studio or any other franchised concept, and all ancillary agreement executed in connection with any of the foregoing, including, without limitation, each related Franchise Owner Agreement.

"*Dispute*" means any Claim, dispute or disagreement between the parties, including any matter pertaining to the interpretation or enforcement of this Agreement or issues relating to the offer and sale of the franchise or the relationship between the parties.

"*Effective Date*" is defined in the Introductory Paragraph.

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

"*Equity Interest*" means a direct or indirect ownership or beneficial interest in the capital stock of, partnership or membership interest in, or other equity, ownership or beneficial interest in (including the right to vote) an Entity.

"*Excluded Claim*" is defined in §22.

"*Force Majeure*" means acts or circumstances that are beyond a party's control, including fire, storm, flood, earthquake, explosion or accident, acts of war or terrorism, rebellion, insurrection, sabotage, epidemic, failures or delays of transportation and strikes, provided that: (a) the non-performing party provides written notice to the other party of the Force Majeure event within three (3) days of the occurrence of such event; (b) the non-performing party is without fault and the delay or failure could not have been prevented by reasonable precautions by the non-performing party; (c) nothing herein shall excuse or permit any delay or failure to pay fees or other amounts owed on the applicable due date; (d) insolvency, lack of required funds or financing, currency fluctuations, currency devaluations, foreign

exchange controls or inflation shall never be deemed Force Majeure; and (e) an epidemic or pandemic of a contagious illness or disease, or economic or financial changes caused by an epidemic or pandemic of a contagious illness or disease, shall never be deemed Force Majeure except to the extent a Governmental Authority mandates closure (or prevents the opening) of the Jabz Boxing Studio as a result of such epidemic or pandemic.

"*Franchisee Entity*" means the Entity, if applicable, that: (a) signs this Agreement as the franchisee (i.e., "you") if this Agreement is signed by an Entity; or (b) assumes this Agreement subsequent to its execution by the original Owners.

"*General Release*" means our then-current form of Waiver and Release of Claims you and your Owners must sign pursuant to §4.2 (in connection with a renewal of your franchise rights) or §19.2 (in connection with a Transfer).

"*Government Official*" means any: (a) officer or employee of any Governmental Authority; (b) commercial or similar entity owned or controlled by a Governmental Authority, including state-owned and state-operated companies or enterprises; (c) public international organization (e.g., United Nations, World Bank); (d) political party or official thereof; or (e) candidate for political office.

"*Governmental Authority*" means any national, provincial, state, county, local, municipal or other government, or any ministry, department, agency or subdivision thereof, whether administrative or regulatory, or any other body that exercises similar functions, and including any court or taxing authority.

"*Gross Sales*" means the total gross sums generated from all goods and services sold from or in connection with your Jabz Boxing Studio, together with all other revenues and monies derived in connection with your Business, including advertising revenues, sponsorship fees and business interruption insurance proceeds. Gross Sales does not include: (a) revenues you collect from a customer and later refund to that customer; (b) any sales or use taxes you pay to a Governmental Authority; (c) revenues you raise for a charitable cause and subsequently donate to such charitable cause; or (d) revenues you collect from members on behalf of, and pay to, unaffiliated third parties (for example, group entrance fees for participation in a Mud Run event). The Manual may include policies governing the manner in which proceeds from the sale of gift cards are treated for purposes of calculating Gross Sales. The Manual may also provide details on the calculation of Gross Sales relating to qualifying purchases and redemptions by members under any loyalty program we implement.

"*Improvement*" means any idea, addition, modification or improvement to (a) the classes, exercises, goods or services offered or sold at a Jabz Boxing Studio, (b) the method of operation of a Jabz Boxing Studio, (c) the processes, systems or procedures utilized by a Jabz Boxing Studio, (d) the marketing, advertising or promotional materials, programs or strategies utilized by a Jabz Boxing Studio or (e) the trademarks, service marks, logos or other intellectual property utilized by a Jabz Boxing Studio, whether developed by you, your Owners, your employees or any other Person associated with you or your Jabz Boxing Studio.

"*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 parents, 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, Copyrighted Materials, Improvements, Know-how, Marks and System.

"*Interim Manager*" means the Person we designate to temporarily manage your Jabz Boxing Studio under the circumstances described in §8.7.

"*Interim Term*" is defined in §4.3.

"*Jabz Boxing Studio*" means any Jabz Boxing Jabz Boxing Studio that is authorized to operate under our Marks and use our System. A Jabz Boxing Studio may refer to a Jabz Boxing Jabz Boxing Studio operated by us, our affiliate, you or another franchisee, as the context may require.

"*Know-how*" means all of our trade secrets and other proprietary information relating to the design, construction, development, marketing or operation of a Jabz Boxing Studio, including, but not limited to:

architectural plans, drawings and specifications for a prototype Jabz Boxing Studio; site selection criteria; methods and techniques; standards and specifications; policies and procedures; supplier lists and information; marketing strategies; merchandising strategies; financial information; and information comprising the System or included in the Manual.

"*Law*" means and includes all laws, judgments, decrees, orders, rules, regulations, ordinances, advisory opinions or official legal interpretations of any Governmental Authority.

"*Lead Coach*" means the Coach you designate to serve as your Lead Coach who: (a) supervises your Coaches; (b) trains new Coaches you hire; and (c) meets the minimum criteria and requirements set forth in §8.4 applicable to a Lead Coach.

"*Local Marketing Commitment*" means the minimum amount of money you must spend on digital marketing each month in accordance with §10.3(a).

"*Losses and Expenses*" means and includes any or all of the following: 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 reputation or goodwill; and all other costs, damages, liabilities and expenses associated with any of the foregoing losses and expenses or otherwise incurred by an Indemnified Party as a result of a Claim.

"*Loyalty Program Participation Rules*" means the policies, procedures, fees and other requirements pertaining to any loyalty program we implement, as further described in §11.12.

"*Manual*" means our confidential Brand Standards Manual for the operation of a Jabz Boxing Studio, as further described in §11.2.

"*Marks*" means and includes all service marks, trademarks, trade names and logos that we designate from time to time and authorize Jabz Boxing Studios to use, including "Jabz Boxing" and the associated logo. The Marks also includes any distinctive trade dress used to identify a Jabz Boxing Studio.

"*Operational Data*" means and includes all data and information pertaining to the operation of your Jabz Boxing Studio, including, without limitation, employee data, expense data, financial accounting data and Gross Sales data.

"*Owner*" means a Person who either: (a) directly signs this Agreement as the franchisee (either alone or in conjunction with one or more other Persons); or (b) directly or indirectly (through one or more intermediaries) owns any Equity Interest in the Franchisee Entity (if the franchisee under this Agreement is an Entity).

"*Owner/Operator*" means the Owner you designate and we approve with primary responsibility for the management and supervision of your Jabz Boxing Studio.

"*PCI-DSS*" means the payment card industry data security standard, which is a set of security requirements established by the following major credit card brands from time to time: American Express, Discover Financial Services, JCB International, MasterCard Worldwide, and Visa Inc., which standards are set forth at https://www.pcisecuritystandards.org as of the Effective Date.

"*Permitted Transfer*" means: (a) a Transfer from one Owner to another Owner who was an approved Owner prior to such Transfer, other than a Transfer that results in the Owner/Operator holding less than a 10% ownership interest in the Business or the Franchisee Entity, as applicable; and/or (b) a Transfer to a newly established Franchisee Entity for which the Owners collectively own and control 100% of the Equity Interests.

"*Person*" means an individual, Entity, unincorporated organization, joint venture, Governmental Authority, estate (or executor thereof) or trust (or trustee thereof).

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

"*Prohibited Activities*" means and includes any of the following: (a) 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; (b) disparaging or otherwise making negative comments about us, any of our affiliates, the System and/or other Jabz Boxing Studios; (c) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); or (d) inducing any customer of ours (or of one of our affiliates or franchisees) to transfer their business to a competitor.

"*Restricted Territory*" means the geographic area within: (a) a 10-mile radius from your Jabz Boxing Studio (and including your Jabz Boxing Studio's premises itself); and (b) a 10-mile radius from all other Jabz Boxing Studios 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 Restricted Territory means the geographic area within a 10-mile radius from your Jabz Boxing Studio (and including your Jabz Boxing Studio's premises itself).

"*Site Approval Notice*" means the Site Approval Notice attached hereto as ATTACHMENT "B" that we issue to you in accordance with §3 to identify the approved site for your Jabz Boxing Studio and designate the boundaries of your Territory.

"*Site Selection Area*" means the geographic area described in Part B of ATTACHMENT "A".

"*Successor Agreement*" means our then-current form of Jabz Boxing Franchise Agreement you must sign pursuant to §4.2 in order to renew your franchise rights.

"*System*" means our distinct system for the operation of a Jabz Boxing Studio, the distinctive characteristics of which include our boxing-inspired workout, logo, trade dress, unique boxing circuit and related exercises, and operating system.

"*Technology Systems*" means and includes all information and communication technology systems we specify from time to time, including, without limitation, computer systems, point-of-sale system, webcam systems, telecommunications systems, security 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.

"*Term*" means the period of time beginning on the Effective Date and expiring on the earlier to occur of: (a) the 10th anniversary of the Effective Date; or (b) the date this Agreement is effectively terminated for any reason.

"*Territory*" is defined in §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:

(a) this Agreement (or any interest therein);

(b) the franchise rights or intellectual property rights granted by this Agreement (or any interest therein);

(c) the Business conducted by you pursuant to this Agreement (or any interest therein);

(d) the right to manage the Jabz Boxing Studio or occupy its premises;

(e) the Jabz Boxing Studio's assets (other than the sale of fixtures or equipment in the ordinary course of business); or

(f) an Equity Interest in the Franchisee Entity;

including by merger or consolidation, by issuance of additional Equity Interests in the Franchisee Entity, 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.

2. GRANT OF FRANCHISE. We hereby grant you the right and license to own and operate one (1) Jabz Boxing Studio using our Intellectual Property from a site that we approve. As a franchisee, you will establish and operate a boxing studio that features a customized physical fitness training program consisting of a unique multi-round boxing circuit. For purposes of this Agreement, a "Jabz Boxing Studio" refers to any Jabz Boxing Studio operated by us, our affiliate, you or another franchisee. We reserve all rights not expressly granted to you.

3. TERRITORIAL RIGHTS. We grant you an exclusive territory (your "Territory") that includes a minimum population of 30,000 as of the date the Territory boundaries are determined. We may determine the boundaries of your Territory in any manner we deem appropriate. If we approve the site for your Jabz Boxing Studio prior to execution of this Agreement, then Part D of ATTACHMENT "A" shall identify the geographic area that comprises your Territory. If we do not approve the site for your Jabz Boxing Studio prior to execution of this Agreement, then within 30 days after we approve the site for your Jabz Boxing Studio, we will send you a Site Approval Notice that will identify: (a) the approved location for your Jabz Boxing Studio; and (b) the geographic area that comprises your Territory. During the Term we will not develop or operate, or license a third party (other than you) to develop or operate, a Jabz Boxing Studio that is physically located within the Territory. We reserve the right to sell, and license third parties to sell, competitive or identical goods and services (including under the Marks) through Alternative Channels of Distribution, including within the Territory. Notwithstanding the foregoing, all online purchases made through your webpage will be credited to you and all online sales of memberships and class packages to your Jabz Boxing Studio will be credited to you.

4. TERM AND RENEWAL.

4.1. Generally. This Agreement grants you the right to operate your Jabz Boxing Studio only during the Term. Provided that you satisfy all conditions for renewal specified below, you may enter into an unlimited number of Successor Franchise Agreements upon expiration of the Term. The Successor Franchise Agreement shall be the current form of franchise agreement we use in granting franchises as of the expiration of the Term or renewal term, as applicable, the terms and conditions of which may vary materially and substantially from the terms and conditions of this Agreement. Upon renewal, we also reserve the right to modify the boundaries of your Territory in accordance with our then-current territory guidelines and criteria. Each renewal term will be five (5) years. 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 270 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 we require franchisees to sign;

(iv) sign a General Release;

(v) pay us a $10,000 renewal fee (for your initial renewal) or the then-current renewal fee set forth in the applicable Successor Agreement (for additional renewals);

(vi) remodel your Jabz Boxing Studio and upgrade your furniture, fixtures and equipment to comply with our then-current standards and specifications; and

(vii) extend the term of your lease for the duration of the renewal term.

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: (a) 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 (b) 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.

5. TRAINING AND CONFERENCES

5.1. **Initial Training Program.** Your Owner/Operator, General Manager, Lead Coach, four (4) part-time Coaches and at least one (1) Class Host must attend and successfully complete our initial training program before you open your Jabz Boxing Studio. You may, but need not, send other Owners and employees to initial training. The specific training varies based on the trainee's position. The initial training program typically consists of a combination of: (a) virtual training (approximately five (5) days in duration); and (b) onsite training conducted at your Jabz Boxing Studio or another Jabz Boxing Studio we designate (approximately two (2) weeks in duration); *provided, however*, that we reserve the right to conduct the entire initial training program virtually.

5.2. **Initial Training For New Owner/Operator, General Manager or Lead Coach.** If you hire a new General Manager or Lead Coach or appoint a new Owner/Operator after we conduct our pre-opening initial training program, the new General Manager, Lead Coach or Owner/Operator, as applicable, must attend and successfully complete our then-current initial training program before assuming responsibility for the management of your Jabz Boxing Studio or supervision of classes.

5.3. **Jabz Training Camp.** All of your Coaches must successfully complete three (3) days of training at Jabz Training Camp prior to teaching classes at your Jabz Boxing Studio. After you open your Jabz Boxing Studio, your Lead Coach may conduct Jabz Training Camp at your Jabz Boxing Studio for purposes of training new Coaches that you hire. The Lead Coach must conduct Jabz Training Camp in strict compliance with the full Jabz Training Camp outline provided during Lead Coach training and/or in the Manual. At any time that you do not have a fully trained Lead Coach, we will conduct Jabz Training Camp for purposes of training new Coaches that you hire. In such event, we may conduct Jabz Training Camp at your Jabz Boxing Studio or another Jabz Boxing Studio we designate.

5.4. **Periodic Training.** We may offer periodic refresher or additional training courses for your Owner/Operator, General Manager, Lead Coach and other staff members. Attendance at these training programs is mandatory unless we designate the training as optional.

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

5.6. **Remedial Training.** If we determine you are not operating your Jabz Boxing Studio in full compliance with this Agreement and/or the Manual, we may, at our option, require that your Owner/Operator, General Manager, Lead Coach and other staff members that we specify attend remedial training relevant to your operational deficiencies.

5.7. **Conferences.** We may hold periodic national or regional conferences to discuss various business issues and operational and general business concerns affecting Jabz Boxing Studios. You are required to attend at least one (1) conference every two (2) years.

5.8. **Training Fees and Expenses.** We provide our pre-opening initial training program at no additional charge. We also do not charge a training fee for any system-wide refresher or additional training that we conduct at our headquarters or at an affiliate-owned Jabz Boxing Studio. You must pay us a training fee of up to $1,000 per day if:

(i) we train new members of your staff after you open your Jabz Boxing Studio, including a new Owner/Operator, General Manager, Lead Coach or Coach;

(ii) we provide any special or additional training that you request;

(iii) we provide onsite assistance or training that you request; or

(iv) we provide remedial training in response to your operational deficiencies.

We may charge you a conference registration fee of $1,500 per conference, which covers two (2) attendees. If we agree to provide onsite training or assistance, you must also 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 your trainees incur for training or attending conferences, including wages, travel and living expenses. All training fees and expense reimbursements are due 10 days after invoicing, other than the initial training fee which is due upon execution of this Agreement.

6. OTHER FRANCHISOR ASSISTANCE.

6.1. **Manual.** We provide you with access to our Manual in text or electronic form during the Term. The Manual will help you develop and operate your Jabz Boxing Studio. The information in the Manual is confidential and proprietary and may not be disclosed to third parties without our prior approval.

6.2. **Inventory Purchase.** Prior to opening, you will purchase your initial supply of required inventory items exclusively from us, including Jabz Boxing gloves, apparel and merchandise. After opening, you may purchase your ongoing supply of inventory items from other suppliers we designate or approve. You also have the option, but not the obligation, to purchase presales promotional gloves from us to help you promote the opening of your Jabz Boxing Studio. You must pay the associated purchase price within 10 days after invoicing. We will arrange for the inventory items to be shipped to your Jabz Boxing Studio. At any time, we reserve the right to require that you purchase some or all of the items included within the startup package directly from the third-party suppliers that we designate.

6.3. **General Guidance.** Based on periodic inspections of your Jabz Boxing Studio or reports you submit to us, we provide our guidance and recommendations on ways to improve the operation of your Jabz Boxing Studio. We will be available to render advice, discuss problems and offer general

guidance to you during normal business hours by telephone, e-mail or similar methods of communication.

6.4. **Field Visits**. We have the right, but not the obligation, to conduct periodic field visits for purposes of providing onsite consultation, assistance and guidance pertaining to the operation and management of your Jabz Boxing Studio. We may prepare and provide you with a report detailing any problems or concerns observed during the field visit together with required or suggested changes or improvements to address or resolve such problems or concerns. You must implement all required corrective measures in the time and manner we specify.

6.5. **Marketing Assistance.** As further described in §10.1 and §10.2, we will administer the brand and system development fund and provide other marketing assistance during the Term.

6.6. **Website.** We will maintain a corporate website for our brand that will include the information about your Jabz Boxing Studio that we deem appropriate. We may modify 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 corporate website. Your webpage will include localized information about your Jabz Boxing Studio, such as address, contact information, class schedule, information about your Jabz Boxing coaches, pricing, etc. 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.

6.7. **Email Addresses**. We will provide you with up to three (3) Jabz Boxing email addresses for use with your Business. The cost of these email addresses and associated accounts is covered by the standard technology fee. If you require more than three (3) email addresses we may charge you an additional $10 per additional email address per month, which would be added to the technology fee described in §11.8. You must exclusively use the email address or addresses we provide for all communications with us, customers, suppliers and other Persons relating to your Business. You may not use any email address we provide for any purpose unrelated to your Business. We will own the email addresses and accounts but allow you to use them during the Term.

6.8. **Purchase Agreements.** We may, but need not, negotiate purchase agreements with suppliers to obtain discounted prices for us and our franchisees. We will arrange for you to be able to purchase the goods directly from the supplier at the discounted prices 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.

6.9. **New Exercises and Merchandise**. From time to time, we intend to research and develop new exercise routines and fitness programs to incorporate into the classes offered at your Jabz Boxing Studio. We may communicate these new routines and programs to you through updates to the Manual or during mandatory ongoing training programs. We also may, but need not, create new merchandise and other inventory items that you may sell at your Jabz Boxing Studio. You agree to maintain an inventory of these items at your Studio at all times in compliance with our minimum stocking requirements set forth in the Manual.

6.10. **Business Consultant.** At our option, we may assign to you a designated business consultant to conduct periodic reviews of your Business operations to ensure compliance with our quality standards and other requirements. You agree to cooperate with the consultant in conducting such reviews. Upon our request, you further agree to implement any recommendations from the business consultant in the time and manner that we require.

7. ESTABLISHING YOUR BUSINESS

7.1. **Site Selection**. You must locate and obtain our approval of the site for your Jabz Boxing Studio within 90 days after the Effective Date. The premises must be located within the Site Selection Area and conform to our minimum site selection criteria. Unless we instruct you otherwise, you must work with our designated real estate company that will assist you in finding potentially

suitable sites for your Jabz Boxing Studio. You must send us a complete site report that includes all demographic, commercial and other information, photographs and video tapes we require. We may accept or reject each site you propose in our commercially reasonable judgment. We will use best efforts to issue our approval or disapproval 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 approve the site for your Jabz Boxing Studio prior to execution of this Agreement, then the address of the approved site will be listed in Part C of ATTACHMENT "A". If we do not approve the site for your Jabz Boxing Studio prior to execution of this Agreement, then within 30 days after we approve your site we will send you a Site Approval Notice that identifies: (a) the address of your approved site; and (b) the geographic area that comprises your Territory. Within five (5) business days after we send you the Site Approval Notice, you must sign and date the franchisee acknowledgment section and send us a copy for our records. Our approval of the site (and designation of your Territory) shall be deemed immediately effective and binding on you at the time we issue the Site Approval Notice, regardless of whether you send us the signed acknowledgment. Our approval of a site does not constitute a representation or warranty of any kind, express or implied, of the suitability of the site for a Jabz Boxing Studio. It indicates only that we believe the site meets our minimum criteria.

7.2. **Lease**. If you lease the premises for your Jabz Boxing Studio, you must use best efforts to ensure your landlord signs the Lease Addendum 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 may either: (a) waive the Lease Addendum requirement (or the provisions disapproved by the landlord); or (b) require that you find a new site for your Jabz Boxing Studio. You must promptly send us a copy of your fully executed lease and Lease Addendum for our records.

7.3. **Studio Design.** The Manual includes our Design Intent Plan that sets forth the standards and specifications pertaining to the design, layout, equipping and trade dress for a Jabz Boxing Studio, including flooring plans, mechanical layout, electrical layout and written specifications for colors and materials. You must hire an architect to adapt our Design Intent Plan to your premises and prepare initial design plans and detailed construction plans for your Jabz Boxing Studio (collectively, the "Plans"). The architect must ensure the Plans: (a) are consistent with the Design Intent Plan; (b) satisfy all required standards and specifications in the Manual; and (c) comply with all federal, state and local ordinances, building codes, permit and lease requirements and restrictions applicable to the premises, including, without limitation, the Americans with Disabilities Act. You must submit all Plans to us for approval, including a drawing prepared for permitting (permitting sets) stamped by your licensed architect. The limited purpose of our review is to verify the Plans are consistent with our system standards. We will review the Plans and provide our approval or disapprove within 10 business days after we receive them.

7.4. **Construction.** After we approve the Plans you must, at your sole expense, construct and equip the premises according to the approved Plans and the specifications in the Manual (including the Design Intent Plan). Without limiting the generality of the foregoing, you must follow the Jabz Boxing prototype architectural flooring plans, mechanical layout, electrical layout and written specifications for colors and material. You must also purchase (or lease) and install all equipment, fixtures, Technology Systems (including our designated security system), signs and other items we require, including the startup package described in §6.2. At all times during the construction process, you must maintain the minimum general liability and property damage insurance required by the Manual.

7.5. **Opening**. You must open your Jabz Boxing Studio to the public within 180 days after the Effective Date. You may not open your Jabz Boxing Studio prior to receipt of our written authorization to open. We will not issue our authorization to open before:

(i) the initial required trainees successfully complete our initial training program;

(ii) you purchase all required insurance and furnish us with evidence of coverage;

(iii) you obtain all required licenses, permits and other governmental approvals;

(iv) we review and approve the construction, build-out and layout of your Jabz Boxing Studio;

(v) you receive your Certificate of Occupancy from the city; and

(vi) you pre-sell at least 100 memberships to your Jabz Boxing Studio.

We may conduct a pre-opening inspection of your Jabz Boxing Studio. You must make all changes and modifications we require before you may open. BY VIRTUE OF OPENING YOUR JABZ BOXING STUDIO, YOU ACKNOWLEDGE THAT WE HAVE FULFILLED ALL OF OUR PRE-OPENING OBLIGATIONS TO YOU.

7.6. Relocation. You may relocate your Jabz Boxing Studio with our prior written approval, which we will not unreasonably withhold. If we allow you to relocate, you must: (a) locate your new Jabz Boxing Studio within the Site Selection Area (but outside any territory granted to us, our affiliate or any other franchisee); (b) comply with §7.1 through §7.5 with respect to your new Jabz Boxing Studio (excluding the 180-day opening period); and (c) open your new Jabz Boxing Studio and resume operations within seven (7) days after closing your prior Jabz Boxing Studio.

8. MANAGEMENT AND STAFFING.

8.1. Owner Participation. You must designate an Owner who will have overall responsibility for the management and operation of your Jabz Boxing Studio (the "Owner/Operator"). The Owner/Operator must: (a) be approved by us; (b) successfully complete all training programs we require; (c) dedicate full-time efforts to the Business; (d) provide onsite management and supervision during normal business hours unless you delegate onsite management functions to a designated manager; and (e) at all times hold at least a 10% ownership interest in the Business or the Franchisee Entity, as applicable, unless we waive this requirement. Any new Owner/Operator you appoint must successfully complete our then-current initial training program before becoming involved with the supervision, management or operation of the Business. By signing the Agreement, each Owner agrees to be personally bound by all terms applicable to "Owners", even if the franchisee is an Entity.

8.2. General Manager. You may hire a General Manager to provide onsite management and supervision of your Jabz Boxing Studio. Any Person you hire as a General Manager must: (a) be approved by us; (b) successfully complete all training programs we require; (c) have at least two (2) years' experience in the fitness industry; (d) teach no more than eight (8) classes per week; and (e) sign a Brand Protection Agreement. At all times during normal business hours, either the Owner/Operator or the General Manager must be present at your Jabz Boxing Studio to provide onsite management and supervision. The Owner/Operator must monitor and supervise the activities of the General Manager to ensure your Jabz Boxing Studio is operated in accordance with this Agreement and the Manual. The Owner/Operator may serve as your General Manager as long as he or she meets all criteria and requirements specified above for a General Manager; *provided, however*, that the Owner/Operator may not serve as both a General Manager and a Lead Coach.

8.3. Coaches. No Person other than a trained Coach may teach classes at your Jabz Boxing Studio. Any Person you hire as a Coach must: (a) successfully complete all training programs we require, including at least three (3) days of training at Jabz Training Camp; and (b) successfully complete a nationally accredited group fitness instructor program (with a test, certification and continuing education units). You must forward a copy of the group fitness instructor certifications to us by email (emails should be sent to onboarding@jabzboxing.com) and keep copies of these certifications in the appropriate personnel files. After opening your Jabz Boxing Studio, you must at all times have at least four (4) fully trained Coaches in addition to your Lead Coach. The

Owner/Operator may serve as a Coach as long as he or she meets all criteria and requirements specified above for a Coach.

8.4. **Lead Coach.** You must designate one of your Coaches to serve as your Lead Coach. In addition to meeting the criterial specified in §8.3 for a Coach, your Lead Coach must: (a) successfully complete all additional training we require for a Lead Coach; (b) hold a certification in CPR; (c) teach between 15 and 18 classes per week (unless otherwise provided in the Manual); (d) supervise your Coaches; and (e) conduct Jabz Training Camp at your Jabz Boxing Studio for purposes of training new Coaches you hire. After opening your Jabz Boxing Studio, you must at all times have at least one (1) fully trained Lead Coach. The Owner/Operator may serve as a Lead Coach as long as he or she meets all criteria and requirements specified above for a Lead Coach; *provided, however*, that the Owner/Operator may not serve as both a General Manager and a Lead Coach.

8.5. **Class Hosts.** You must hire at least one Person to serve as a Class Host to manage the front desk, create a welcoming environment for your clients, ensure your Jabz Boxing Studio is ready for business each day, and perform various administrative tasks. Any Person you hire as a Class Host must successfully complete all training programs we require. After opening, either your Owner/Manager or General Manager must train new Class Hosts that you hire.

8.6. **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 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-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.

8.7. **Interim Manager.** We have the right, but not the obligation, to designate an individual of our choosing (an "Interim Manager") to manage your Jabz Boxing Studio if either: (a) your Owner/Operator ceases to perform the responsibilities of a Owner/Operator (whether due to retirement, death, disability, or for any other reason) and you fail to appoint an approved replacement Owner/Operator, who has successfully completed all training we require, within 30 days; or (b) you are in material breach. The Interim Manager will cease to manage your Jabz Boxing Studio at such time that you appoint an approved replacement Owner/Operator who has completed training or you cure the material breach, as applicable. If we appoint an Interim Manager, you agree to pay us a management fee equal to $500 per day during the period of time that the Interim Manager manages your Jabz Boxing Studio. You must also reimburse us for all travel and living expenses incurred by the Interim Manager. 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**. You represent that Part A of ATTACHMENT "A" includes a complete and accurate list of your Owners. Upon our request, you must provide us with a resolution of the

Franchisee Entity authorizing the execution of this Agreement, a copy of the Franchisee Entity's organizational documents and a current Certificate of Good Standing (or the functional equivalent thereof). Although the Owners are not required to sign a personal guaranty, each Owner that (a) directly or indirectly holds a 10% or greater ownership interest in the Business (or Franchisee Entity) at any time during the Term and/or (b) has, or is likely to have, any active involvement with the management, supervision or operation of your Jabz Boxing Studio, must sign the Franchise Agreement where indicated in order to bind themselves to each provision that applies to "Owners" (such as noncompetition covenants, nondisclosure covenants, non-disparagement covenants, covenants protecting our Intellectual Property, restrictions on Transfers, etc.) and assure the Franchisee Entity's payment obligations. All such Owners are jointly and severally responsible for your financial obligations under this Agreement if the Franchisee Entity fails to make any required payment to us or our affiliates. We may require that the spouse of each such Owner sign a Brand Protection Agreement.

10. ADVERTISING & MARKETING.

10.1. Brand and System Development Fund.

(a) Administration. We currently administer a brand and system development fund to promote public awareness of our brand and 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) conducting and administering promotions, contests or giveaways;

(iii) improving public awareness of the Marks;

(iv) public and consumer relations and publicity;

(v) brand development;

(vi) sponsorships;

(vii) charitable and non-profit donations and events;

(viii) research and development of technology, products and services;

(ix) website development and search engine optimization;

(x) development and maintenance of an ecommerce platform;

(xi) development and implementation of quality control programs, including the use of mystery shoppers or customer satisfaction surveys;

(xii) conducting market research;

(xiii) changes and improvements to the System;

(xiv) the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts;

(xv) collecting and accounting for contributions to the fund;

(xvi) preparing and distributing financial accountings of the fund;

(xvii) any other programs or activities we deem appropriate to promote or improve the System; and

(xviii) direct or 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 have sole discretion in determining the content, concepts, materials, media, endorsements, frequency, placement, location and all other matters pertaining to any of the foregoing marketing or advertising 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 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. Once established, we reserve the right to discontinue the fund at any time in our sole discretion upon at least 30 days' prior notice.

(b) Contributions. On each royalty payment due date, you must pay us a brand and system development fund fee equal to the greater of: (a) 1.5% of monthly Gross Sales for the prior month; or (b) the "minimum monthly brand fund contribution". We will deposit into the fund all: (i) fund contributions paid by you and other franchisees; and (ii) fines paid by you and other franchisees. The current minimum monthly brand fund contribution is $150 per month. We may adjust the minimum brand fund contribution on January 1st of each year based on CPI changes in the the following manner: the then-current minimum monthly brand fund contribution shall be multiplied by a fraction, the numerator of which shall be the CPI for the prior calendar year (the "prior year") and the denominator of which will be the CPI for the year immediately preceding the prior year. For purposes of this calculation, "CPI" means the Consumer Price Index published by the Bureau of Labor Statistics of the U.S. Department of Labor, for All Urban Wage Earners and Clerical Workers, U.S. Cities (1982-84 = 100), "All Items." If we, in our sole discretion, determine not to increase the minimum brand fund contribution in a given year despite a CPI increase, that fee increase will accumulate and a multi-year fee increase may be carried over and applied during a subsequent year.

10.2. Marketing Assistance From Us. We may create and make available to you advertising and other marketing materials for your purchase at our cost plus shipping. 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 arrange for the setup of your social media pages. We may exclusively control access to your social media account. We will provide reasonable marketing consulting, guidance and support throughout the Term on an as-needed basis.

10.3. 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, the minimum amount of money we require (referred to as your "Local Marketing Commitment") on digital advertising to promote your Jabz Boxing Studio. We may require that you exclusively utilize one or more digital marketing companies that we designate or approve. The Local Marketing Commitment begins on your grand opening date. The Local Marketing Commitment is:

(i) $2,500 per month until such time that you have 150 paying members (if your grand opening date occurs on a day other than the first (1st) day of the month, we will pro-rate the $2,500 for your first partial month);

(ii) $2,000 per month beginning with the first (1st) full month after you have at least 150 paying members until such time that you have 200 paying members;

(iii) $1,500 per month once you achieve a minimum of 200 paying members.

If you achieve 200 paying members but subsequently drop below the 200 member threshold your Local Marketing Commitment will increase to $2,000 per month until you once again have a minimum of 200 paying members. You must participate at your own expense in all advertising, promotional and marketing programs we require, including any advertising cooperative we establish pursuant to §10.4.

(b) Grand Opening. At the time you sign the lease or purchase contract for the premises for your facility, you must pay our designated marketing vendor a $12,000 grand opening marketing fee, which it will use to implement your grand opening marketing campaign during the 12-week period immediately preceding your anticipated grand opening date. To assist with your pre-opening marketing efforts, we recommend, but do not require, that you purchase: (i) presales promotional gloves from us; and (ii) outbound call and lead management services from a designated vendor to help sell.

(c) Standards for Advertising. All advertisements and promotions you create or use must be completely factual, conform to the highest standards of ethical advertising and comply with all Laws. You must ensure your advertisements and promotional materials do not infringe upon the intellectual property rights of others. You must comply with any minimum advertised pricing policy we establish from time to time.

(d) Extraterritorial Advertising. You can market and advertise outside your Territory as long as you: (i) comply with all policies and procedures in the Manual governing extra-territorial marketing; and (ii) do not engage in targeted marketing directed into any territory or development territory assigned to us, our affiliate or another franchisee (unless the marketing is conducted as part of an advertising cooperative that includes the affected territory). Marketing that is distributed, circulated or received both within your Territory and within another territory is not deemed to be "targeted marketing" if: (i) you use reasonable efforts to limit the circulation or distribution of the advertising to areas within your Territory; and (ii) the majority of the recipients of the advertising are located within your Territory and there is only incidental circulation or distribution within a territory assigned to us, our affiliate or another franchisee. The meaning of "targeted marketing" that is "directed into a territory" may be further defined in the Manual, but examples include direct mail sent to addresses within a given territory, digital advertising sent to devices with IP addresses registered within a given territory and setting up promotional events that take place within a given territory.

(e) Approval of Advertising. Prior to use, we must approve all advertising and marketing materials and programs you intend to use, including all advertising and marketing materials we did not prepare or previously approve (and including materials we prepare or approve and you modify). We must also approve the media you intend to use. You may not use any advertising materials, programs or media we have not approved (including materials, programs or media we previously approved and later disapprove). We have 30 days to review and approve advertising and marketing materials and programs you submit for approval. Our failure to issue our disapproval within the 30-day period constitutes our approval.

(f) Social Media. You agree to advertise and market your Jabz Boxing Studio using social media in accordance with the following requirements:

(i) you must only utilize social media platforms we approve;

(ii) you must strictly comply with our social media policy (as revised from time to time);

(iii) you must immediately remove any post we disapprove, even if it complies with our social media policy (your failure to remove the post within 48 hours after demand from us constitutes grounds for termination of this Agreement without further cure period);

(iv) you must, if we so require, only post content contained in our social medial content library;

(v) you must contract with and exclusively utilize any supplier we designate for social media marketing;

(vi) you must provide us with full administrative rights to your social media accounts; and

(vii) we will retain ownership of all social media accounts relating to your Jabz Boxing Studio.

(g) Internet and Websites. Without our prior approval, which we may withhold in our sole discretion, you may not:

(i) develop, host, create or otherwise maintain a website or other online or digital presence in connection with your Jabz Boxing Studio (other than the local webpage we provide in accordance with §6.6), including any website bearing our Marks;

(ii) conduct digital or online advertising or marketing except through the local webpage we provide in accordance with §6.6; or

(iii) engage in ecommerce except through the local webpage we provide in accordance with §6.6.

(h) Franchise Marketing. You agree to make available at your Jabz Boxing Studio all flyers, brochures and other materials we provide to you for purposes of promoting the franchise opportunity. You must follow the requirements in the Manual for purposes of displaying this information.

10.4. Advertising Cooperative. We may, but need not, 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: (a) allocate any portion of the brand and system development fund contribution to the advertising cooperative; (b) determine the boundaries of each advertising cooperative; and (c) require that you participate in any advertising cooperative we establish. We may establish an advertising council to self-administer the advertising cooperative. You must participate in the council according to its rules and procedures and abide by its decisions. Alternatively, we may administer the cooperative ourselves. You must pay the monthly cooperative advertising fee established by us or the council, as applicable, which will be due on each royalty payment due date. The cooperative advertising fee shall not exceed $250 per month. 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 you pay are credited against your minimum local marketing expenditure requirement set forth in §10.3(a). If we or an affiliate of ours operate a majority of the Jabz Boxing Studios 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 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.

10.5. Media Inquiries. You must coordinate with us, and obtain our approval of, all responses to media inquiries, press releases or other public relations matters. You must abide by any crisis

management plan we adopt and report all crisis, including, without limitation, customer injuries or incidents, in accordance with the terms thereof.

11. OPERATING STANDARDS.

11.1. Generally. You agree to operate your Jabz Boxing Studio: (a) in a manner that will promote the goodwill of the Marks; and (b) in full compliance with our standards, this Agreement and the Manual.

11.2. Brand Standards Manual. You agree to establish and operate your Jabz Boxing Studio in accordance with the Manual. The Manual may contain, among other things:

(i) architectural plans and specifications for the design, dimensions, layout, equipping and trade dress for a prototype Jabz Boxing Studio;

(ii) a description of the authorized goods and services you may sell;

(iii) specifications, techniques, methods, operating procedures and quality standards;

(iv) reporting and insurance requirements;

(v) policies and procedures pertaining to gift card or loyalty program we establish;

(vi) policies and procedures pertaining to our membership model;

(vii) policies and procedures pertaining to marketing and advertising;

(viii) policies and procedures pertaining to data ownership, protection, sharing and use; and

(ix) a list of (a) the goods and services (or specifications for goods and services) you must purchase to develop and operate your Jabz Boxing Studio and (b) any designated or approved suppliers for these goods or services.

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. We can modify the Manual at any time. The modifications will become binding at the time we notify you of the modification (subject to any "grace period" we provide to implement the change). All mandatory provisions contained in the Manual (whether they are included now or in the future) are binding on you.

11.3. Authorized Goods and Services. You must offer all goods and services we require from time to time in our commercially reasonable discretion, including class offerings, merchandise, equipment, inventory items, memberships, packages and consultations. You may not offer any other goods or services without our prior written permission. You may only offer the specific classes and exercises that we designate. You must strictly follow our proprietary Jabz Boxing workout sheets and files and you are prohibited from altering or removing any content. You may not use your Jabz Boxing Studio or permit your Jabz Boxing Studio to be used for any purpose other than offering the goods and services 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 this Agreement.

11.4. Pricing. We will provide you with our suggested market-specific retail pricing for membership fees and the other goods and services you sell. You may deviate from our suggested retail pricing in your discretion. However, you must obtain our approval of any deviation that is more than 5% higher or lower than our suggested retail pricing, unless such pricing is part of a temporary advertising campaign that we have approved. To the extent permitted by applicable Law, we may set maximum or minimum price on the goods and services you sell, including membership fees.

11.5. Customer Payments. You must, at your expense, lease or purchase the necessary equipment and/or software and have arrangements in place with Visa, MasterCard, American Express and all other credit card issuers we designate, in order for you to be able to accept such methods of

payment from customers. You must accept debit cards, credit cards, stored value cards, and other non-cash systems (including, for example, APPLE PAY and/or GOOGLE WALLET) that we specify. You must acquire and install all necessary hardware and/or software used in connection with these non-cash systems.

11.6. Suppliers and Purchasing. You must 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 must purchase certain goods and services only from suppliers we designate or approve (which may include, or be limited exclusively to, us or our affiliate). You are prohibited from directly contacting our approved or designated suppliers without our prior approval. We currently require that you purchase your initial supply of required inventory items (and optional presales promotional gloves) exclusively from us. Our right to specify the suppliers you may use is necessary so we can control the uniformity and quality of goods and services used, sold or distributed in connection with the development and ongoing operation of Jabz Boxing Studios, protect 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 on your purchases, have no obligation to pass them through to you or use them for any particular purpose. If you want us to approve a supplier you propose, you must send us a written notice specifying the supplier's name and qualifications and provide any additional information we request. We will approve or reject your request within 30 days after we receive your notice and all additional information (and samples) we require. We shall be deemed to have rejected your request if we fail to issue our approval within the 30-day period. You must reimburse us for all costs and expenses we incur in reviewing a proposed supplier within 10 days after invoicing.

11.7. Equipment Maintenance and Changes. You must maintain 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. 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 we reasonably specify.

11.8. Technology Systems.

(a) Generally. You must acquire and utilize all Technology Systems we require from time to time. 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 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. You may not utilize any technology that we have not designated or approved for use by our franchisees.

(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 your employees are adequately trained in the use of the Technology Systems. You agree to take all steps necessary to provide us with independent and unlimited access to data collected through your Technology Systems, including your Gross Sales information for purposes of calculating fees owed. Upon request, including upon termination or expiration of this Agreement, you must provide us with the user IDs and passwords for your Technology Systems.

(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, you agree to: (i) pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees; and (ii) upon request, enter into a license agreement with us (or our affiliate) in a form we prescribe governing your use of the proprietary software, technology or other component of the Technology Systems. We may also enter into master agreements with third-party suppliers relating to any components of the Technology Systems and charge you for all amounts we pay to these suppliers based on your use of their software, technology, equipment, or services. The "technology fee" includes all amounts you pay us and/or 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 based on your use of their systems, software, technology or services. The amount of the technology fee may change based on changes to the Technology Systems or prices charged by third-party suppliers with whom we enter into master agreements. The technology fee does not include any amounts you pay directly to third-party suppliers for any components of the Technology Systems. The technology fee is due 10 days after invoicing or as we otherwise specify. As of the Effective Date, we charge a monthly technology fee equal to $250 per month, which covers the costs for: (i) business management and online training portal; (ii) up to three (3) email accounts (iii) webpage hosting and support; (iv) ongoing technology research and development; (v) Order.co; (vi) Canva; and (vi) access to Jabz Branded App.

11.9. Remodeling and Maintenance. You must remodel, renovate and make all improvements to your Jabz Boxing Studio 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. We will not require that you remodel your Jabz Boxing Studio more than once during any five (5) year period, except as a condition to you renewing or transferring your franchise. You may not remodel or significantly alter your premises without our prior written approval. We need not approve any proposed remodeling or alteration that does not conform to our then-current standards and specifications. You must maintain your Jabz Boxing Studio 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: (a) thorough cleaning, repainting, redecorating of the interior and exterior of the Jabz Boxing Studio's premises at the intervals we prescribe (or at such earlier times that such actions are required or advisable); and (b) interior and exterior repair of the Jabz Boxing Studio's premises as needed. You must comply with any maintenance, cleaning or facility upkeep schedule we prescribe, including hiring a professional cleaning services that meets our standards and criteria to clean your facility at least 6 days per week.

11.10. Music. You may only play the music at your Jabz Boxing Studio that we specify or otherwise approve. We currently require that you purchase your music through our designated music vendor. We may purchase your music licensing fee from ASCAP/BMI (and your music services from our designated vendor) and require you to reimburse us for all such licensing and other fees that we pay on your behalf.

11.11. Membership Program. All Jabz Boxing Studios must honor membership purchases by customers. A customer who purchases a membership from your Jabz Boxing Studio may attend classes, redeem services and enjoy other membership privileges at another Jabz Boxing Studio. Similarly, a customer who purchases a membership from another Jabz Boxing Studio may attend classes,

redeem services and enjoy other membership privileges at your Jabz Boxing Studio. You agree to comply with all policies and procedures we specify from time to time relating to members that attend classes at multiple Jabz Boxing Studios. We may implement new software to monitor sales and allocate membership fees to the Jabz Boxing Studio where services are provided (either in whole or on a percentage basis), in which case we may require that the customer pay us for the membership. We may also adopt policies regarding cooperation between franchisees relating to customers who purchase a membership and attend classes at multiple locations, including policies for transfer of the membership. You agree to comply with all policies and procedures that we specify and we may modify these policies and procedures at any time.

11.12. Loyalty Program. You must fully participate in any loyalty program we establish, including any loyalty program associated with our membership model. In order to participate, you must: (a) comply with all policies and procedures we establish for participation in the program; (b) purchase (or license) and utilize all equipment, software, mobile applications (Apps), technology and others items we designate as being necessary for participation in the program, and pay all associated fees and other amounts necessary to acquire, license and/or use such items; and (c) pay us, our affiliate, or a third party designated by us, all program contributions, fees and other amounts we designate as being necessary for participation in the program (collectively, "Loyalty Program Participation Rules"). The Loyalty Program Participation Rules may be set forth in the Manual. We may amend the Loyalty Program Participation Rules at any time and you must immediately comply with all such amendments. We may also terminate a loyalty program and/or require you to participate in a new, additional or successor loyalty program.

11.13. Gift Card Program. You must fully participate in any gift card program we establish. In order to participate, you must: (a) comply with all policies and procedures we establish for participation in the program; (b) purchase (or license) and utilize all equipment, software, mobile applications (Apps), technology and others items we designate as being necessary for participation in the program, and pay all associated fees and other amounts necessary to acquire, license and/or use such items; and (c) pay us, our affiliate, or a third party designated by us, all program fees and other amounts we designate as being necessary for participation in the program (collectively, "Gift Card Participation Rules"). The Gift Card Participation Rules may be set forth in the Manual. We may amend the Gift Card Participation Rules at any time and you must immediately comply with all such amendments. We may determine how gift card proceeds are divided or otherwise accounted for and we may retain proceeds from unredeemed gift cards. We may also terminate a gift card program and/or require you to participate in a new, additional or successor gift card program.

11.14. Hours of Operation. Your Jabz Boxing Studio must be open for business during the minimum days and hours of operation set forth in the Manual. You must establish specific days and hours of operation and submit them to us for approval.

11.15. Customer Complaints. If you receive a customer complaint, you must follow the complaint resolution process we specify to protect the goodwill associated with the Marks.

11.16. Quality Assurance Programs. For quality control purposes, we may: (a) periodically inspect your Jabz Boxing Studio in accordance with §6.4 and §16.1; and/or (b) engage the services of a "mystery shopper" or quality assurance firm to inspect your Jabz Boxing Studio (the services of which may be paid for by the brand and system development fund). Inspections may address a variety of issues, including proper instruction of classes, customer experience, atmosphere, sanitation and cleanliness, inventory rotation, etc. You must fully cooperate with all inspections. We may implement a scoring system or assessment program pursuant to which each Jabz Boxing Studio receives a "grade" or "score" based on the results of the inspection. Your failure to achieve a passing grade or score constitutes a default under this Agreement. You must take all actions we specify within the period of time we prescribe in order to rectify any non-compliance issues revealed during an inspection. We may also require that the Owner/Operator and your staff successfully complete online or live remedial training or compliance programs.

11.17. 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 failure to comply with our standards or operating procedures (including, without limitation, failure to provide required reports in a timely manner) and you fail to correct the non-compliance within the period of time we require, then, in addition to any other remedies available to us under this Agreement, we may impose a fine of up to $500 per occurrence. We may impose an additional $500fine for every 24 hours the same non-compliance issue remains uncured following our imposition of the initial fine.

12. FRANCHISE ADVISORY COUNCIL. We may, but need not, establish 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 in good faith, but would not be bound by them. The council would be established and operate according to rules and regulations we periodically approve, including procedures governing the selection of council representatives to communicate with us on matters raised by the council. To be eligible to serve on the council, franchisees must be profitable, in good standing and their Jabz Boxing Studio must be open at least one (1) year. You have the right to be a member of the council as long as you meet the eligibility criteria described above 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. Each member would be granted one vote on all matters on which members are authorized to vote. We have the power to form, change or dissolve the advisory council in our discretion.

13. FEES

13.1. Initial Franchise Fee. You agree to pay us a $40,000 initial franchise fee in one lump sum at the time you sign this Agreement. The initial franchise fee is fully earned by us and non-refundable once this Agreement has been signed. If you are simultaneously purchasing three (3) franchises, you will pay us a total of $110,000 in aggregate initial franchise fees upon execution of this Agreement, reflecting a $10,000 discount.

13.2. Royalty Fee. On the first (1st) day of each month, you agree to pay us a royalty fee equal to the greater of 6% of your Gross Sales or $500. The minimum royalty fee of $500 per month is subject to increase based on CPI adjustments in the same manner that the minimum brand fund contribution is subject to increase based on CPI adjustments as set forth in §10.1(b).

13.3. Other Fees and Payments. 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 §13. You also agree to promptly pay us an amount equal to all taxes levied or assessed against us based on goods or services you sell or goods or services we furnish to you (other than income taxes we pay based on amounts you pay us under this Agreement).

13.4. Late Fee. 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 a $100 late fee 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. If no due date is specified, interest begins to run 10 days after we bill you. We will not impose a late fee for any amount paid pursuant to §13.5 if, but only to the extent, sufficient funds were available in your Account to be applied towards the payment when due. However, we may impose a late fee for any amount we are unable to reasonably determine due to your failure to furnish us with a report required by §15.3 within the required period of time or record sales in a timely manner, in which case we may assess a late fee on the entire amount that was due. This §13.4 shall not constitute our agreement to accept late payments or extend credit to you.

13.5. Method of Payment. No later than 15 days after the Effective Date, you must send us a completed and fully executed ACH Agreement authorizing us to electronically debit your designated Account for all amounts owed to us and our affiliates on the applicable due date (other than fees due within

15 days after the Effective Date). You must sign all other documents required by us or your bank to enable us to debit your Account for amounts owed. You must deposit all Gross Sales into the Account and ensure sufficient funds are available for withdrawal before each payment due date. At all times you must maintain a minimum balance of at least $3,000 in your Account. If there are insufficient funds in your Account, any excess amounts you owe will be payable upon demand, together with any late charge imposed pursuant to §13.4. 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. BRAND PROTECTION COVENANTS.

14.1. **Reason for Covenants**. The Intellectual Property, training and assistance we provide would not be acquired except through implementation of this Agreement. You agree 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 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.

14.2. **Know-how and Confidential Information**. You and the Owners agree to:

(i) refrain from using the Know-how in any business or capacity other than the operation of your Jabz Boxing Studio pursuant to this Agreement;

(ii) maintain the confidentiality of Know-how and other Confidential Information at all times;

(iii) take all reasonable steps we require to prevent unauthorized use or disclosure of Know-how or other Confidential Information;

(iv) refrain from making unauthorized copies of documents containing any Know-how or other Confidential Information; and

(v) stop using the Know-how 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 Know-how immediately at the time he or she ceases to be an Owner).

14.3. **Unfair Competition**. You and the Owners may not engage in any Prohibited Activities during the Term or Post-Term Restricted Period. Notwithstanding the foregoing, you and the 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 permitted by 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.

14.4. **Family Members**. Because an Owner can circumvent the intent of §14 by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild) and it would be difficult for us to prove any such breach, each Owner agrees that he/she will be presumed to have violated the terms of §14 if a member of his/her immediate family engages in any Prohibited Activities during the Term or Post-Term Restricted Period or uses or discloses Know-how. However, the Owner may rebut this presumption with evidence conclusively showing he or she did not disclose Know-how to the family member.

14.5. **Employees.** You must ensure 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, and who are not required to sign a Brand Protection Agreement, sign and

send us a Confidentiality Agreement before having access to our Know-how. You must use best efforts to ensure these individuals comply with the Brand Protection Agreements and Confidentiality Agreements, as applicable, and you must immediately notify us of any breach that comes to your attention. You must reimburse us for all expenses we incur to enforce a Brand Protection Agreement or Confidentiality Agreement, including attorneys' fees and court costs.

14.6. **Covenants Reasonable.** You and the Owners agree that: (a) the terms of this §14 are reasonable both in time and in scope of geographic area; (b) our use and enforcement of covenants similar to those described above with respect to other franchisees benefits you and the Owners in that it prevents others from unfairly competing with your Jabz Boxing Studio; and (c) you and the Owners have sufficient resources, business experience and opportunities to earn an adequate living while complying with the terms of this §14. **YOU AND THE OWNERS HEREBY WAIVE ANY RIGHT TO CHALLENGE §14 AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.**

14.7. **Breach of Covenants**. You and the Owners agree that: (a) any failure to comply with §14 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 §14, 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 required amount of the bond may not exceed $1,000. If an injunction is wrongfully issued, you may seek dissolution of the injunction as your sole remedy. You hereby waive all Claims for damages resulting from a wrongfully issued injunction. 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. No Claim held by you or an Owner against us or our Affiliate may be used as a defense against our enforcement of this §14.

15. YOUR OTHER RESPONSIBILITIES

15.1. **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 Jabz Boxing Studio, 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 Jabz Boxing Studio, containing minimum liability protection of $1,000,000 combined single limit per occurrence and $2,000,000 in the aggregate;

(iii) worker's compensation insurance and employer's liability insurance as required by Law;

(iv) any insurance required under your lease or by Law; and

(v) any other insurance we specify in the Manual from time to time.

You must provide us with proof of coverage prior to opening, within 10 days after any policy renewal and at any other time on demand. You agree to obtain these policies from licensed insurance carriers are rated A or better by Alfred M. Best & Company, Inc. Each policy must endorsed to: (a) name us (and our members, officers, directors, and employees) as additional insureds; (b) contain a waiver by the insurance carrier of all subrogation rights against us; and (c) provide that we receive 10 days' prior written notice of the termination, expiration, cancellation or modification of the policy. If any policy fails to meet these criteria, we may disapprove the policy and you must immediately secure a new policy meeting our criteria. Upon 10 days' notice, we may increase the minimum liability coverage amount of any policy and/or require different or additional

types of insurance, including excess liability (umbrella) insurance, due to inflation, identification of special risks, changes in Law or standards of liability, higher damage awards or other relevant changes in circumstances. If you fail to maintain a required policy, we may, at our option, obtain the policy on your behalf. If we do so, you must must promptly sign any application or other form required to obtain the policy and reimburse us for all premiums and other costs we incur.

15.2. **Books and Records.** You must prepare complete and accurate books, records, accounts and tax returns pertaining to your Business and keep copies for at least five (5) years after their preparation. You must maintain, and upon our request furnish to us by email or mail a written list of all of your customers. You must send us copies of your books and records within seven (7) days of our request. You must provide us with independent access to your QuickBooks Online account with permission to read all reports.

15.3. **Reports.** No later than the 10th day of each month, you must prepare and send us a monthly statement of: (a) Gross Sales generated, and expenses incurred, during the prior month; (b) the total number of members at your Jabz Boxing Studio; and (c) your expenditures on local advertising required by §10.3 incurred during the prior month (which shall be accompanied by copies of receipts for such expenditures). You also agree to prepare all other reports we require in the form and manner we specify and send us a copy of any report required by this Section upon request. If you miscalculate Gross Sales, you must notify us of the error no later than the end of the next Gross Sales reporting period. Otherwise, you will not be entitled to any refund or credit of any fees paid to us based on previously reported Gross Sales. We may electronically poll your computer and/or point-of-sale system to retrieve and compile any Operating Data we deem appropriate. We may waive the obligation for you to provide us with monthly reports of Gross Sales and other Operating Data specified above if: (a) we require you to use Technology Systems that allow us to electronically retrieve the Gross Sales and Operating Data specified in this Section; and (b) you properly and accurately record your Gross Sales and other Operating Data in a timely manner.

15.4. **Financial Statements.** No later than the 10th day of each month, you must prepare and send us a monthly balance sheet, profit and loss statement and statement of cash flows for your Business in the format we prescribe. If you are unable to produce reliable monthly financial statements using QuickBooks Online, you will be required to hire a certified public accountant to prepare your monthly financial statements. Within 90 days after the end of each calendar year, you must prepare and send us a balance sheet (as of the end of the calendar year), profit and loss statement and statement of cash flows for the prior calendar year. Financial statements must be: (a) verified and signed by you certifying to us that the information is true, complete, and accurate; (b) prepared on an accrual basis in compliance with Generally Accepted Accounting Principles; and (c) submitted in any format we reasonably require. We may require that your annual financial statements be reviewed or audited by a certified public accountant if you submit materially inaccurate financial statements on a prior occasion. You must 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 for any reasonable business purpose, provided the disclosure is not prohibited by applicable Law. If, in accordance with this Section, you are required to hire a certified public accountant to prepare monthly and/or annual financial statements, you must engage a certified public accountant that we recommend or otherwise approve.

15.5. **Legal Compliance.** You must secure and maintain in force all required licenses, permits and regulatory approvals and operate your Jabz Boxing Studio in full compliance with all applicable Laws. 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 Governmental Authority that may adversely affect the operation of your Jabz Boxing Studio or your financial condition. You must immediately send us a copy of any inspection report, warning, certificate or rating from a Governmental Authority alleging a violation of any health or safety Law.

15.6. **Ownership and Protection of Data.** We are the exclusive owner of all Business Data, regardless

of whether such Business Data is collected by you, us or another Person. We hereby grant you a license to utilize the Business Data solely for purposes of operating your Jabz Boxing Studio 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 agree: (a) to comply with all applicable data protection Laws as well as our data processing and data privacy policies in the Manual (if any); and (b) upon our request, to sign any data processing and/or data privacy agreement required by us or by Law. You further agree to:

(i) obtain, maintain and adhere to all applicable compliance standards established by PCI-DSS;

(ii) 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;

(iii) promptly notify us if you suspect there is, or has been, a security breach or potential compromise of any such credit card information;

(iv) 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

(v) promptly notify us of any noncompliance PCI-DSS requirements to discuss your remediation efforts and timeline.

16. INSPECTION AND AUDIT

16.1. Inspections. For quality control purposes and to ensure compliance with this Agreement, we (or our representative) may enter your Jabz Boxing Studio, evaluate your operations and inspect your books, records, accounts and tax returns. We will determine the scope of the inspection, which may include, among other things:

(i) examining and copying your books, records, accounts and tax returns;

(ii) accessing your computer system and retrieving data (you hereby agree to provide us with access upon request);

(iii) inspecting and testing your equipment;

(iv) monitoring and speaking with your staff;

(v) watching or participating in your classes;

(vi) evaluating the physical condition of your Jabz Boxing Studio for cleanliness, sanitation and state of repair; and

(vii) contacting your landlord and customers.

We may conduct the inspection at any time and without prior notice. During the inspection, we (or our representative) will use reasonable efforts to minimize any interference with the operation of your Jabz Boxing Studio. You and your employees must cooperate and not interfere with the inspection. You consent to us accessing your computer system and retrieving any Business Data we deem appropriate in connection with the inspection. You must reimburse us for all 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) a breach of our system standards we brought to your attention. We will bear the cost of all other inspections.

16.2. Audit. We may audit your books and records at any time. You must fully cooperate with us and any third party we hire to conduct the audit. If an audit reveals an understatement of Gross Sales, you must immediately pay us all additional fees you owe together with any late fee imposed

pursuant to §13.4. Each audit will be performed at our cost unless the audit either (a) is required due to your failure to provide information we request, preserve records or file reports as required by this Agreement or (b) reveals an understatement of Gross Sales by at least 3%, in which case you must reimburse us for the cost of the audit, including all reasonable accounting and attorneys' fees and travel and lodging expenses that we or our representatives incur. Audit cost reimbursements are 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.

17. INTELLECTUAL PROPERTY

17.1. **Ownership and Use**. You acknowledge that: (a) we are (or our affiliate is) the exclusive owner of the Intellectual Property and the associated goodwill; (b) your right to use the Intellectual Property is derived solely from this Agreement; and (c) your right to use the Intellectual Property is limited to a license to operate your Jabz Boxing Studio during the Term pursuant to, and only in compliance with, this Agreement and the Manual. You may not use 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 must comply with all provisions in the Manual governing use of the Intellectual Property. You will not acquire any goodwill, title or interest in or to the Intellectual Property.

17.2. **Changes to Intellectual Property**. We may change the Intellectual Property at any time in our sole discretion, including by changing the Copyrighted Materials, Know-how, Marks and/or System. You must, at your expense, implement all Intellectual Property changes we require in accordance with our instructions. We will not be liable to you for any expenses, losses or damages you incur (including the loss of any goodwill associated with a Mark) because of any addition, modification, substitution or discontinuation of the Intellectual Property.

17.3. **Use of Marks**. You agree to use the Marks as the sole identification of your Jabz Boxing Studio; *provided, however*, that you must identify yourself as the independent owner of your Jabz Boxing Studio in the manner we prescribe. You may not use the Marks in any modified form or as part of a corporate or trade name or with any prefix, suffix, or other modifying words, designs or symbols (other than logos licensed to you by this Agreement). You may not place the Marks on any logo, equipment, merchandise or other items without our prior written approval. You agree to: (a) prominently display the Marks in the manner we prescribe on or in connection with any advertising, promotional materials, posters, displays, receipts, stationery and forms we designate to give notice of trade and service mark registrations and copyrights; and (b) obtain any fictitious or assumed name registrations required by applicable Law. You may not use the Marks when signing a contract, lease, check or other agreement or in any other manner that may cause confusion or imply we are liable for your obligations.

17.4. **Use of Know-how**. We disclose Know-how to you during training programs, in the Manual and through other guidance furnished during the Term. 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. The Know-how is proprietary and is disclosed to you solely for use in the development and operation of your Jabz Boxing Studio during the Term.

17.5. **Improvements**. If you or any of your Owners or employees conceives of or develops an Improvement, you must send us a written notice describing the Improvement. You must obtain our approval prior to using any such Improvement. Any Improvement we approve may be used by us and any third parties we authorize to operate a Jabz Boxing Studio, without any obligation to pay royalties or other fees to you or any other Person. You or your Owner or employee, as applicable, must assign to us or our designee, without charge, all rights to the Improvement, including the right to grant sublicenses. In return, we will authorize you to use Improvements developed by other Persons that we approve for use in connection with the operation of a Jabz Boxing Studio.

17.6. **Infringements and Claims**. You must immediately notify us of any: (a) apparent infringement of the Intellectual Property; (b) challenge to your use of the Intellectual Property; or (c) claim by any Person of any rights in 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 have sole discretion in deciding what action, if any, to take in response to the infringement, challenge or claim. We may exclusively control any litigation or other proceeding relating to the infringement, challenge or claim. You must execute all documents, render all assistance, and perform all acts that may, in our counsel's opinion, be necessary or advisable to protect or maintain our interest in the litigation or proceeding and/or protect the Intellectual Property.

18. **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 Jabz Boxing Studio;

(ii) the breach of this Agreement or any related agreement by you or any of your Owners or affiliates;

(iii) any Claim relating to taxes or penalties assessed by any Governmental Authority 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 regarding the System, a Jabz Boxing Studio or an Indemnified Party;

(v) any labor, employment or similar type of Claim pertaining to your employees (including Claims alleging we are a joint employer of your employees) or our relationship with you or your Owners (including Claims alleging we are an employer of you and/or any of your Owners); and

(vi) any actions, investigations, rulings or proceedings conducted by any Governmental Authority (including the United States Department of Labor, Equal Employment Opportunity Commission or National Labor Relations Board) relating to your employees.

You and your Owners must immediately notify us of any Claim or proceeding 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 the Claim. You must reimburse the Indemnified Parties for all of their costs and expenses in defending such Claim, including court costs and reasonable attorneys' fees, within 10 days of receipt of an invoice itemizing such costs and expenses.

19. **TRANSFERS**

19.1. **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 any obligations incurred by us prior to the effective date of the assignment. We may also delegate our obligations under this Agreement to one or more Persons without assigning the Agreement.

19.2. **By You**. The rights and duties created by this Agreement are personal to you and the Owners. We have granted the franchise in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial resources of you and your Owners. Because this Agreement is a personal services contract, neither you nor any Owner may engage in a 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 a Transfer if all of the following conditions are satisfied:

(i) the proposed transferee is, in our opinion, an individual or group of individuals of good

moral character with sufficient business experience, aptitude and financial resources to own and operate a Jabz Boxing Studio and otherwise meet our then-applicable standards for franchisees;

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

(iii) all of the transferee's owners have successfully completed, or made arrangements to attend, the initial training program (and the transferee has paid us any applicable training fee);

(iv) your landlord consents to the assignment of your 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 to own and operate the Jabz Boxing Studio;

(vi) the transferee signs an agreement, in a form satisfactory to us, agreeing to discharge and guarantee all of your obligations under this Agreement and any other agreement relating to the Business, including, without limitation, customer contracts and supplier contracts;

(vii) 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;

(viii) you remodel your Jabz Boxing Studio and upgrade all furniture, fixtures and equipment to comply with our then-current standards and specifications (or you obtain a commitment from the transferee to do so within the period of time we approve);

(ix) you or the transferee pay us a $10,000 transfer fee to defray expenses we incur in connection with the Transfer (if the transferee is found by a broker we engage, you must also reimburse us for all commissions we pay to the broker, which amount shall be in addition to the transfer fee);

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

(xi) you agree to subordinate the transferee's obligations to you to the transferee's financial obligations owed to us pursuant to the franchise agreement (we may require you to enter into a written subordination agreement);

(xii) we choose not to exercise our right of first refusal described in §19.5; and

(xiii) 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 agreement by the transferee.

19.3. **Permitted Transfers.** You may engage in a Permitted Transfer without our prior approval, but you must: (a) give us at least 10 days' prior written notice; and (b) upon our request, cause any Entity that was originally the Franchisee Entity to sign a corporate guarantee in the format we require to secure performance of the new Franchisee Entity's financial obligations under all Definitive Agreements. You and the Owners (and the transferee) must sign all documents we reasonably request to effectuate and document the Permitted Transfer.

19.4. **Death or Disability of an Owner.** Within 180 days after the death or permanent disability of an Owner, the Owner's ownership interest must be assigned to another Owner or to a third party we approve. Any assignment to a third party will be subject to all terms and conditions of §19.2 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 preventing the Person from substantially complying with his or her obligations under this Agreement or otherwise operating the Jabz Boxing Studio in the manner required by this Agreement and the Manual for a continuous period of at least three (3) months.

19.5. **Our Right of First Refusal.** If you or an Owner desires to engage in a Transfer, you or the Owner, as applicable, must obtain (and send us) a bona-fide offer executed by the purchaser after completion of due diligence. We have 30 days after receipt of the offer to decide whether to purchase the interest for the same price and upon the same terms contained in the offer (however, we may substitute cash for any non-cash form of payment proposed in the offer). If we notify you within the 30-day period that we intend to purchase the interest, you or the Owner, as applicable, must sell the interest to us. We will have 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 the terms of the offer, subject to the requirements of §19.2 (including our approval of the transferee). However, if the sale is not completed within 120 days after delivery of the offer to us, or there is a material change to the terms of sale, we will again have the right of first refusal specified in this Section. Our right of first refusal shall not apply to a Permitted Transfer.

20. TERMINATION

20.1. **By You**. You may terminate this Agreement if we commit a material breach and fail to cure 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 §21 and all other obligations that survive the expiration or termination of this Agreement.

20.2. **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 you become insolvent by reason of your inability to pay your debts as they become due;

(ii) if 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 you are the subject of an involuntary bankruptcy (which may or may not be enforceable under the Bankruptcy Act of 1978);

(iii) if your Jabz Boxing Studio, or a substantial portion of the assets associated with your Jabz Boxing Studio, 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;

(iv) if a final judgment against you remains unsatisfied for 30 days (unless a supersedes or other appeal bond has been filed);

(v) if a levy of execution has been made upon the license granted by this Agreement or any property used in your Business and is not discharged within five (5) days of the levy;

(vi) if the Owner/Operator and/or your General Manager fails to satisfactorily complete initial training as required by §5.1;

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

(viii) if you fail to open your Jabz Boxing Studio within the time period required by §7.5;

(ix) if you abandon or fail to operate your Jabz Boxing Studio for three (3) consecutive business days, unless the failure is due to Force Majeure or another reason we approve;

(x) if a Governmental Authority suspends or revokes a license or permit held by you or an Owner that is required to operate the Jabz Boxing Studio, even if you or the Owner still maintain appeal rights;

(xi) 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 Law applicable to your Jabz Boxing Studio;

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

(xiii) if you manage or operate your Jabz Boxing Studio in a manner that presents a health or safety hazard to your customers, employees or the public;

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

(xv) if you fail to pay any amount owed to us, our affiliate or an approved or designated supplier within 10 days after demand for payment;

(xvi) if you underreport Gross Sales by at least 3%, after having already committed a similar breach that had been cured in accordance with §20.3;

(xvii) if you make an unauthorized Transfer;

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

(xix) if we disapprove of a social media or similar post made by you that includes our Marks and you fail to remove the post within 48 hours after demand by us;

(xx) if you breach any of the brand protection covenants described in §14;

(xxi) if the spouse of any Owner breaches a Brand Protection Agreement;

(xxii) if we send you three (3) or more default notices within any 18-month period, regardless of whether such defaults are cured by you;

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

(xxiv) if we or any affiliate of ours terminates any Definitive Agreement due to a default by you or your affiliate.

20.3. **Additional Conditions of Termination**. In addition to our termination rights in §20.2, 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 Definitive Agreement, unless such default is cured, as determined by us in our sole discretion, within such 30-day notice period. If we send you a default notice pursuant to §20.3, we may cease to perform our obligations under this Agreement until you cure the breach.

20.4. **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.

21. POST-TERM OBLIGATIONS.

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

(i) immediately cease use of the Intellectual Property;

(ii) pay us all amounts you owe (including, if applicable, liquidated damages pursuant to §21.3

below);

(iii) comply with all covenants described in §14 that apply after the expiration, termination or Transfer of this Agreement or the disposal of an ownership interest by an Owner;

(iv) comply with our instructions to return or destroy all copies of the Manual, all Copyrighted Materials and all signs, brochures, advertising and promotional materials, forms and other materials bearing the Marks or containing Confidential Information;

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

(vi) cancel all fictitious or assumed name registrations relating to your use of the Marks;

(vii) provide us with a list of the names and contact information of all your current, former and prospective customers;

(viii) assign all customer contracts to us;

(ix) alter the interior and exterior of the premises to the extent necessary (or to the extent we require) to prevent any further resemblance to or connection with a Jabz Boxing Studio or our System, including, without limitation, repainting the exterior and interior with new colors, removing trade dress, fixtures and décor items associated with a Jabz Boxing Studio, removing all signage and discontinuing use of approved wall décor items and window decals;

(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) any telephone numbers and/or domain names associated with your Jabz Boxing Studio; 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.

Subsections (iv), (viii), (ix) and (x) above shall not apply if you transfer your Jabz Boxing Studio to an approved transferee or we exercise our right to purchase your Jabz Boxing Studio.

21.2. Right to Purchase Facility and Assets.

(a) Generally. Upon the termination or expiration of this Agreement, we have the option to purchase your Jabz Boxing Studio and/or its assets at fair market value. If we exercise this option, fair market value shall be determined as of the effective date of the termination or expiration of this Agreement. We will notify you of the specific items we wish to purchase (the "Acquired Assets"). We may require you to assign your lease to us at no additional charge.

(b) Selecting Qualified Appraisers. Each party shall appoint an appraiser with experience appraising businesses comparable to a Jabz Boxing Studio in the United States. This appointment of the appraisers shall be made within 30 days after the termination or expiration of this Agreement by giving written notice to the other party of the name and address of the appraiser. If either party fails to appoint an appraiser within the 30-day period, the appraisal shall be made by the sole appraiser appointed within that period. If each party appoints an appraiser within the 30-day period, then within 30 days after that, the two (2) appraisers shall appoint a third (3rd) appraiser. If the two (2) appraisers fail to agree on the third (3rd) appraiser within the 30-day period, then a third (3rd) 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 party. Nothing in this provision shall prohibit the parties from jointly approving a single appraiser.

(c) Information for Appraisal. You must furnish to the appraisers a copy of your current financial statements and your financial statements for the prior three (3) years (or the period of time you have operated your Jabz Boxing Studio if less than three (3) years), together with the work papers and other financial data, documents or information that the appraisers request. The appraisers may take into account any other information and factors they deem relevant.

(d) Appraisal Process. Within 60 days after the appointment of the third appraiser, the three (3) appraisers shall appraise the assets at fair market value without taking into account any value for goodwill (the "Appraised Value"). If the three (3) 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) appraisers. If two (2) of the three (3) appraisers agree on a single value, these two (2) appraisers shall issue a joint report, and the dissenting appraiser may (but need not) issue a separate report, and the value determined by agreement of the two (2) appraisers who shall agree shall be the Appraised Value. If none of the appraisers are able to agree on a single value, each 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 appraiser, each 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 appraiser is made with knowledge of the values determined by the other appraisers. If for any reason there shall be only a single appraiser, then the Appraised Value shall be the value determined by the single appraiser. You and we shall equally bear the cost of the appraisal.

(e) Closing. Once the Appraised Value has been determined, we will have at least 60 additional 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 we agree to. We may deduct from the Appraised Value all amounts you owe us or our affiliates under this Agreement or any other Definitive Agreement, including, if applicable, liquidated damages.

21.3. Liquidated Damages. You must pay us liquidated damages in the amount calculated below if either: (a) we terminate this Agreement due to your default; or (b) you terminate this Agreement without cause or in any manner other than as permitted by §20.1 or §20.4. The amount of liquidated damages shall be calculated by multiplying: (a) the combined average monthly royalty fee and brand fund contributions (without regard to any fee waivers or other reductions, and regardless of collection) imposed on you pursuant to this Agreement during the prior 12-month period (or during the period of time you have operated your Jabz Boxing Studio if less than 12 months); and (b) the lesser of: (i) 24 (representing two (2) years of fees); or (ii) the total number of full months remaining under the Term of this Agreement as of the effective date of termination. Liquidated damages must be paid in full within 30 days after receipt of an invoice from us detailing our calculation of the amount of liquidated damages owed. The liquidated damages set forth in this Section are in addition to, and not in lieu of: (a) any fees and payments incurred by you prior to the termination of this Agreement, all of which must be paid by you in accordance with the terms of this Agreement; or (b) any damages we or our affiliate incur as a result of your breach of this Agreement; *provided, however*, that we may not pursue a claim against you for recovery of lost future profits if you pay us the full amount of liquidated damages. The parties agree the amount of liquidated damages set forth in this Section is in proportion to, and is necessary to protect, our legitimate interests, including: (a) encouraging our franchisees to commit to the 10-year franchise relationship, in which both parties have already invested time and expense in developing; (b) the time and expense we will incur in recruiting a new franchisee to acquire franchise rights to the

Territory; (c) the time and expense we will incur to ensure your timely and orderly departure from our franchise network; (d) protecting the reputation and goodwill associated with our Marks; and (e) partially compensating us for the financial damages we will incur as a result of your breach and the resulting termination of this Agreement or your unlawful termination of this Agreement.

22. DISPUTE RESOLUTION. Except as otherwise provided below, the parties agree to submit all Disputes to mediation before a mutually-agreeable mediator prior to litigation. All mediation shall be conducted in Maricopa County, Arizona. Any Dispute involving claims alleging a breach of §14 and/or §17 (referred to as "Excluded Claims") will not be subject to mediation unless otherwise agreed to by both parties. If (a) a Dispute is not successfully resolved by mediation within 60 days after either party makes a demand for mediation or (b) the Dispute involves an Excluded Claim, then either party may file a lawsuit in any state or federal court of general jurisdiction in the county in which we maintain our principal place of business at the time the Dispute arises and each party irrevocably submits to the jurisdiction of such courts and waives any objections it may have to either the jurisdiction or venue of such courts. The parties hereby express their clear and unequivocal intent that a court, rather than a mediator, shall have exclusive jurisdiction to decide the threshold issue of whether a Dispute involves an alleged Excluded Claim (i.e., whether there are any claims alleging a breach of §14 and/or §17). If we or you must enforce this Agreement in a judicial 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 breach 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 §14 OR §17) MUST BE BROUGHT BY FILING A WRITTEN DEMAND FOR MEDIATION 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: (a) TRIAL BY JURY; AND (b) THE RIGHT TO LITIGATE ON A CLASS ACTION BASIS, IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THE PARTIES.

23. REPRESENTATIONS.

23.1. Corporate Representations. You and the Owners jointly and severally represent and warrant to us that:

(a) the execution and delivery of this Agreement, and the performance of your obligations hereunder, does not: (i) conflict with, breach or constitute a default under any other agreement to which you are (or any affiliate of yours is) a party or by which your (or your affiliate's) assets may be bound; (ii) violate any order, writ, injunction, decree, judgment or ruling of any Governmental Authority; or (iii) violate any applicable Law;

(b) the Franchisee Entity is duly organized, validly existing and in good standing under the Laws of the state of its formation and has the requisite power and authority to enter into this Agreement and to perform each of its obligations hereunder; and

(c) the execution and delivery of this Agreement have been duly authorized by all requisite corporate action and this Agreement shall constitute the legal, valid and binding obligation of the Franchisee Entity and shall be enforceable against the Franchisee Entity in accordance with its terms.

23.2. Franchise Compliance Representations. You and the Owners jointly and severally represent and warrant to us that 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.

23.3. **General Representations**. You and the Owners jointly and severally represent and warrant to us that you are aware that: (a) other franchisees may operate under different forms of agreement and our obligations and rights with respect to franchisees differs materially in certain circumstances; and (b) 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.

23.4. **Anti-Terrorism Compliance**. You and the Owners jointly and severally represent and warrant to us that, to the best of your knowledge:

(a) no property or interest owned by you or any Owner is subject to being "blocked" under any Anti-Terrorism Law;

(b) neither you nor any Owner, nor any of their respective funding sources (including any legal or beneficial owner of any Equity Interest in you) or related parties is, or has ever been: (i) a terrorist or suspected terrorist within the meaning of the Anti-Terrorism Law; or (ii) identified by name (or alias, pseudonym or nickname) or address on any Terrorist List, including on the list of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (texts currently available at www.home.treasury.gov); and

(c) you and the Owners are in compliance with, and shall continue to comply with, the Anti-Terrorism Law and all other Laws (either currently in effect or enacted in the future) prohibiting corrupt business practices, money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government that are in effect within the United States of America.

The foregoing representations and warranties are 'continuing' representations and warranties for the duration of the franchise relationship. Accordingly, you agree to notify us immediately in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

24. GENERAL PROVISIONS

24.1. **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.

24.2. **Relationship of the Parties.** 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. Throughout the Term you must, in all dealings with third parties, conspicuously identify yourself as a franchisee and the independent owner of your Jabz Boxing Studio. We may require that you display a written notice of independent ownership, in the form we prescribe, at any location within your Jabz Boxing Studio that we specify. You must also include a written indication of independent ownership on all agreements, forms, letterhead, advertising materials, business cards and other materials that we specify. Neither party is 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 party will be obligated by any agreements or representations made by the other that are not expressly authorized by this Agreement.

24.3. **Severability and Substitution**. Each section and subsection of this Agreement, and any portion thereof, shall be considered severable. If applicable 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. If a court or arbitrator concludes that any promise or covenant in this Agreement is unreasonable or unenforceable: (a) the court or arbitrator may modify such promise or covenant to the minimum extent necessary to make it enforceable; or (b) we may unilaterally modify such promise or covenant to the minimum extent necessary to make it enforceable.

24.4. **Waivers.** Each party may waive any obligation imposed on the other party in writing. Neither party shall be deemed to have waived or impaired any of its contractual rights under this Agreement (including the right to require strict compliance with all terms of this Agreement or terminate this Agreement due to the other party's failure to comply with such terms) by virtue of: (a) any custom or practice of the parties at variance with the terms of this Agreement; (b) any failure, refusal or neglect by either party to exercise any right under this Agreement or require the other party to strictly comply with its obligations under this Agreement; (c) our waiver, failure or refusal to exercise any of our rights with respect to other franchisees; or (d) our acceptance of payments from you after your breach.

24.5. **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. If we deny approval and you seek legal redress for the denial, the only relief to which you may be entitled is to acquire our approval. You are not entitled to any other relief or damages for our denial of approval.

24.6. **Force Majeure.** Neither party shall be liable for loss or damage or deemed to be in breach of this Agreement if such party's failure to perform its obligations results from an event of Force Majeure; *provided, however*, that an event of Force Majeure shall not excuse or permit any failure to perform for more than: (a) 90 days for any failure to open the Jabz Boxing Studio by the required opening date; or (b) 30 days for any other failure to perform. If the period of non-performance exceeds 90 days from receipt of notice of the Force Majeure event (for failure to open the Jabz Boxing Studio by the required opening date) or 30 days from receipt of notice of the Force Majeure event (for any other failure to perform), the party whose ability to perform has not been affected may immediately terminate this Agreement by giving written notice of termination to the other party.

24.7. **Binding Effect.** This Agreement is binding on the parties hereto 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 not a party to this Agreement; *provided, however*, that the additional insureds listed in §15.1 and the Indemnified Parties are intended third-party beneficiaries under this Agreement with respect to §15.1 and §18, respectively.

24.8. **Integration.** THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT, EXCEPT AS PERMITTED BY §11.2 AND §24.3, 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 Jabz Boxing Studio, regardless of whether you countersign and/or return the Site Approval Notice. Any email or other informal electronic communication shall not be deemed to modify this Agreement unless it is signed by both parties and specifically states 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. Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise 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.

24.9. Covenant of Good Faith. If applicable Law implies into this Agreement a covenant of good faith and fair dealing, the covenant shall not imply any rights or obligations that are inconsistent with the express terms of this Agreement. This Agreement (and the relationship of the parties inherent in this Agreement) grants us 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 favorably or adversely affect your interests. 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 (including ourselves and our affiliates if applicable), but without considering the individual interests of you or any other particular franchisee.

24.10. 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.

24.11. 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 Business or Franchisee Entity) 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, §13, §14, §16, §18, §21, §22 and §24.

24.12. 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, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive.

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

24.14. 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 Part A of ATTACHMENT "A"
US:	Jabz Franchising, LLC 42490 Garfield Rd., Suite 202, Clinton Township, Michigan 48038

Notice shall be considered given at the time delivered by hand, or one (1) business day after sending by 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.

24.15. 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.

[Signature Page Follows]

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

FRANCHISOR:

Jabz Franchising, LLC, an Arizona limited liability company

By:_____
Name:_____
Title:_____

YOU (If you are an Entity):

_____,
a(n)_____

By:_____
Name:_____
Title:_____

***By signing below, each individual Owner described in the Introductory Paragraph and §9 of this Agreement agrees to be bound by all of the terms of the Franchise Agreement applicable to an "Owner" and the Owner who is the "Owner/Operator" further agrees to be bound by all of the terms and conditions of the Franchise Agreement applicable to the "Owner/Operator". Each such Owner also agrees to be jointly and severally responsible for the franchisee's financial obligations under this Agreement.**

_____
Name:_____

_____
Name:_____

_____
Name:_____

_____
Name:_____

YOU (If you are not an Entity):

_____
Name:_____

_____
Name:_____

_____
Name:_____

_____
Name:_____

ATTACHMENT "A"

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): [_____]

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, describe 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 your Jabz Boxing Studio.

Approved Address: [_____]

* *If the site for your Jabz Boxing Studio has not been approved by us at the time this Agreement is signed, we will send you a Site Approval Notice in accordance with §7.1 listing the address of your approved site.*

D. <u>Territory</u>.

The Territory referenced in the Franchise Agreement shall consist of the following geographic area (as may be further depicted on a map attached on the following page):

[_____]

If there are any changes to the zip codes or other boundaries that define your Territory during the term of the Franchise Agreement or any renewal term, then, unless otherwise agreed to by you and us in writing, the boundaries of your Territory shall remain defined by the zip codes or other boundaries in effect as of the Effective Date and depicted on the map on the following page.

* *If the site for your Jabz Boxing Studio has not been approved by us at the time this Agreement is signed, we will send you a Site Approval Notice in accordance with §3 identifying the geographic area that comprises your Territory.*

[Insert Map Below (if applicable)]

ATTACHMENT "B"

TO FRANCHISE AGREEMENT

FORM OF SITE APPROVAL NOTICE

[See Attached]

SITE APPROVAL NOTICE

Jabz Franchising, LLC ("we" or "us") is issuing this Site Approval Notice (this "Notice") to _____ ("you"), effective _____, 202___, in connection with the Jabz Boxing Franchise Agreement (the "Franchise Agreement") that we executed with you on _____, 202___. The purpose of this Notice is to confirm our approval of the site you proposed for your Jabz Boxing Studio and our designation of the boundaries of your "Territory".

Approved Address:

Pursuant to §7.1 of the Franchise Agreement, we hereby approve the site listed below for your Jabz Boxing Studio:

_____
_____
_____

Territory:

Pursuant to §3 of the Franchise Agreement, we hereby designate the following geographic area as your "Territory" under the Franchise Agreement (as may be further depicted on the map attached on the following page):

[_____]

If there are any changes to the zip codes or other boundaries that define your Territory during the term of the Franchise Agreement or any renewal term, then, unless otherwise agreed to by you and us in writing, the boundaries of your Territory shall remain defined by the zip codes or other boundaries in effect as of the Effective Date and depicted on the map on the following page.

* * *

By signing below, you and we agree that: (a) the address identified in this Notice shall be deemed the approved site for your Jabz Boxing Studio established and operated pursuant to the Franchise Agreement; and (b) the geographic area described in this Notice under "Territory" shall be deemed your Territory under the Franchise Agreement. You acknowledge and agree that our acceptance of the site you proposed is in no way a representation by us that your site will be successful. Rather, our acceptance merely indicates the site meets our minimum standards and requirements.

We request that you sign below and send us an executed copy of this Notice to acknowledge your receipt. However, your failure or refusal to sign below will not invalidate or otherwise affect our designation of your approved site or Territory. Our designation of your approved site and Territory, as set forth in this Notice, shall be binding on you effective as of the effective date listed in the first paragraph in this Notice.

Franchisor	**Franchisee**
Jabz Franchising, LLC	_____
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

[Insert Territory Map Below (if applicable)]

ATTACHMENT "C"

TO FRANCHISE AGREEMENT

LEASE ADDENDUM

[See Attached]

Lease Addendum

This Lease Addendum (this "Agreement") is executed as of _____, 202__ by and among Jabz Franchising, LLC, an Arizona limited liability company ("Franchisor"), [_____], a(n) [_____], with principal offices located at [_____] ("Landlord"), and [_____], a(n) [_____], with principal offices located at [_____] ("Tenant").

Background

A. On [_____], 202[__], Franchisor and Tenant executed a Jabz Boxing Franchise Agreement (the "Franchise Agreement"), pursuant to which Franchisor granted Tenant the right and obligation to develop, open and operate a Jabz Boxing Studio at the premises described in Exhibit "A" (the "Premises").

B. Concurrently with the execution of this Agreement, Landlord and Tenant are executing a lease agreement (the "Lease"), pursuant to which Landlord will lease the Premises to Tenant.

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

Agreement

1. Default Notices. Landlord agrees to provide Franchisor with copies of all written default notices sent to Tenant at the same time such notices are sent to Tenant. Landlord agrees to send such copies to Franchisor by email and registered mail as set forth below (Franchisor may change the notice email and address from time to time by sending written notice to Landlord):

   Email: franchise@jabzboxing.com

   Mail: Jabz Franchising, LLC
   42490 Garfield Rd., Suite 202
   Clinton Township, Michigan 48038

2. Right to Cure. If Tenant defaults under the Lease, Franchisor has the right (but not the duty) to cure such default within 15 days following the expiration of any applicable cure period. In such event, Franchisor may immediately commence occupancy of the Premises as the tenant under the Lease without obtaining Landlord's or Tenant's consent. Franchisor may thereafter assign the Lease to another Jabz Boxing franchisee or to an entity owned and/or controlled by Franchisor. If it does, Franchisor must first obtain Landlord's written approval of the assignee. Landlord, however, must neither unreasonably withhold nor delay its approval thereof. 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 termination of the Franchise Agreement), and without Landlord's prior consent, Tenant may assign the Lease to Franchisor. In such event, Franchisor may thereafter assign the Lease to another Jabz Boxing franchisee or to an entity owned and/or controlled by Franchisor. If it does, Franchisor must first obtain Landlord's written approval of the assignee. Landlord, however, must neither unreasonably withhold nor delay its approval thereof. 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. Landlord hereby grants Franchisor the first right of refusal to lease the Premises as the new tenant upon the expiration or termination of the Lease. Franchisor shall have a period of 30 days after the expiration or termination of the Lease to decide whether to exercise its right of first refusal.

5. Expiration or Termination of Franchise Agreement. Landlord agrees that the expiration or termination of the Franchise Agreement shall constitute a default under the Lease, giving Franchisor the right, but not

the obligation, to cure such default by succeeding to Tenant's interests under the Lease in accordance with §2 above.

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

7. Modification of Lease. Landlord and Tenant will not amend, modify, supplement, terminate, renew or extend the Lease without Franchisor's written consent.

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.

In witness whereof, this Agreement has been executed the date and year first above written.

FRANCHISOR:

Jabz Franchising, LLC, an Arizona limited liability company

By:_____
Name:_____
Date:_____

LANDLORD:

_____, (a)n _____
_____

By:_____
Name:_____
Date:_____

TENANT:

_____, (a)n _____
_____

By:_____
Name:_____
Date:_____

EXHIBIT “A” TO LEASE ADDENDUM

DESCRIPTION OF PREMISES

_____

_____

ATTACHMENT "D"

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 Email 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 Jabz Franchising, 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:_____

Title:_____

Federal Tax ID Number:_____

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

ATTACHMENT "E"

TO FRANCHISE AGREEMENT

BRAND PROTECTION AGREEMENT

[See Attached]

BRAND PROTECTION AGREEMENT

This Agreement (this "Agreement") is entered into by the undersigned ("you") in favor of Jabz Franchising, 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 Jabz Boxing Studio, customers and business operations, whether collected by you, Franchisee, us or any other person.

"*Competitive Business*" means any business that meets at least one of the following criteria: (a) any business competitive with a Jabz Boxing Studio that offers fitness classes emphasizing boxing and/or boxing related exercises; (b) any business that solicits, offers or sells franchises or licenses for a business that meets the criteria in clause (a) of this definition; and/or (c) any business that services, trains, supports, consults with, advises or otherwise assists any Person with respect to the development, management and/or operation of a business that meets the criteria in clause (a) of this definition. A Competitive Business does not include any Jabz Boxing Jabz Boxing Studio operated pursuant to a valid franchise agreement or license agreement with us or our affiliate.

"*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 the Jabz Boxing Studio, 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: (i) are designated as confidential; (ii) are known by you to be considered confidential by us; and/or (iii) are by their nature inherently or reasonably to be considered confidential. Confidential Information does not include any 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 the information was disclosed to you by us or Franchisee (or any person associated with us or Franchisee); (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.

"*Copyrighted Materials*" means all copyrightable materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of a Jabz Boxing Studio, whether now in existence or created in the future.

"*Franchisee*" means the Jabz Boxing franchisee for whom you are an officer, director, employee or independent contractor, or for which your spouse is an owner.

"*Improvement*" means any idea, addition, modification or improvement to (a) the classes, exercises, goods or services offered or sold at a Jabz Boxing Studio, (b) the method of operation of a Jabz Boxing Studio, (c) the processes, systems or procedures utilized by a Jabz Boxing Studio, (d) the marketing, advertising or promotional materials, programs or strategies utilized by a Jabz Boxing Studio or (e) the trademarks, service marks, logos or other intellectual property utilized by a Jabz Boxing Studio, whether developed by you, Franchisee, us or any other person.

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

"*Jabz Boxing Studio*" means any Jabz Boxing Jabz Boxing Studio that is authorized to operate under our

Marks and use our System. A Jabz Boxing Studio may refer to a Jabz Boxing Jabz Boxing Studio operated by us, our affiliate, you or another franchisee, as the context may require.

"*Know-how*" means all of our trade secrets and other proprietary information relating to the design, construction, development, marketing or operation of a Jabz Boxing Studio, including, but not limited to: architectural plans, drawings and specifications for a prototype Jabz Boxing Studio; site selection criteria; methods and techniques; standards and specifications; policies and procedures; supplier lists and information; marketing strategies; merchandising strategies; financial information; and information comprising the System or included in the Manual.

"*Manual*" means our confidential brand standards manual for the operation of a Jabz Boxing Studio.

"*Marks*" means and includes all service marks, trademarks, trade names and logos that we designate from time to time and authorize Jabz Boxing Studios to use, including "Jabz Boxing" and the associated logo. The Marks also includes any distinctive trade dress used to identify a Jabz Boxing Studio.

"*Prohibited Activities*" means any or all of the following: (a) 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 a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business); (b) disparaging or otherwise making negative comments about us, any of our affiliates, the System and/or other Jabz Boxing Studios; (c) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (d) inducing any customer of ours (or of one of our affiliates or franchisees) to transfer their business to a competitor.

"*Restricted Period*" means the two (2) year period after you cease to be an officer, director, employee or independent contractor 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 Restricted Period means the one (1) year period after you cease to be an officer, director, employee or independent contractor of Franchisee or your spouse ceases to be an owner of Franchisee, as applicable.

"*Restricted Territory*" means the geographic area within: (a) a 10-mile radius from Franchisee's Jabz Boxing Studio (and including the premises of Franchisee's Jabz Boxing Studio); and (b) a 10-mile radius from all other Jabz Boxing Studios that are operating or under construction as of the date of this Agreement and remain in operation or under construction during all or any part of the Restricted Period; *provided, however*, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then Restricted Territory means the geographic area within a 10-mile radius from Franchisee's Jabz Boxing Studio (and including the premises of Franchisee's Jabz Boxing Studio).

"*System*" means our distinct system for the operation of a Jabz Boxing Studio, the distinctive characteristics of which include our boxing-inspired workout, logo, trade dress, unique boxing circuit and related exercises, and operating system.

2. Background. You are an officer, director, employee or independent contractor of Franchisee or your spouse is an owner 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 or misuse our Intellectual Property. To avoid such damage, you agree to comply with the terms of this Agreement.

3. Brand Protection Covenants.

(a) Intellectual Property. You agree to:

(i) refrain from using the Intellectual Property in any capacity or for any purpose other than the operation of Franchisee's Jabz Boxing Studio;

(ii) maintain the confidentiality of the Know-how and other Confidential Information at all

times;

(iii) take all reasonable steps we require to prevent unauthorized use or disclosure of Know-how or other Confidential Information;

(iv) refrain from making unauthorized copies of documents containing any Know-how or other Confidential Information; and

(v) immediately stop using the Intellectual Property at such time that you are no longer an officer, director, employee or independent contractor of Franchisee or your spouse ceases to be an owner of Franchisee, as applicable.

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 an officer, director, employee or independent contractor of Franchisee or your spouse ceases to be an owner of Franchisee, as applicable; 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 were engaging in the Prohibited Activity (any such extension of time will not be construed as a waiver of your breach or otherwise impair any of our rights or remedies relating to your breach).

(c) Family Members. Because you can circumvent the purpose of this Agreement by disclosing Know-how 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 engages in any Prohibited Activities at any time that you are prohibited from engaging in the Prohibited Activities. However, you may rebut this presumption with evidence conclusively showing you did not disclose Know-how to the family member.

(d) Covenants Reasonable. You acknowledge that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources, business experience and opportunities to earn an adequate living while complying with this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.** Although you and we both believe the covenants in this Agreement are reasonable, we may at any time unilaterally modify the terms of the brand protection covenants in §3 of this Agreement, upon written notice to you, 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 §3 of this Agreement to ensure that the terms and covenants are enforceable under applicable law**.**

(e) Breach. You agree that: (i) any failure to comply with §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 §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 required amount of the bond may not exceed $1,000. If an injunction is wrongfully issued, you may seek dissolution of the injunction as your sole remedy. You hereby waive all claims for damages resulting from a wrongfully issued injunction. 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. No claim held by you against us, our affiliate or Franchisee may be used as a defense against our enforcement of this §3.

4. Miscellaneous.

(a) If we hire an attorney or file suit against you for breach of this Agreement and we prevail, you must reimburse us for our reasonable attorneys' fees and costs.

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

(c) Each section of this Agreement, including each subsection and portion thereof, is severable. If any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion. The parties agree 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.

(d) If you are a resident of Washington, D.C. as of the date you sign this Agreement, then the noncompetition covenant set forth in this Agreement shall not be applicable to you and the definition of "Prohibited Activities" shall be deemed amended by deleting clause (a) from such definition.

This Brand Protection Agreement is executed as of the date or dates set forth below.

By:_____

Name:_____

Date:_____

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 Jabz Franchising, 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 Jabz Boxing Studio, customers and business operations, whether collected by you, Franchisee, us or any other person.

"*Copyrighted Materials*" means all copyrightable materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of a Jabz Boxing Studio, whether now in existence or created in the future.

"*Jabz Boxing Studio*" means a boxing studio that features a customized physical fitness training program consisting of a unique multi-round boxing circuit operating under the Marks.

"*Franchisee*" means the Jabz Boxing franchisee for whom you are an officer, director, employee or independent contractor.

"*Improvement*" means any idea, addition, modification or improvement to (a) the goods or services offered or sold at a Jabz Boxing Studio, (b) the method of operation of a Jabz Boxing Studio, (c) the processes, systems or procedures utilized by a Jabz Boxing Studio, (d) the marketing, advertising or promotional materials, programs or strategies utilized by a Jabz Boxing Studio or (e) the trademarks, service marks, logos or other intellectual property utilized by a Jabz Boxing Studio, whether developed by you, Franchisee, us or any other person.

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

"*Know-how*" means all of our trade secrets and other proprietary information relating to the design, construction, development, marketing or operation of a Jabz Boxing Studio, including, but not limited to: architectural plans, drawings and specifications for a prototype Jabz Boxing Studio; site selection criteria; methods and techniques; standards and specifications; policies and procedures; supplier lists and information; marketing strategies; merchandising strategies; financial information; and information comprising the System or included in the Manual.

"*Manual*" means our confidential brand standards manual for the operation of a Jabz Boxing Studio.

"*Marks*" means and includes all service marks, trademarks, trade names and logos that we designate from time to time and authorize Jabz Boxing Studios to use, including "Jabz Boxing" and the associated logo. The Marks also includes any distinctive trade dress used to identify a Jabz Boxing Studio.

"*System*" means our distinct system for the operation of a Jabz Boxing Studio, the distinctive characteristics of which include our boxing-inspired workout, logo, trade dress, unique boxing circuit and related exercises, 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. Know-How and Intellectual Property. You agree to:

(i) refrain from using the Intellectual Property in any capacity or for any purpose other than the operation of Franchisee's Jabz Boxing Studio;

(ii) maintain the confidentiality of the Know-how at all times;

(iii) take all reasonable steps we require to prevent unauthorized use or disclosure of Know-how;

(iv) refrain from making unauthorized copies of documents containing any Know-how; and

(v) immediately stop using the Intellectual Property at such time that you are no longer an [[[owner, partner, member, officer, director, employee or independent contractor]]] 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.

4. **Family Members**. Because you can circumvent the purpose of this Agreement by disclosing Know-how 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 disclosed the Know-how. However, you may rebut this presumption with evidence conclusively showing you did not disclose Know-how to the family member.

5. **Covenants Reasonable**. You acknowledge and agree that: (a) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (b) you have sufficient resources, business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.**

6. **Breach**. You agree that: (i) 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 (ii) 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 required amount of the bond may not exceed $1,000. If an injunction is wrongfully issued, you may seek dissolution of the injunction as your sole remedy. You hereby waive all claims for damages resulting from a wrongfully issued injunction. 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. No claim held by you against us, our affiliate or Franchisee may be used as a defense against our enforcement of this Agreement.

7. **Miscellaneous**.

(a) If we hire an attorney or file suit against you for breach of this Agreement and we prevail, you must reimburse us for our reasonable attorneys' fees and costs.

(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. If any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion. The parties agree 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:_____

ATTACHMENT "G"

TO FRANCHISE AGREEMENT

MULTI-STATE ADDENDA

[See Attached]

MULTI-STATE ADDENDA

The following are state specific amendments to the Franchise Agreement of Jabz Franchising, LLC, an Arizona limited liability company required by various state franchise laws. Each provision of these state specific amendments will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently without reference to these state specific amendments.

CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise to be delivered together with the disclosure document 14 days prior to execution of Agreement.

1. **The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.**

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

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

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

5. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

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

7. The franchise agreement requires binding arbitration. The arbitration will occur at Maricopa County, Arizona with the costs being borne by the non-prevailing party.

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

9. The franchise agreement requires application of the laws of Arizona. This provision may not be enforceable under California law.

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

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

12. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT https://dfpi.ca.gov/.

13. Any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

(a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.

(b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.

(c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.

(d) Violations of any provision of this division

IN WITNESS WHEREOF, the parties have executed and delivered this Addendum effective on the date stated on the first page above.

FRANCHISOR

Jabz Franchising, LLC, an Arizona limited liability company

By:_____
Name:_____
Title:_____
Date:_____

FRANCHISEE

_____
[Signature]

_____
[Print Name]
Date:_____

FOR THE STATE OF MARYLAND

The Franchise Agreement is hereby amended as follows:

(a) Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.

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

(c) You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Law.

(d) Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

(e) All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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

The signature page is located at the end of this Attachment "G".

FOR THE STATE OF VIRGINIA

In recognition of the requirements of the Virginia Retail Franchising Act (the "Virginia Franchise Law"), the Franchise Agreement for Jabz Franchising, LLC, an Arizona limited liability company is amended as follows:

(a) We will not require that you prospectively assent to a waiver, condition, stipulation, or provision that purports to relieve any person from liability imposed by the Virginia Franchise Law. This provision does not prohibit you and us from entering into binding arbitration consistent with the Virginia Franchise Law.

(b) Any provision in the Franchise Agreement that limits the time period in which you may assert a legal claim against us under the Virginia Franchise Law is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Virginia Franchise Law.

(c) Pursuant to Section 13.1-564 of the Virginia Franchise Law, it shall be unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Franchise Law or the laws of Virginia, that provision may not be enforceable.

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

[Signature Page Follows]

APPLICABLE ADDENDA

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

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

Dated: _____, 202____

FRANCHISOR:

Jabz Franchising, LLC, an Arizona limited liability company

By: _____

Title: _____

FRANCHISEE:

_____

By: _____

Title: _____

EXHIBIT "D"

TO DISCLOSURE DOCUMENT

TABLE OF CONTENTS OF BRAND STANDARDS MANUAL

[See Attached]

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EXHIBIT "E"

TO DISCLOSURE DOCUMENT

LIST OF FRANCHISEES

Part A (Current Franchisees)

The following table lists franchisees that were open as of December 31, 2022.

FRANCHISEES OPEN AS OF DECEMBER 31, 2022				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
Arizona	Gilbert	2335 S. Lindsey Road, Suite 103 Gilbert Arizona, 85295	(602) 730-0231	Teresa Robinson
Arizona	Glendale	6645 W. Bell Road, Suite 105 Glendale, Arizona 85308	(602) 487-6234	Jacque & Jeremy Cummings
Arizona	Phoenix	10880 N. 32nd Street, Suite 1 Phoenix, Arizona 85028	(602) 910-5229	Joseph & Samantha Ford
Arizona	Phoenix	5512 N. 7th Ave. Phoenix, Arizona 85013	(602) 714-7821	Jennifer Nikolou
Arizona	Scottsdale	13610 N. Scottsdale Road, Suite 23 Scottsdale, Arizona 85254	(480) 454-8402	Stacy Frank
Arizona	Surprise	13601 N. Litchfield Rd, BLDG E Surprise, Arizona 85379	(602) 487-6234	Jacque and Jeremy Cummings
Florida	Wesley Chapel	28512 Paseo Drive, Suite 140 Wesley Chapel, Florida 33542	(813) 527-6085	Carlos Walton
Maryland	Bel Air	520 Baltimore Pike Bel Air, Maryland 21014	(518) 441-5714	Larry O'Keefe
New Jersey	Voorhees	1101 White Horse Road Voorhees Township, New Jersey 08043	(856) 677-8496	Christine Park-Ciallella
Pennsylvania	Aston	3488 Concord Road Aston, Pennsylvania 19014	(610) 350-6969	Jessica Bentley
Pennsylvania	Drexel Hill	4911 Township Line Road Drexel Hill, Pennsylvania 19026	(610) 291-0027	Shannon Crowley
Pennsylvania	Ridley Park	611 Swarthmore Ave. Ridley Park, Pennsylvania 1908	(484) 202-0610	Jenine Maraj

The following table lists franchisees with signed franchise agreements that were not open as of December 31, 2022.

FRANCHISEES NOT OPEN AS OF DECEMBER 31, 2022				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
Maryland	TBD	TBD (Unit 2)	(518) 441-5714	Larry O'Keefe
Texas	Austin	TBD (Unit 1)	(512) 694-9043	Adam Biehler
Texas	Austin	TBD (Unit 2)	(512) 694-9043	Adam Biehler
Texas	Austin	TBD (Unit 3)	(512) 694-9043	Adam Biehler
Texas	Austin	TBD (Unit 4)	(512) 694-9043	Adam Biehler

FRANCHISEES NOT OPEN AS OF DECEMBER 31, 2022				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
Texas	Leon Springs / Boerne	TBD	(210) 859-5690	Chazel & Chantrea Amos
Texas	Midland	TBD	(432) 559-9138	Richard & Megan Madrid
Texas	San Antonio	TBD (Unit 1)	(210) 875-2720	Cid & Chandra Abrahams
Texas	San Antonio	TBD (Unit 2)	(210) 875-2720	Cid & Chandra Abrahams
Texas	San Antonio	TBD (Unit 3)	(210) 875-2720	Cid & Chandra Abrahams

<u>Part B</u> (Former Franchisees Who Left System During Prior Fiscal Year)

State	**City**	**Current Business Phone or Last Known Home Phone**	**Owner Name(s)**
Florida	Wesley Chapel	(727) 793-8045	Amanda Greenleaf (Transfer of open Studio and Termination of Development Agreement)
Maryland	Bowie	(703) 501-5959	Carmen Williams (Pre-opening Termination)
Pennsylvania	Aston	(484) 228-1460	John White (Transfer)

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

EXHIBIT "F"

TO DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

[See Attached]

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

Jabz Franchising LLC
Balance Sheet
YTD 3/31/23

ASSETS	
Current Assets	
Total Checking/Savings	9,731.21
Other Current Assets	
Prepaid Expenses	15,384.63
Total Other Current Assets	15,384.63
Total Current Assets	25,115.84
Fixed Assets	
Fixed Assets	44,056.44
Total Fixed Assets	44,056.44
Other Assets	276,226.00
TOTAL ASSETS	345,398.28
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	13,129.47
Total Accounts Payable	13,129.47
Deferred Revenue Current	69,492.00
Total Current Liabilities	82,621.47
Long Term Liabilities	
Loans Payable	740.82
Deferred Revenue-Non Current	580,171.00
Intercompany Loans	37,364.96
Total Long Term Liabilities	618,276.78
Total Liabilities	700,898.25
Equity	
Total Member Equity	-355,499.97
TOTAL LIABILITIES & EQUITY	345,398.28

Jabz Franchising LLC
Profit & Loss
YTD 3/31/23

Ordinary Income/Expense	
Royalty Fee	23,123.09
Software and Technology Fee	5,250.00
Marketing Fund Fee	4,875.09
Music Licensing Fee	3,819.24
Sales - Other	-2,405.72
Total Income	34,661.70
Cost of Goods Sold	
Cost of Sales	49,184.24
Total COGS	49,184.24
Gross Profit	-14,522.54
Expense	
Website	500.00
Bank Service Charges	210.25
Computer and Internet Expenses	6,610.56
Dues and Memberships	47.67
Franchise Marketing	1,000.00
Insurance Expense	304.23
Marketing	2,000.00
Postage/Shipping	30.35
Payroll Expenses	48,047.89
Professional Fees	9,691.66
Telephone Expense	214.42
Travel Expense	1,498.60
Total Expense	70,155.63
Net Income/Loss	-84,678.17

JABZ FRANCHISING, LLC

dba JABZ BOXING

Independent Auditor's Report and
Financial Statements

December 31, 2022 and 2021

SCHILD&CO.,INC.
CERTIFIED PUBLIC ACCOUNTANTS

JABZ FRANCHISING, LLC

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SCHILD&CO.,INC.
CERTIFIED PUBLIC ACCOUNTANTS
18426 Brookhurst St., Ste 205, Fountain Valley, CA 92708 – (714) 587-2477 Phone – (714) 587-2476 Fax

INDEPENDENT AUDITOR'S REPORT

To the Managing Members of
Jabz Franchising, LLC

Opinion

We have audited the accompanying financial statements of Jabz Franchising, LLC (a Arizona Limited Liability Company) (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income, changes in members' equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of Jabz Franchising, LLC as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Jabz Franchising, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Fountain Valley, California
April 6, 2023

JABZ FRANCHISING, LLC

Balance Sheets

December 31, 2022 and 2021

	2022	2021
ASSETS		
Current assets:		
Cash	$ 20,534	$ 166,541
Accounts receivable	-	3,109
Prepaid expenses	657	25
Total current assets	21,191	169,675
Property and equipment:		
Fitness equipment	6,000	6,000
Leasehold improvements	22,410	22,410
Less: Accumulated depreciation	(10,798)	(8,447)
Total property and equipment	17,612	19,963
Other assets:		
Deferred commission fees, net of amortization	194,374	105,259
Notes receivable	30,000	41,000
Website, net of accumulated amortization	6,296	22,667
Total other assets	230,670	168,926
TOTAL ASSETS	**$ 269,473**	**$ 358,564**
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities:		
Accounts payable	$ 7,670	$ 37,192
Note payable, current portion	2,963	11,333
Deferred revenue, current	69,492	53,092
Total current liabilities	80,125	101,617
Long-term liabilities:		
Deferred revenue, non-current	460,171	352,063
Legal settlement payable	-	16,875
Note payable, non-current	-	10,390
Total long-term liabilities	460,171	379,328
TOTAL LIABILITIES	540,296	480,945
Member's Equity (Deficit)	(270,823)	(122,381)
Total member's equity (deficit)	(270,823)	(122,381)
TOTAL LIABILITIES AND MEMBER'S EQUITY (DEFICIT)	**$ 269,473**	**$ 358,564**

See accompanying notes to financial statements.

JABZ FRANCHISING, LLC

Statements of Income

For the Years Ended December 31, 2022 and 2021

	2022	2021
REVENUES		
Franchise fees	$ 89,492	$ 166,332
Royalty fees	94,109	100,318
Apparel and product sales	70,611	62,472
Total Revenues	254,212	329,122
Cost of sales	181,880	73,522
Gross profit (loss)	72,332	255,600
Operating expenses:		
Payroll and payroll taxes	88,893	87,889
Outside services	43,658	27,836
Commission expenses	41,035	16,141
Legal and professional fees	34,532	78,513
Computer and website expenses	32,936	53,507
Advertising and marketing	19,866	34,082
Travel and entertainment	8,933	10,076
Amortization	8,815	11,333
Office expenses	6,005	4,283
Depreciation	2,351	2,351
Bank and finance charges	817	1,329
Legal settlement	-	20,625
Rent	-	2,391
Total operating expenses	287,841	350,356
Loss from operations	(215,509)	(94,756)
Loss before income taxes	(215,509)	(94,756)
Provision for income taxes	-	-
NET LOSS	**$ (215,509)**	**$ (94,756)**

See accompanying notes to financial statements.

JABZ FRANCHISING, LLC

Statements of Changes in Member's Equity
For the Years Ended December 31, 2022 and 2021

	2022	2021
Member's Equity (Deficit), beginning of year	$ (122,381)	$ (336,085)
Capital contributions	67,067	308,460
Net loss	(215,509)	(94,756)
Member's Equity (Deficit), end of year	**$ (270,823)**	**$ (122,381)**

See accompanying notes to financial statements.

JABZ FRANCHISING, LLC

Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (215,509)	$ (94,756)
Adjustments to reconcile net loss to net cash provided by (used for) operations:		
Amortization expense	11,333	11,333
Depreciation expense	2,351	2,351
(Increase) decrease in:		
Accounts receivable	3,109	(1,296)
Notes receivable-franchisees	11,000	(41,000)
Prepaid expenses	(632)	9,810
Deferred commission fees	(89,115)	16,141
Security deposit	-	1,627
Website	5,038	(34,000)
Increase (decrease) in:		
Accounts payable	(29,522)	(7,823)
Franchisee deposits	-	(20,678)
Legal settlement payable	(16,875)	16,875
Deferred revenue	124,508	(122,832)
Net cash provided (used) by operating activities	(194,314)	(264,248)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment/Proceeds from note payable	(18,760)	21,723
Capital contributions	67,067	308,460
Net cash provided (used) by financing activities	48,307	330,183
NET INCREASE (DECREASE) IN CASH	**(146,007)**	**65,935**
CASH - beginning of year	166,541	100,606
CASH - end of year	**$ 20,534**	**$ 166,541**
SUPPLEMENTAL INFORMATION		
Cash paid for interest	$ -	$ -
Cash paid for taxes	$ -	$ -

See accompanying notes to financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of Jabz Franchising, LLC (the Company) is presented to assist in the understanding of the Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity.

History and organization – Jabz Franchising, LLC ("JFL") was organized in Arizona on May 20, 2013 and maintains its corporate office in Scottsdale, Arizona. The Company was organized for the purpose of franchising its unique boxing studio which offer a customized physical fitness, training program that consists of a unique multi-round boxing circuit. The franchise concept was modeled after the high set of standards developed and implemented at the original Jabz location in Scottsdale, Arizona.

Jabz Franchising, LLC is engaged in the administration, development, operation, and licensing of businesses that operate fitness studios offering a total-body workout that combines boxing, strength, cardio, and agility training while improving strength, stamina and overall physical health in a fun and motivational setting.

As of December 31, 2022, there were 12 franchised outlets franchised by JFL, 1 of which opened in 2022.

The Company's activities are subject to significant risks and uncertainties, including: (1) the inability to achieve the Company's planned objective and fail in opening and maintaining new franchises and (2) failing to secure additional funding to operationalize the Company's franchise concept

Franchise operations are regulated by the Federal Trade Commission (FTC) and various state laws regulating the offer and sale of franchises. The FTC's franchise rule and various state laws require that the Company furnish a franchise disclosure document ("FDD") containing certain information to prospective franchisees. The Company must also complete franchise registration, pursuant to state law, in those states where franchises are planned to be sold. The Company is currently going through the registration process.

Basis of accounting – The accompanying financial statements have been prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Cash and cash equivalents – For purposes of reporting cash flows, cash includes amounts on hand and amounts on deposit at financial institutions. The Company defines cash equivalents as short-term, liquid investments with initial maturity of three months or less. Renewals are generally renewed at the same term. The Company had no cash equivalents as of December 31, 2022 and 2021.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of estimates – Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenses during the reporting period. Actual results could vary from the estimates that were used.

Accounts receivable – Accounts receivable represent amounts due from franchisees. The Company considers accounts receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made. At December 31, 2022 and 2021, accounts receivables totaled $-0 and $3,109, respectively.

Property and equipment – Property and equipment is recorded at cost, less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets, which is seven years. Significant additions and betterments are capitalized. Expenditures for maintenance, repairs and minor renewal are charged to expenses as incurred.

Depreciation expense for the years ended December 31, 2022 and 2021 was $2,351 and $2,351 respectively.

Website – The Company markets the brand and opportunity in various franchise info-websites, lead search, and maintains a robust website. The cost of creation, design, and development of the website are treated as a capital asset. Additionally, enhancements and upgrades that add functionality are capitalized. Website costs that are ongoing, and geared for upkeep and maintenance are charged to expense when incurred. These capitalized costs are amortized using the straight-line method over the estimated useful life, which is three years.

The Company evaluates the recoverability of identifiable intangible assets whenever events or changes in circumstances indicate that an intangible asset's carrying amount may not be recoverable. Such circumstances could include, but are not limited to, a significant decrease in market value of an asset, a significant adverse change to the extent or manner in which an asset is used, or an accumulation of costs significantly in excess of the amount originally expected for the acquisition of an asset. The Company measures the carrying amount of the asset against the estimated non-discounted future cash flows associated with it. Should the sum of the expected future cash flows be less than the carrying value of the assets evaluated, an impairment loss would be recognized. The impairment loss would be calculated as the amount by which the carrying value of the asset exceeds its fair value. The fair value is measured on quoted market prices, if available. If quoted market prices are not available, the estimate of fair value is based on various valuation techniques, including the discounted value of estimated future cash flows. The evaluation of asset impairment requires the Company to make assumptions about future cash flows over the life of the asset being evaluated. These assumptions require significant judgment and actual results may differ from assumed and estimated amounts. There have been no impairment losses recorded as of December 31, 2022.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes – Jabz Franchising, LLC, is a wholly owned single member limited liability company, which is a disregarded entity for U.S. federal income taxes purposes, and all of its income and expenses are reported on the single member's tax returns. Consequently, the financial statements do not include any provision for federal or state income tax expense.

The Company's income tax filings are subject to examination by the appropriate tax jurisdictions. As of December 31, 2022, the Company's federal and states tax returns generally remain open for the last three years.

As of December 31, 2022, the Company had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. During the years ended December 31, 2022 and 2021, no interest or penalties were incurred.

Advertising costs – Advertising costs are charged to operating expenses as incurred or at the time the advertising first takes place. Advertising costs for the years ended December 31, 2022 and 2021 were $19,886 and $34,082, respectively.

Revenue recognition

The Company adopted Topic 606 "Revenue from Contracts with Customers" for revenue recognition related to contracts with customers. Under the new guidance, revenue is recognized in accordance with a five step revenue model, as follows: (i) identifying the contract with the customer; (ii) identifying the performance obligations in the contract; (iii) determining the transaction price; (iv) allocating the transaction price to the performance obligations; and (v) recognizing revenue when (or as) the entity satisfies a performance obligation. In applying this five-step model, the Company made significant judgements in identifying the promised goods or services in their contracts with franchisees that are distinct, and which represent separate performance obligations, which is satisfied by providing a right to use our intellectual property over the estimated life of the franchise. The Company recognizes initial and renewal franchise fees as revenue on a straight-line basis over the life of the related franchise agreements and any exercised renewal periods.

The franchise agreement calls for continuing royalty commencing on the opening date equal to 6% of franchisee's monthly gross revenues. Initial and renewal franchise fees are payable by the franchisee upon signing and prior to the opening or at the time of a renewal of an existing franchise agreement. Royalties, inclusive of advertising and marketing fund fee, represent sales-based royalties that are related entirely to the Company's performance obligation under the franchise agreement and are recognized as franchised sales occur. Additionally, under ASC 606, initial and renewal franchise fees are recognized as revenue on a straight-line basis over the term of the respective agreement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED

Revenue recognition

Royalties, including franchisee contributions to advertising and marketing fund fee, are calculated as a percentage of franchise monthly total gross revenue over the term of the franchise agreement. In addition, franchisee must spend at least $500 per month for local advertising and promoting the business. The advertising and marketing fund fee collected will be expensed for supporting national or local advertising, market research, public relations and promotional campaigns designed to promote and enhance the value of the brand.

- ***Franchise fees*** – The Company collects initial franchise fees when franchise agreements are signed. The Company has determined that the initial franchise services are not distinct from the continuing franchise rights/license or services offered during the term of the franchise agreement and should be treated as a single performance obligation; therefore, initial franchise fees received from franchisees are recognized as revenue over the term of each respective franchise agreement, which is typically 10 years.

  The Company recognizes franchise fee revenue over the estimated life of the franchise, beginning with the opening of the franchise, which is when the Company has performed substantially all initial services required by the franchise agreement and the franchisee benefits from the rights afforded by the franchise agreement. Amounts recognized for franchise fees were $89,492 and $166,332 at December 31, 2022 and 2021, respectively.

- ***Royalties*** – The Company collects royalties from each franchise studio based upon a percentage of franchise studio gross sales. The Company recognizes royalties as revenue when earned. The Company recognized $94,109 and $100,318 at December 31, 2022 and 2021, respectively.

- ***Apparel and Product sales*** – The product sales include the sale of apparel and the sale of the initial equipment package. The Company recognizes product sales as revenue when sold. The Company recognized $70,611 and $62,472 at December 31, 2022 and 2021, respectively.

- ***Deferred costs-Commission Fees*** – The Company capitalizes incremental commission fees paid as a result of obtaining franchise agreement contracts. Capitalized commission fees are amortized over the term of the franchise agreement. Deferred commission fees at December 31, 2022 and 2021 was $194,374 and $105,259, respectively.

Contract Liabilities/Deferred Revenue – Contract liabilities consist primarily of deferred revenue resulting from initial and renewal franchise fees and area development agreement ("ADA") fees paid by franchisees, which are generally recognized on a straight-line basis over the term of the underlying franchise agreement, and billed in advance of satisfaction of the Company's performance obligation. The Company classify these contract liabilities as deferred revenue in the balance sheets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED

Revenue recognition

The following table reflects the change in contract liabilities between December 31, 2022 and 2021:

	2022	2021
Balance at beginning of year	$ 405,155	$ 527,987
Revenue recognized during the year	(89,492)	(166,332)
New deferred revenue during the year	214,000	43,500
Balance at end of year	$ 529,663	$ 405,155

The following table illustrates estimated deferred revenues expected to be recognized as future revenue which is being amortized over the term of the franchise agreement.

Future revenue to be recognized in:	Amount
2023	$ 69,492
2024	69,492
2025	69,492
2026	69,492
2027	55,400
Thereafter	196,295
Total	$ 529,663

NOTE 2 – PREPAID EXPENSES

At December 31, 2022 and 2021, prepaid expenses consist of music license totaling $657 and $25, respectively.

NOTE 3 – NOTES RECEIVABLE

From time to time, the Company accepts a promissory note upon execution of the franchise agreement with some franchisees. The outstanding balance on the notes is due and payable 120 days of Franchisee's execution of the note until the earlier of: (i) the date on which the principal and all accrued interest and other amounts payable are paid in full; or (ii) any sale, transfer, assignment or other disposition (including termination) of Franchisee's franchise rights under the franchise agreement. At December 31, 2022 and 2021, promissory notes totaled $30,000 and $41,000, respectively.

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Substantially all of the Company's current assets and liabilities are considered financial instruments. These assets and liabilities are reflected at fair value, or at carrying value that approximate fair value because of the short-term nature of the instrument. The recorded value of these financial instruments approximated fair value at December 31, 2022 and 2021.

NOTE 5 – ACCOUNTS PAYABLE

The Company has payment terms with its various vendors and suppliers and, accordingly, records trade payables as those liabilities are incurred. At December 31, 2022 and 2021, the Company had recorded trade payables in the amount of $7,670 and $37,192, respectively.

NOTE 6 – NOTE PAYABLE

The Company executed a website design and development agreement in the amount of $34,000 on November 2020. The agreement calls for 36 monthly installments of $944 monthly payment commencing on the execution of the agreement. The balance outstanding was $2,963 and $21,723 at December 31, 2022 and 2021, respectively.

NOTE 7 – ALLOCATED EXPENSES

The Company operates in a jointly administered office with a related party. The expenses are paid and are apportioned between them. The following administrative expenses are common to the two companies: (i) Advertising and marketing fees; (ii) Payroll and payroll taxes and (iii) Rent expense.

NOTE 8 – RELATED PARTY TRANSACTIONS

During the period, the Company had transactions with related parties. These transactions include the following:

- ***Consulting fees and commission expenses*** – The sole member of the Company holds an approximate 70% ownership of a related company had a consulting agreement with the Company (see Note 10-CA#1). At December 31, 2022 and 2021, the Company paid a total of $110,000 and $-0 to a related 70% owner for franchise sales for commission expenses subject to deferral – see Note 1 Deferred Costs-Commission fees.

- ***Computer and website expenses*** – The Company paid an affiliated company a total of $8,344 and $5,897 at December 31, 2022 and 2021, respectively. The payment is for the Company's portion of the allocated computer and website expenses.

NOTE 9 – FRANCHISING

In general, the Company updates and/or revises franchise agreements on an annual basis and, as a result, the agreements with individual franchisees may vary. Currently, the franchise agreement provides that franchisees must pay the initial franchise fee, which may be up to $35,000 for a single franchised outlet. If a franchise has entered into a multi-outlet agreement, the franchise fee is discounted by $2,000 less from the standard initial franchise fee for the second and third outlet. The discount does not apply to the fourth or subsequent franchises or outlets.

Under the current standard franchise agreement, each franchisee is required (i) to pay a royalty of 6% of their gross revenue, (ii) to contribute 1.5% of gross revenues (subject to adjustment for CPI increases) for advertising and marketing fund fee and (iii) to spend at least $500 monthly on local advertising to promote the studio. These funds are managed by the Company and are primarily used to create advertising content and purchase digital and television advertising on a national level.

Franchisees are generally granted the right to operate an outlet/studio in a particular location, typically providing for a 10-year initial term, with an opportunity to enter into one or more renewal franchise agreements subject to certain conditions; such as payment of a renewal fee of $10,000. The Company recognizes renewal fees in income on a straight-line basis over the life of the franchise agreement when a renewal agreement becomes effective.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Consulting Agreement (CA #1)

On January 1, 2019, the Company entered into a Franchise Consulting Agreement with ZGrowth Partners, LLC (ZPL), a related party by common ownership. ZPL will (i) develop and implement an outsourced franchise consulting programs; (ii) assist in the operations and development of the franchised fitness studios; and (iii) assist in all other franchise operational aspects. The Company shall pay up to $150,000 annually, from time to time as mutually agreed by the parties to ZPL plus commission fee equal to 50% of the franchise fee for each franchise sold. At December 31, 2022 and 2021, there were no consulting fee (classified in legal and professional fees) paid to a related party.

Consulting Agreement (CA #2)

On October 7, 2021, the Company entered into a Consulting Agreement with a third party to perform duties as a consultant in the capacity of Chief Strategy Officer ("CSO") for the successful operation of the business of the Company. The agreement will expire on October 7, 2025 and automatically extended for consecutive one year renewal terms unless either party provides the other party a written notice of non-renewal at least 90 days prior to the expiration of the term or renewal term, as applicable.

NOTE 10 – COMMITMENT AND CONTINGENCIES (CONTINUED)

Consulting Agreement (CA #2)

Under this agreement, the Company shall pay the CSO on a bi-monthly basis as follows: (i) $80,000 annually on year 1 (ii) $85,000 annually on year 2; and (iii) $90,000 annually on year 3. In addition, the Company will pay a 3% commission fee for each franchise sale. The CSO is also granted an equity interest in the Company of 160,000 units. The CSO will forfeit units if the term of the agreement ends before the 4th anniversary of the agreement as follows: (i) 160,000 units before the 1 year anniversary of the agreement; (ii) 80,000 units after the 1 year and before the 2 year anniversary; (iii) 53,333 units after the 2 year anniversary and before 3 year anniversary (iv) 26,667 after the 3 year anniversary and before the 4 year anniversary; and (v) no any other forfeiture of units after the 4 year anniversary.

At December 31, 2022 and 2021, the Company paid a total of $43,658 and $27,836, respectively (classified in Outside Services in the income statements).

Legal Matters

From time to time, and in the ordinary course of business, the Company is subject to various claims, charges and litigation.

On September 24, 2021, the Company received a stipulated judgement against them in the amount of $22,500 payable in 4 installments starting on December 24, 2021. The Company also executed a settlement agreement with a franchisee whereby the Company will terminate the franchise agreement effective July 7, 2021 and pay the franchisee $15,000. At December 31, 2022 and 2021, the Company's settlement liability totaled $-0 and $16,875, respectively.

The Company is not currently aware of any legal proceedings or claims that the Company believes will have, individually or in the aggregate, a material adverse effect on the Company's financial position or result of operations.

NOTE 11 – SUBSEQUENT EVENTS

Date of management review – The Company has evaluated subsequent events through April 6, 2023, the date of which the financial statements were available to be issued. Through that date, management has determined that the Company did not have any material recognizable or non-recognizable subsequent events.

JABZ FRANCHISING, LLC

dba JABZ BOXING

Independent Auditor's Report and
Financial Statements

December 31, 2021 and 2020

SCHILD&CO.,INC.
CERTIFIED PUBLIC ACCOUNTANTS

JABZ FRANCHISING, LLC

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SCHILD&CO.,INC.
CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITOR'S REPORT

To the Managing Members of
Jabz Franchising, LLC

Opinion

We have audited the accompanying financial statements of Jabz Franchising, LLC (a Pennsylvania Limited Liability Company) (the "Company"), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of income, changes in members' equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of Jabz Franchising, LLC as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Jabz Franchising, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Fountain Valley, California
April 6, 2022

JABZ FRANCHISING, LLC

Balance Sheets

December 31, 2021 and 2020

	2021	2020
ASSETS		
Current assets:		
Cash	$ 166,541	$ 100,606
Accounts receivable	3,109	1,813
Prepaid expenses	25	9,835
Total current assets	169,675	112,254
Property and equipment:		
Fitness equipment	6,000	6,000
Leasehold improvements	22,410	22,410
Less: Accumulated depreciation	(8,447)	(6,096)
Total property and equipment	19,963	22,314
Other assets:		
Deferred commission fees, net of amortization	105,259	121,400
Notes receivable	41,000	-
Security deposit	-	1,627
Website, net of accumulated amortization	22,667	-
Total other assets	168,926	123,027
TOTAL ASSETS	**$ 358,564**	**$ 257,595**
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities:		
Accounts payable	$ 37,192	$ 45,015
Note payable, current portion	11,333	-
Deferred revenue, current	53,092	54,819
Total current liabilities	101,617	99,834
Long-term liabilities:		
Deferred revenue, non-current	352,063	473,168
Legal settlement payable	16,875	-
Note payable, non-current	10,390	-
Franchisee deposits	-	20,678
Total long-term liabilities	379,328	493,846
TOTAL LIABILITIES	480,945	593,680
Member's Equity (Deficit)	(122,381)	(336,085)
Total member's equity (deficit)	(122,381)	(336,085)
TOTAL LIABILITIES AND MEMBER'S EQUITY (DEFICIT)	**$ 358,564**	**$ 257,595**

See accompanying notes to financial statements.

JABZ FRANCHISING, LLC

Statements of Income

For the Years Ended December 31, 2021 and 2020

	2021	2020
REVENUES		
Franchise fees	$ 166,332	$ 45,819
Royalty fees	100,318	91,159
Apparel and product sales	62,472	105,415
Total Revenues	329,122	242,393
Cost of sales	73,522	134,058
Gross profit	255,600	108,335
Operating expenses:		
Payroll and payroll taxes	87,889	64,966
Legal and professional fees	78,513	47,787
Computer and website expenses	53,507	50,193
Advertising and marketing	34,082	63,750
Outside services	27,836	10,059
Amortization	27,474	-
Legal settlement	20,625	-
Travel and entertainment	10,076	16,889
Office expenses	4,283	9,984
Rent	2,391	24,898
Depreciation	2,351	2,351
Bank and finance charges	1,329	2,374
Total operating expenses	350,356	293,251
Loss from operations	(94,756)	(184,916)
Other income (expense)		
Commissions income	-	9,168
Interest expense	-	(564)
Total other income (expense)	-	8,604
Loss before income taxes	(94,756)	(176,312)
Provision for income taxes	-	-
NET LOSS	**$ (94,756)**	**$ (176,312)**

See accompanying notes to financial statements.

JABZ FRANCHISING, LLC

Statements of Changes in Member's Equity

For the Years Ended December 31, 2021 and 2020

	2021	2020
Member's Equity (Deficit), beginning of year	$ (336,085)	$ (270,268)
Capital contributions	308,460	137,620
Capital distributions	-	(27,125)
Net loss	(94,756)	(176,312)
Member's Equity (Deficit), end of year	**$ (122,381)**	**$ (336,085)**

See accompanying notes to financial statements.

JABZ FRANCHISING, LLC

Statements of Cash Flows

For the Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (94,756)	$ (176,312)
Adjustments to reconcile net loss to net cash provided by (used for) operations:		
Amortization expense	11,333	-
Depreciation expense	2,351	1,278
(Increase) decrease in:		
Accounts receivable	(1,296)	3,159
Notes receivable-franchisees	(41,000)	-
Prepaid expenses	9,810	(158)
Deferred commission fees	16,141	(76,400)
Security deposit	1,627	-
Website	(34,000)	-
Increase (decrease) in:		
Accounts payable	(7,823)	29,307
Credit cards payable	-	(8,977)
Franchisee deposits	(20,678)	20,678
Legal settlement payable	16,875	-
Deferred revenue	(122,832)	92,181
Net cash provided (used) by operating activities	(264,248)	(115,244)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment/Proceeds from note payable	21,723	(18,461)
Capital contributions	308,460	137,620
Member's distributions	-	(27,125)
Net cash provided (used) by financing activities	330,183	92,034
NET INCREASE (DECREASE) IN CASH	**65,935**	**(23,210)**
CASH - beginning of year	100,606	123,816
CASH - end of year	**$ 166,541**	**$ 100,606**
SUPPLEMENTAL INFORMATION		
Cash paid for interest	**$ -**	**$ 564**
Cash paid for taxes	**$ -**	**$ -**

See accompanying notes to financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of Jabz Franchising, LLC (the Company) is presented to assist in the understanding of the Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity.

History and organization – Jabz Franchising, LLC ("JFL") was organized in Arizona on May 20, 2013 and maintains its corporate office in Scottsdale, Arizona. The Company was organized for the purpose of franchising its unique boxing studio which offer a customized physical fitness, training program that consists of a unique multi-round boxing circuit. The franchise concept was modeled after the high set of standards developed and implemented at the original Jabz location in Scottsdale, Arizona.

Jabz Franchising, LLC is engaged in the administration, development, operation, and licensing of businesses that operate fitness studios offering a total-body workout that combines boxing, strength, cardio, and agility training while improving strength, stamina and overall physical health in a fun and motivational setting.

As of December 31, 2021, there were 15 franchised outlets franchised by JFL, 3 of which opened in 2021.

The Company's activities are subject to significant risks and uncertainties, including: (1) the inability to achieve the Company's planned objective and fail in opening and maintaining new franchises and (2) failing to secure additional funding to operationalize the Company's franchise concept

Franchise operations are regulated by the Federal Trade Commission (FTC) and various state laws regulating the offer and sale of franchises. The FTC's franchise rule and various state laws require that the Company furnish a franchise disclosure document ("FDD") containing certain information to prospective franchisees. The Company must also complete franchise registration, pursuant to state law, in those states where franchises are planned to be sold. The Company is currently going through the registration process.

Basis of accounting – The accompanying financial statements have been prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Cash and cash equivalents – For purposes of reporting cash flows, cash includes amounts on hand and amounts on deposit at financial institutions. The Company defines cash equivalents as short-term, liquid investments with initial maturity of three months or less. Renewals are generally renewed at the same term. The Company had no cash equivalents as of December 31, 2021 and 2020.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of estimates – Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenses during the reporting period. Actual results could vary from the estimates that were used.

Accounts receivable – Accounts receivable represent amounts due from franchisees. The Company considers accounts receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made. At December 31, 2021 and 2020, accounts receivables totaled $3,109 and $1,813, respectively.

Property and equipment – Property and equipment is recorded at cost, less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets, which is seven years. Significant additions and betterments are capitalized. Expenditures for maintenance, repairs and minor renewal are charged to expenses as incurred.

Depreciation expense for the years ended December 31, 2021 and 2020 was $2,351 and $2,351 respectively.

Website – The Company markets the brand and opportunity in various franchise info-websites, lead search, and maintains a robust website. The cost of creation, design, and development of the website are treated as a capital asset. Additionally, enhancements and upgrades that add functionality are capitalized. Website costs that are ongoing, and geared for upkeep and maintenance are charged to expense when incurred. These capitalized costs are amortized using the straight-line method over the estimated useful life, which is three years.

The Company evaluates the recoverability of identifiable intangible assets whenever events or changes in circumstances indicate that an intangible asset's carrying amount may not be recoverable. Such circumstances could include, but are not limited to, a significant decrease in market value of an asset, a significant adverse change to the extent or manner in which an asset is used, or an accumulation of costs significantly in excess of the amount originally expected for the acquisition of an asset. The Company measures the carrying amount of the asset against the estimated non-discounted future cash flows associated with it. Should the sum of the expected future cash flows be less than the carrying value of the assets evaluated, an impairment loss would be recognized. The impairment loss would be calculated as the amount by which the carrying value of the asset exceeds its fair value. The fair value is measured on quoted market prices, if available. If quoted market prices are not available, the estimate of fair value is based on various valuation techniques, including the discounted value of estimated future cash flows. The evaluation of asset impairment requires the Company to make assumptions about future cash flows over the life of the asset being evaluated. These assumptions require significant judgment and actual results may differ from assumed and estimated amounts. There have been no impairment losses recorded as of December 31, 2021.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes – Jabz Franchising, LLC, is a wholly owned single member limited liability company, which is a disregarded entity for U.S. federal income taxes purposes, and all of its income and expenses are reported on the single member's tax returns. Consequently, the financial statements do not include any provision for federal or state income tax expense.

The Company's income tax filings are subject to examination by the appropriate tax jurisdictions. As of December 31, 2021, the Company's federal and states tax returns generally remain open for the last three years.

As of December 31, 2021, the Company had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. During the years ended December 31, 2021 and 2020, no interest or penalties were incurred.

Franchisee deposits – The Company collects funds in advance from new franchisees for future grand opening marketing expenses and equipment to build out their studios. Funds are held until needed to be spent on these items. At December 31, 2021 and 2020, franchisee deposits totaled $-0 and $20,678.

Advertising costs – Advertising costs are charged to operating expenses as incurred or at the time the advertising first takes place. Advertising costs for the years ended December 31, 2021 and 2020 were $34,082 and $63,750, respectively.

Revenue recognition

The Company adopted Topic 606 "Revenue from Contracts with Customers" for revenue recognition related to contracts with customers. Under the new guidance, revenue is recognized in accordance with a five step revenue model, as follows: (i) identifying the contract with the customer; (ii) identifying the performance obligations in the contract; (iii) determining the transaction price; (iv) allocating the transaction price to the performance obligations; and (v) recognizing revenue when (or as) the entity satisfies a performance obligation. In applying this five-step model, the Company made significant judgements in identifying the promised goods or services in their contracts with franchisees that are distinct, and which represent separate performance obligations, which is satisfied by providing a right to use our intellectual property over the estimated life of the franchise. The Company recognizes initial and renewal franchise fees as revenue on a straight-line basis over the life of the related franchise agreements and any exercised renewal periods.

The franchise agreement calls for continuing royalty commencing on the opening date equal to 6% of franchisee's monthly gross revenues. Initial and renewal franchise fees are payable by the franchisee upon signing and prior to the opening or at the time of a renewal of an existing franchise agreement. Royalties, inclusive of advertising and marketing fund fee, represent sales-based royalties that are related entirely to the Company's performance obligation under the franchise agreement and are recognized as franchised sales occur. Additionally, under ASC 606, initial and renewal franchise fees are recognized as revenue on a straight-line basis over the term of the respective agreement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED

Revenue recognition

Royalties, including franchisee contributions to advertising and marketing fund fee, are calculated as a percentage of franchise monthly total gross revenue over the term of the franchise agreement. In addition, franchisee must spend at least $500 per month for local advertising and promoting the business. The advertising and marketing fund fee collected will be expensed for supporting national or local advertising, market research, public relations and promotional campaigns designed to promote and enhance the value of the brand.

- ***Franchise fees*** – The Company collects initial franchise fees when franchise agreements are signed. The Company has determined that the initial franchise services are not distinct from the continuing franchise rights/license or services offered during the term of the franchise agreement and should be treated as a single performance obligation; therefore, initial franchise fees received from franchisees are recognized as revenue over the term of each respective franchise agreement, which is typically 10 years.

  The Company recognizes franchise fee revenue over the estimated life of the franchise, beginning with the opening of the franchise, which is when the Company has performed substantially all initial services required by the franchise agreement and the franchisee benefits from the rights afforded by the franchise agreement. Amounts recognized for franchise fees were $166,332 and $45,819 at December 31, 2021 and 2020, respectively.

- ***Royalties*** – The Company collects royalties from each franchise studio based upon a percentage of franchise studio gross sales. The Company recognizes royalties as revenue when earned. The Company recognized $100,318 and $91,159 at December 31, 2021 and 2020, respectively.

- ***Commissions income*** – The Company recognizes commissions income when the product is shipped or from services when they are delivered. At December 31, 2021 and 2020, commissions income totaled $-0 and $9,168, respectively.

- ***Transfer fees*** – The Company's current franchise agreement provides that upon the transfer of studio/outlet to a different franchisee, the Company is entitled to a transfer fee in the amount of $5,000 per studio/outlet being transferred. Transfer-related fees are due, payable and recognized at the time the transfer is effectuated.

- ***Apparel and Product sales*** – The product sales include the sale of apparel and the sale of the initial equipment package. The Company recognizes product sales as revenue when sold. The Company recognized $62,472 and $105,415 at December 31, 2021 and 2020, respectively.

- ***Deferred costs-Commission Fees*** – The Company capitalizes incremental commission fees paid as a result of obtaining franchise agreement contracts. Capitalized commission fees are amortized over the term of the franchise agreement. Deferred commission fees at December 31, 2021 and 2020 was $105,259 and $121,400, respectively.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED

Contract Liabilities/Deferred Revenue – Contract liabilities consist primarily of deferred revenue resulting from initial and renewal franchise fees and area development agreement ("ADA") fees paid by franchisees, which are generally recognized on a straight-line basis over the term of the underlying franchise agreement, and billed in advance of satisfaction of the Company's performance obligation. The Company classify these contract liabilities as deferred revenue in the balance sheets.

The following table reflects the change in contract liabilities between December 31, 2020 and 2021:

	2021	2020
Balance at beginning of year	$ 527,987	$ 435,806
Revenue recognized during the year	(166,332)	(45,819)
New deferred revenue during the year	43,500	138,000
Balance at end of year	$ 405,155	$ 527,987

The following table illustrates estimated deferred revenues expected to be recognized as future revenue which is being amortized over the term of the franchise agreement.

Future revenue to be recognized in:	Amount
Remainder of 2021	$ 9,250
2022	53,092
2023	53,092
2024	53,092
2025	53,092
Thereafter	183,537
Total	$ 405,155

NOTE 2 – PREPAID EXPENSES

At December 31, 2021 and 2020, prepaid expenses consist of the following:

	2021	2020
Music licenses	$ -	$ 7,473
Other	25	2,362
	$ 25	$ 9,835

NOTE 3 – NOTES RECEIVABLE

From time to time, the Company accepts a promissory note upon execution of the franchise agreement with some franchisees. The outstanding balance on the notes is due and payable 120 days of Franchisee's execution of the note until the earlier of: (i) the date on which the principal and all accrued interest and other amounts payable are paid in full; or (ii) any sale, transfer, assignment or other disposition (including termination) of Franchisee's franchise rights under the franchise agreement. At December 31, 2021, promissory notes totaled $41,000.

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Substantially all of the Company's current assets and liabilities are considered financial instruments. These assets and liabilities are reflected at fair value, or at carrying value that approximate fair value because of the short-term nature of the instrument. The recorded value of these financial instruments approximated fair value at December 31, 2021 and 2020.

NOTE 5 – ACCOUNTS PAYABLE

The Company has payment terms with its various vendors and suppliers and, accordingly, records trade payables as those liabilities are incurred. At December 31, 2021 and 2020, the Company had recorded trade payables in the amount of $37,192 and $45,015, respectively.

NOTE 6 – NOTE PAYABLE

The Company executed a website design and development agreement in the amount of $34,000 on November 2020. The agreement calls for 36 monthly installments of $944 monthly payment commencing on the execution of the agreement. The balance outstanding was $21,723 at December 31, 2021. The note was subsequently paid in full in 2022.

NOTE 7 – ALLOCATED EXPENSES

The Company operates in a jointly administered office with a related party. The expenses are paid and are apportioned between them. The following administrative expenses are common to the two companies: (i) Advertising and marketing fees; (ii) Payroll and payroll taxes and (iii) Rent expense.

NOTE 8 – RELATED PARTY TRANSACTIONS

During the period, the Company had transactions with related parties. These transactions include the following:

- ***Note payable*** - The Company executed a multiple-advance promissory note with a total limit of $150,000 with a related party. The outstanding balance on the note was $150,000 and $50,000 at December 31, 2021 and 2020, respectively. The advances are unsecured, non-interest bearing and are due on December 2021.

- ***Consulting fees and commission expenses*** – A member of the Company, who holds an approximate 70% ownership of a related company had a consulting agreement with the Company (see Note 10-CA#1). At December 31, 2021 and 2020, there were no consulting fees paid.

NOTE 9 – FRANCHISING

In general, the Company updates and/or revises franchise agreements on an annual basis and, as a result, the agreements with individual franchisees may vary. Currently, the franchise agreement provides that franchisees must pay the initial franchise fee, which may be up to $35,000 for a single franchised outlet. If a franchise has entered into a multi-outlet agreement, the franchise fee is discounted by $2,000 less from the standard initial franchise fee for the second and third outlet. The discount does not apply to the fourth or subsequent franchises or outlets.

Under the current standard franchise agreement, each franchisee is required (i) to pay a royalty of 6% of their gross revenue, (ii) to contribute 1.5% of gross revenues (subject to adjustment for CPI increases) for advertising and marketing fund fee and (iii) to spend at least $500 monthly on local advertising to promote the studio. These funds are managed by the Company and are primarily used to create advertising content and purchase digital and television advertising on a national level.

Franchisees are generally granted the right to operate an outlet/studio in a particular location, typically providing for a 10-year initial term, with an opportunity to enter into one or more renewal franchise agreements subject to certain conditions; such as payment of a renewal fee of $10,000. The Company recognizes renewal fees in income on a straight-line basis over the life of the franchise agreement when a renewal agreement becomes effective.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Consulting Agreement (CA #1)

On January 1, 2019, the Company entered into a Franchise Consulting Agreement with ZGrowth Partners, LLC (ZPL), a related party by common ownership. ZPL will (i) develop and implement an outsourced franchise consulting programs; (ii) assist in the operations and development of the franchised fitness studios; and (iii) assist in all other franchise operational aspects. The Company shall pay up to $150,000 annually, from time to time as mutually agreed by the parties to ZPL plus commission fee equal to 50% of the franchise fee for each franchise sold. At December 31, 2021 and 2020, there were no consulting fee (classified in legal and professional fees) paid to a related party.

Consulting Agreement (CA #2)

On October 7, 2021, the Company entered into a Consulting Agreement with a third party to perform duties as a consultant in the capacity of Chief Strategy Officer ("CSO") for the successful operation of the business of the Company. The agreement will expire on October 7, 2025 and automatically extended for consecutive one year renewal terms unless either party provides the other party a written notice of non-renewal at least 90 days prior to the expiration of the term or renewal term, as applicable.

NOTE 10 – COMMITMENT AND CONTINGENCIES (CONTINUED)

Consulting Agreement (CA #2)

Under this agreement, the Company shall pay the CSO on a bi-monthly basis as follows: (i) $80,000 annually on year 1 (ii) $85,000 annually on year 2; and (iii) $90,000 annually on year 3. In addition, the Company will pay a 3% commission fee for each franchise sale. The CSO is also granted an equity interest in the Company of 160,000 units. The CSO will forfeit units if the term of the agreement ends before the 4th anniversary of the agreement as follows: (i) 160,000 units before the 1 year anniversary of the agreement; (ii) 80,000 units after the 1 year and before the 2 year anniversary; (iii) 53,333 units after the 2 year anniversary and before 3 year anniversary (iv) 26,667 after the 3 year anniversary and before the 4 year anniversary; and (v) no any other forfeiture of units after the 4 year anniversary.

At December 31, 2021, the Company paid a total of $14,936 (classified in Outside Services in the income statements).

Legal Matters

From time to time, and in the ordinary course of business, the Company is subject to various claims, charges and litigation.

On September 24, 2021, the Company received a stipulated judgement against them in the amount of $22,500 payable in 4 installments starting on December 24, 2021. The Company also executed a settlement agreement with a franchisee whereby the Company will terminate the franchise agreement effective July 7, 2021 and pay the franchisee $15,000. At December 31, 2021, the Company's settlement liability totaled $16,875.

The Company is not currently aware of any legal proceedings or claims that the Company believes will have, individually or in the aggregate, a material adverse effect on the Company's financial position or result of operations.

NOTE 11 – SUBSEQUENT EVENTS

Date of management review – The Company has evaluated subsequent events through April 6, 2022, the date of which the financial statements were available to be issued. Through that date, management has determined that the Company did not have any material recognizable or non-recognizable subsequent events.

In March 2022, the Company negotiated the legal fees of $37,776 be reduced to $21,000 and was paid in full. Thus, accounts payable reported in the balance sheet and legal fees reported in the income statement was reduced by $16,776.

EXHIBIT "G"

TO DISCLOSURE DOCUMENT

OTHER AGREEMENTS

EXHIBIT "G"-1

STATE ADDENDA

[See Attached]

STATE ADDENDA

The following are additional disclosures for the Disclosure Document of Jabz Franchising, LLC required by various state franchise laws. Each provision of these additional disclosures will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently without reference to these additional disclosures.

FOR THE STATE OF CALIFORNIA

1. **The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.**

2. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise to be delivered together with the disclosure document 14 days prior to execution of agreement.

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

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

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

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

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

8. The franchise agreement requires binding arbitration. The arbitration will occur at Maricopa County, Arizona with the costs being borne by the non-prevailing party.

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

10. The franchise agreement requires application of the laws of Arizona. This provision may not be enforceable under California law.

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

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

13. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT https://dfpi.ca.gov/.

14. Any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

(a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.

(b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.

(c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.

(d) Violations of any provision of this division

FOR THE STATE OF MARYLAND

A. ITEM 5 of the Disclosure Document is amended to add the following:

"Fee Deferral

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement."

B. ITEM 17 of the Disclosure Document is amended to add the following:

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

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

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

In the event of a conflict of laws to the extent required by the Maryland Franchise Registration and Disclosure Law, Maryland law shall prevail.

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

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

FOR THE STATE OF VIRGINIA

A. The State of Virginia requires inclusion of the following additional risk factors:

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

4. The franchisee will be required to make an estimated initial investment ranging from $179,850 to $261,625. This amount exceeds the franchisor's stockholders equity as of December 31, 2019 which is negative ($270,268).

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

B. ITEM 5 of the Disclosure Document is amended to add the following:

"Fee Deferral

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

C. ITEM 17 of the Disclosure Document is amended to add the following:

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

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee/area developer to surrender any right given to him under the applicable agreement.

If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee/area developer to surrender any rights given to him under the applicable agreement, that provision may not be enforceable.

Row "t" is amended to delete the language in the "Summary" column and replace it with the following:

"Only the terms of the Franchise Agreement and other related written agreements are binding (subject to state law). No other representations or promises will be binding. Nothing in the Franchise Agreement or in any other related written agreement is intended to disclaim representations made in this Disclosure Document."

EXHIBIT "G"-2

FRANCHISEE DISCLOSURE QUESTIONNAIRE

[See Attached]

MAY NOT BE SIGNED OR USED IF FRANCHISEE RESIDES WITHIN, OR THE FRANCHISED BUSINESS WILL BE LOCATED WITHIN, A FRANCHISE REGISTRATION STATE[1]

Do not sign this questionnaire if you are a resident of Maryland or the business is to be operated in Maryland.

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know Jabz Franchising, LLC ("we" or "us), and you are preparing to enter into a Franchise Agreement for the operation of a Jabz Boxing franchise. We require that you complete this Questionnaire (a) so that we can determine whether our franchise sales team followed proper sales procedures and (b) to provide us with reasonable assurance that, prior to signing the Franchise Agreement, you have had an adequate opportunity to review the Franchise Disclosure Document and its attachments, consult with legal and/or business advisors of your choosing, and ask us questions about any disclosures or terms that you do not understand. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee.** Please review each of the following questions carefully and provide honest responses to each question.

Yes__	No__	l.	Have you received from us and personally reviewed the Franchise Agreement together with all of its attachments? *[If you answer "no," please explain in Explanation Section]*
Yes__	No__	2.	Have you received from us and personally reviewed a Franchise Disclosure Document ("FDD")? *[If you answer "no," please explain in Explanation Section]*
Yes__	No__	3.	Did you sign a receipt for the FDD indicating the date you received it?
Yes__	No__	4.	Do you understand all the information contained in the FDD and Franchise Agreement? *[If you answer "no," please identify any information you don't understand in Explanation Section]*
Yes__	No__	5.	Did you receive the FDD at least 14 calendar days before signing any agreement relating to the franchise (other than an NDA) or paying any money?
Yes__	No__	6.	Did you receive a complete execution copy of the Franchise Agreement, with all material terms filled in, at least seven (7) calendar days before you signed it?
Yes__	No__	7.	Have you reviewed the FDD and Franchise Agreement with a lawyer, accountant or other professional advisor?
Yes__	No__	8.	Have you discussed the benefits and risks of developing and operating a Jabz Boxing franchise with an existing Jabz Boxing franchisee?
Yes__	No__	9.	Do you understand the risks of developing and operating a Jabz Boxing franchise?
Yes__	No__	10.	Do you understand the success or failure of your franchise will depend in part upon your skills, abilities and efforts and those of the persons you employ as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs and other relevant factors?
Yes__	No__	11.	Do you understand that the Franchise Agreement and its attachments contain the entire agreement between us and you concerning the franchise for the Jabz Boxing franchise, meaning any prior oral or written statements not set out in the Franchise Agreement or its attachments will not be binding?

[1] Registration states include California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

Yes__ No__ 12. Did any of our employees or representatives, or any person speaking on our behalf, make any statement or promise regarding the costs involved in operating a Jabz Boxing franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

[If you answer "yes," please describe the statement or promise in Explanation Section]

Yes__ No__ 13. Did any of our employees or representatives, or any person speaking on our behalf, make any statement or promise regarding the training, assistance or support that will be provided to you that is not contained in the FDD or that is contrary to, or different from, the information in the FDD?

[If you answer "yes," please describe the statement or promise in Explanation Section]

Yes__ No__ 14. Did any of our employees or representatives, or any person speaking on our behalf, make any statement or promise regarding the actual, average, projected or hypothetical profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Jabz Boxing business may generate, other than any information included in Item 19 of the FDD?

[If you answer "yes," please describe the statement or promise in Explanation Section]

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

_____	_____
Signature of Franchise Applicant	Signature of Franchise Applicant
_____	_____
Name (please print)	Name (please print)
Dated _____	Dated _____
_____	_____
Signature of Franchise Applicant	Signature of Franchise Applicant
_____	_____
Name (please print)	Name (please print)
Dated _____	Dated _____

EXPLANATION SECTION

Please include any explanations below and refer to the applicable question number.

_____

_____

_____

_____

_____

_____

_____

_____

EXHIBIT "G"-3

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 Jabz Franchising, LLC, an Arizona limited liability company ("us," and together with you and Owner, the "Parties").

Background

A. 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 Jabz Boxing Studio;

B. 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

C. 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.

D. 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 set forth below.

Agreement

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 §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. Washington Franchise Law. The General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, or the rules adopted thereunder.

   [Section 3 only applies for Washington franchisees; otherwise it is omitted]

4. 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.

5. Representations and Warranties. You and Owner each represent and warrant that: (a) [Insert franchisee entity name] is duly authorized to execute this Agreement and perform its obligations hereunder; (b) 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; (c) you and Owner have not and shall not (i) 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 (ii) 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 (d) 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].

6. 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: _____
Title: _____

FRANCHISE OWNERS:

_____
Name: _____

_____
Name: _____

_____
Name: _____

EXHIBIT "G"-4

FRANCHISE RESALE AGREEMENT

[See Attached]

FRANCHISE RESALE AGREEMENT

This Franchise Resale Agreement (the "Agreement") is entered into as of [_____], 202[__] (the "Effective Date") between Jabz Franchising, LLC, an Arizona limited liability company ("we" or "us") and [_____], a(n) [_____] ("you" and together with us, the "Parties").

BACKGROUND

A. On [_____], 202[__], the Parties entered into a Jabz Boxing Franchise Agreement (the "Franchise Agreement"), pursuant to which we granted you the right and license to develop, open and operate the Jabz Boxing Studio located at [_____] (the "Studio").

B. You have notified us that you desire to sell the Studio and you have requested our assistance in effectuating the sale and transfer of the Studio.

C. We have agreed to assist you in your efforts to sell the Studio subject to the terms and conditions set forth in this Agreement.

AGREEMENT

1. **Background Recitals**. The statements made in the Recitals above are true and accurate and are incorporated herein.

2. **Defined Terms**. Any capitalized term that is not defined herein shall have the meaning ascribed to it in the Franchise Agreement.

3. **Term**. The term of this Agreement (the "Term") begins on the Effective Date and expires on the expiration or earlier termination of the current term of the Franchise Agreement. If the Parties renew the term of the Franchise Agreement, then the Parties may (but need not) renew the Term of this Agreement upon mutually agreeable terms and conditions. [Note: May instead insert specific expiration date if preferred]

4. **Engagement**. You hereby engage us to provide franchise brokerage services during the Term on a non-exclusive basis. We hereby accept the engagement and agree to assist you in your efforts to: (a) locate one or more qualified buyers for your Studio; and (b) sell your Studio to a qualified buyer that we approve as meeting our minimum qualifications and eligibility requirements for a franchisee. You agree that we may offer (and publicly list) your Studio for sale at any price equal to or greater than $[_____].

5. **Sales Assistance**. During the Term, we agree to provide reasonable assistance in connection with your efforts to sell your Studio. We will utilize our current franchise recruiting system and our internal and external franchise sales network (our "Franchise Recruitment Program") in an effort to identify qualified candidates to purchase your Studio. We shall pre-qualify all leads to ensure they meet our minimum qualifications and eligibility requirements for franchisees. We do not represent or guaranty that our efforts to identify a qualified buyer willing to purchase your Studio will be successful. Under no circumstances will we have any liability to you based on the services we render pursuant to this Agreement.

6. **Your Obligations**. We will expend valuable time and resources attempting to market and sell your Studio. For this reason, you may not refuse any purchase offer that we present to you for a purchase price of at least $[_____]. However, you will have an opportunity to negotiate a higher price after we introduce the potential buyer to you. You agree to cooperate with us in good faith and provide all reasonable assistance and information we request in order to effectuate the purposes of this Agreement and facilitate the sale of your Studio. You agree to promptly provide all potential buyers with full access to your books and records for due diligence purposes. Throughout the Term, you agree to remain in full compliance with all terms of the Franchise Agreement. You understand that all terms in the Franchise Agreement governing transfer of your Studio (including payment of the transfer fee) shall apply to any sale of your Studio notwithstanding the execution of this Agreement.

7. **Purchase Agreement**. We assume no responsibility for preparing or negotiating the asset or stock purchase agreement between you and the buyer. You and the buyer are solely responsible for preparing and negotiating the asset or stock purchase agreement pursuant to which you will transfer ownership of your Studio to the buyer.

8. **Fees and Costs**. If either (a) you sell your Studio to a buyer solicited through our Franchise Recruitment Program or (b) we materially assist you in your efforts to sell your Studio to a buyer solicited by you or an unaffiliated third party, then you agree to pay us 3% of the total sales price for the Studio (the "Service Fee"). The sales price shall be deemed to include the fair market value of any goods, services or other non-monetary consideration the buyer (or any other person) furnishes to you in full or partial consideration for the purchase of the Studio. You must pay us the Service Fee in one lump sum concurrently with the closing of the sale of your Studio to the buyer. The Service Fee shall be in addition to: (a) any transfer fee imposed under the Franchise Agreement; and (b) any commissions we pay to a third party in connection with the sale that the Franchise Agreement requires you to reimburse to us.

9. **Indemnification**. Your indemnification obligation under the Franchise Agreement shall extend to and apply with respect to any damages we incur as a result of or in connection with: (a) your breach of this Agreement; or (b) your discussions, negotiations or other relationship with any potential buyer solicited through the Franchise Recruitment Program, including your breach of any agreement between you and such buyer.

10. **No Liability**. You hereby agree to hold harmless, and not assert any claims against, us, our affiliates, any of our (or our affiliates') owners, officers, employees or other representatives, or any member of our Franchise Recruitment Program, in connection with any dispute or disagreement between you and any prospective or actual buyer of your Studio.

11. **Default & Termination**. If you breach any obligation under this Agreement and fail to cure the breach within 10 days after notice from us, we may immediately terminate this Agreement upon notice to you and pursue any and all remedies available to us under this Agreement, the Franchise Agreement, at law or in equity. Your default under this Agreement constitutes a default under the Franchise Agreement. Similarly, your default under the Franchise Agreement constitutes a default under this Agreement.

12. **Effect of Expiration or Termination**. Upon expiration of the Term, we have no further responsibility or obligation to assist you with the sale of your Studio unless otherwise agreed to by both Parties in writing. If, following the expiration or termination of this Agreement, you sell your Studio to any person: (a) who was initially solicited through our Franchise Recruitment Program during the Term of this Agreement; and/or (b) with respect to whom we provided material assistance in connection with your sales efforts during the Term of this Agreement, then you agree to pay us the Service Fee in §8 notwithstanding the prior termination or expiration of this Agreement.

13. **Miscellaneous**.

    (a) No Waiver. By executing this Agreement, we shall not be deemed to have: (a) waived or impaired any right, power or option granted to us under the Franchise Agreement; or (b) waived or consented to any default or breach by you under the Franchise Agreement.

    (b) Effect on Franchise Agreement. All terms, conditions, covenants and representations set forth in the Franchise Agreement shall remain in full force and effect during the Term of this Agreement.

    (c) Binding Nature. This Agreement shall be binding upon the Parties hereto and their respective heirs, personal representatives, successors and assigns.

    (d) Time of Essence. Time is of the essence of this Agreement and of every term, covenant and condition hereof.

    (e) Headings. The headings in this Agreement are for convenience only and are not to be construed as a part of this Agreement or in any way defining, limiting or amplifying the provisions hereof.

(f) Governing Law. This Agreement shall be governed by, construed and enforced under the laws of the State of Arizona.

(g) Dispute Resolution. Any dispute between the Parties relating to this Agreement shall be resolved in accordance with the dispute resolution procedures set forth in the Franchise Agreement, all of which are incorporated herein by this reference.

(h) Entire Agreement; Modification. This Agreement constitutes the entire agreement and understanding between the Parties regarding the subject matter hereof. This Agreement may not be modified except in a writing signed by both Parties.

(i) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document.

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

"FRANCHISOR"

Jabz Franchising, LLC

By:_____
Name:_____
Title:_____

"FRANCHISEE"

[_____]

By:_____
Name:_____
Title:_____

EXHIBIT "H"

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
California	July 27, 2023
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	May 12, 2023
Washington	
Wisconsin	

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 "I"

TO DISCLOSURE DOCUMENT

RECEIPTS

[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 Jabz Franchising, 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 Jabz Franchising, 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:

Bertus Albertse; 42490 Garfield Rd., Suite 202, Clinton Township, Michigan 48038; (843) 377-0178

Artemis Benedetti; 42490 Garfield Rd., Suite 202, Clinton Township, Michigan 48038; (843) 377-0178

Danielle Scott; 42490 Garfield Rd., Suite 202, Clinton Township, Michigan 48038; (843) 377-0178

[Name]_____; [Address]_____; [Phone]_____

Issuance Date: May 2, 2023 (amended June 14, 2023)

Jabz Franchising, LLC's agent to receive service of process is listed in EXHIBIT "A" to this Disclosure Document (for franchise registration states) or EXHIBIT "B" to this Disclosure Document (for all other states).

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

EXHIBIT "A"	List of State Administrators and Agents for Service of Process
EXHIBIT "B"	Agent for Service of Process
EXHIBIT "C"	Franchise Agreement
EXHIBIT "D"	Table of Contents of the confidential Brand Standards Manual
EXHIBIT "E"	List of Franchisees
EXHIBIT "F"	Financial Statements of Jabz Franchising, LLC
EXHIBIT "G"	Other Agreements
EXHIBIT "G"-1	State Addenda
EXHIBIT "G"-2	Franchisee Disclosure Questionnaire
EXHIBIT "G"-3	General Release
EXHIBIT "G"-4	Franchise Resale Agreement
EXHIBIT "H"	State Effective Dates
EXHIBIT "I"	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 Jabz Franchising, 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 Jabz Franchising, 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 Jabz Franchising, 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.

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EXHIBIT "I"	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 Jabz Franchising, LLC.)