FRANCHISE DISCLOSURE DOCUMENT

The Sports Bra Franchise LLC
a Delaware limited liability company
2512 NE Broadway Street
Portland, Oregon 97232
Phone: 503-558-6715
E-mail: hello@thesportsbraofficial.com
www.thesportsbrafranchise.com

The franchise offered is for operation of a sports bar and restaurant that focuses on supporting, empowering, and promoting women in sports and in the community.

The total investment necessary to begin operation of a The Sports Bra® franchise is between $304,400 and $889,050. This includes $55,000 to $56,500 that must be paid to the franchisor or an affiliate. There is no incremental initial investment cost if you become an area developer, but you will have to pay us or our affiliates $55,000 to $56,500 for the first The Sports Bra® franchise that you are required to develop and $44,000 for each additional The Sports Bra® franchise that you must open if you sign an Area Development Agreement. If your Area Development Agreement is for the right to begin operation of three The Sports Bra® franchises, the total investment necessary to begin operation of the three The Sports Bra® franchises is between $847,200 and $2,601,150. This includes between $99,000 and $103,500 that must be paid to the franchisor or affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Jenny Nguyen at 2512 NE Broadway, Portland, OR 97232 and 503-558-6715.

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 an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, N.W., Washington, D.C. 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: April 7, 2025.

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 and **Exhibits I and J**.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor and at the franchisor's direction; Item 7 lists the initial investment to open, and Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 and **Exhibit K** include 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 The Sports Bra® business in my market?	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 The Sports Bra® franchisee?	Item 20 and Exhibits I and J list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Consider these facts about franchising before investing in any franchise:

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Oregon. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for dispute s. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Oregon than in your own state. Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

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

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

4. **Spousal Consent.** Your spouse must sign a consent that extends your personal guaranty for all financial obligations under the franchise agreement to all of your marital assets, even if your spouse has no ownership interest in the franchise. This consent, together with your personal guaranty, will place at risk your and your spouse's joint assets (perhaps including your home) and your individual assets if your franchise fails.

5. **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.

THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW

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.

(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 the 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 license 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 service.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee or subfranchisor until the obligations 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 THE OFFICE OF THE ATTORNEY GENERAL, CONSUMER PROTECTION DIVISION, ATTN: FRANCHISE SECTION, G. MENNEN WILLIAMS BUILDING, 6TH FLOOR, LANSING, MICHIGAN 48933, (517) 373-7117.

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ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The franchisor is The Sports Bra Franchise LLC, and will be referred to in this document as "**Franchisor**", "**we**", "**us**" or "**our**". A person who buys a franchise from us will be referred to as "**you.**" If you are a corporation, limited liability company, partnership or other entity, "you" also includes your owners.

We are a Delaware limited liability company organized on April 18, 2024. Our principal place of business address is 2512 NE Broadway Street, Portland, Oregon 97232. We conduct business under the name The Sports Bra®. **Exhibit B** lists state officials that serve as our agents for service of process if we do business in those states.

Parents, Predecessors and Affiliates

Our parent is The Sports Bra Hold Co., a Delaware public benefit corporation incorporated on April 1, 2024 (**"Parent"**). Our Parent's principal business address is 2512 NE Broadway Street, Portland, Oregon 97232.

We have no predecessors. Our affiliates include The Sports Bra, LLC, an Oregon limited liability company organized on December 17, 2021 (**"The Sports Bra Portland"**), whose principal place of business is 2512 NE Broadway Street, Portland, OR 97232. Our affiliate owns and operates the original The Sports Bra® location in Portland, Oregon. The Sports Bra Portland does not provide any products or services to our franchisees, and has never offered franchises in any lines of business.

The Franchises We Offer

We grant franchises for the operations of a sports restaurant and bar to be operated under The Sports Bra® name. We do not operate businesses of the type being franchised to you. However, our affiliate does operate the type of business being franchised to you. We do not engage in other business activities and have never offered franchises in any other line of business. Our mission is to make great food and delicious drinks, and provide a space that supports, empowers, and promotes girls and women in sports and in the community. We aim to develop relationships with women's sports at all levels and ages with a focus on under-represented populations, such as LGBTQ and BIPOC. We also support female-owned vendors and other businesses and local community businesses.

If we grant you a franchise to operate a The Sports Bra® franchise, you and we will enter into a franchise agreement (**"Franchise Agreement"**). The form of Franchise Agreement is enclosed as **Exhibit D**. The business you will conduct (**"Franchised Business"**) refers to a business using our The Sports Bra® service mark and associated logos and symbols we designate from time to time (**"Proprietary Marks"**) to provide a sports bar and restaurant that focuses on women's sports. For example, sports programming at the Franchised Business must be focused solely on women's sporting events at the college and professional level. You will operate the Franchised Business from a location that we approve (**"Approved Location"**). You will be serving both food and alcoholic beverages at the Franchised Business. The food menu includes a range of appetizers, salads, burgers, sandwiches, and sides. The Franchised Business will also maintain a full bar, including a range of signature cocktails. Your Franchised Business will be a location of approximately 2,500 to 3,000 square feet, ideally with space for outdoor dining.

You must open the Franchised Business to the public at least five days a week, but may operate it additional days if you wish. The Franchised Business will use the methods and procedures we have developed ("**System**") and includes our standards and methods of operations, accounting, marketing, advertising and public relations. Our standards, specifications and procedures for developing and operating a Franchised Business are set forth in our confidential operations manual (**"Manual"**). We expect franchisees to advance the mission of The Sports Bra® in their communities. For example, we require all franchisees to spend 1% of their Gross Revenue on charitable and other causes promoting women's sports in their community.

If we grant you area development rights, you will enter into an area development agreement (**"Area Development Agreement"**) with us that gives you the right to open multiple Franchised Business locations. The form of Area Development Agreement is enclosed as **Exhibit C**. The Area Development Agreement will contain a development schedule that specifies the number of Franchised Businesses you are to open, the geographic area the locations must be located in, and the timetable for opening. There is no set number of Franchised Businesses that you must open pursuant to an Area Development Agreement. We will negotiate the development schedule with you before we enter into the Area Development Agreement. For each Franchised Business you open under an Area Development Agreement, you will have to sign the form of Franchise Agreement that we use at the time the Franchise Agreement is entered into, but your royalty and other fees will stay the same.

All owners of a franchisee or area developer will be required to sign an Owner's Acknowledgment, agreeing to be bound by provisions in the Franchise Agreement and Area Development Agreement that apply to them personally. They will also be required to sign a Personal Guaranty guaranteeing the franchisee's performance and a Covenant Agreement in which they agree to keep our proprietary information confidential and agree not to compete with The Sports Bra® brand.

General Market and Competition

The Sports Bra® locations are focused on providing a sports restaurant and bar that provides sports programming focused solely on women's sporting events at the college and professional level

As a franchisee, you will compete with other national regional and local sports bars and restaurants and other companies providing similar services. While there is competition from general sports bars, there is limited competition in women's focused sports bars. We do not expect the business to be seasonal.

Laws and Regulations

You must comply with any state or local licensing or regulatory requirements for the activities you offer through your Franchised Business. The restaurant industry is regulated both on a federal and a state and local level. For example, you must comply with the Americans with Disabilities Act, federal wage and hour laws, and the Occupational Safety and Health Act, as they apply to restaurants and entertainment venues. The U.S. Food and Drug Administration, the U.S. Department of Agriculture, the Federal Trade Commission and state and local health departments administer and enforce laws that govern food and beverage preparation, service, restaurant sanitary conditions and nutritional representations on menus.

You must have a liquor license before you open your Franchised Business. There is a wide variation in state and local laws regulating the sale of alcoholic beverages. State dram shop laws also give rise to potential liability for injuries related to the sale and consumption of alcohol.

Check with a lawyer to learn about specific laws applicable to your business in your location.

Our Prior Experience

We began offering The Sports Bra® franchises in September 2024 and do not operate the type of business you will operate or any other business. However, our affiliate, The Sports Bra Portland, has been operating a sports bar under The Sports Bra® name since April 2022, which offers the same types of products and services as you will offer through your Franchised Business. We do not offer franchises in any other line of business, and none of our affiliates have ever offered franchises in any line of business. Our founder, Jenny Nguyen, had many years of experience in the foodservice industry before starting The Sports Bra®, including working her way up from prep cook to executive chef at Reed College in Portland, Oregon.

ITEM 2

BUSINESS EXPERIENCE

President and CEO: Jennifer (Jenny) Nguyen

Jenny Nguyen has been our President and CEO since our inception in April 2024. She is also the President of our Parent since its inception in April 2024 and President of our affiliate, The Sports Bra Portland, since its inception in December 2021. Between May 2015 and January 2022, Jenny also worked for Pony and Peanut Properties. Jenny is based in Portland, Oregon.

Director of Franchise Development: Lindsey Schalock

Lindsey Schalock has served as our Director of Franchise Development since February 2025. She previously served as our franchise trainer from July 2024 to February 2025. She is also currently the Program Director for Bloom Revenue and a Teaching Assistant for Salem Child Development Center; she has held both positions since January 2022. Before that from March 2017 to January 2021, Lindsey was the Director of Dining Services at Bon Appétit at Willamette University in Salem, Oregon. Lindsey works out of Salem, Oregon.

Operations Manager: Katie Leedy

Katie Leedy has been the Operations Manager for our affiliate, The Sports Bra Portland, since its opening in April 2022 and also provides operations support to our franchisees. She previously worked as Operations Manager for Artemis Foods in Portland, Oregon, from February 2017 to May 2023. Katie works in Portland, Oregon.

Merchandising: Jennifer Chiang

Jennifer Chiang has managed our merchandising efforts since our inception. She previously worked at Nike from November 2007 to June 2024, most recently as Senior Sales Director. Jen works out of Portland, Oregon.

Vice President of Engagement: Deborah Pleva

Deborah Pleva has managed our media relations since our inception. She has served as Vice President of Engagement of our Parent since February 2025. She previously served as the Senior Director of Communications for Girls on the Run International from June 2022 to February 2024. She has also served as the Principal for Pleva Consulting since August 2005. Deb works out of Portland, Oregon.

Advisor: Kathleen (Kate) Delhagen

Kate Delhagen has served as our advisor since our inception. She is also currently self-employed as a business advisor since 2017. Kate works out of Santa Barbara, California.

ITEM 3

LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

Franchise Agreement:

You will pay a $55,000 lump sum initial franchise fee ("Initial Franchise Fee") to us when you sign the franchise agreement. The Initial Franchise Fee is uniform except for the discounts described below. We offer a discounted Initial Franchise Fee to honorably-discharged veterans and active-duty service members of the U.S. Armed Forces who meet the qualifications for new franchisees, equal to 90% of the then-current Initial Franchise Fee (currently $49,500). Franchisees that already operate a The Sports Bra® location will pay a discounted Initial Franchise Fee equal to 80% of the then-current Initial Franchise Fee for an additional location (currently $44,000).

We don't charge you for the initial training we provide for your owners and your general manager, but if you want to send additional management employees to the training, we will charge you $1,500 per person.

All the fees listed in this Item are fully earned and non-refundable when paid. However, if after you sign the Franchise Agreement and pay the Initial Franchise Fee, you cannot find a good location for your Franchised Business, then, if we deem you have used best efforts to find a location, we will refund you 50% of the Initial Franchise Fee that you paid.

Area Development Agreement:

If you sign an Area Development Agreement, part of the Initial Franchise Fees for the Franchised Businesses you are committing to open are due to us no later than on the date the Area Development Agreement is signed. You will have to pay the full Initial Franchise Fee under the Franchise Agreement for the first Franchised Business you will open pursuant to the Area Development Agreement and 50% of the Initial Franchise Fee for the remaining Franchised Businesses that you will open. The Initial Franchise Fee for those remaining Franchised Businesses will be the reduced fee of $44,000. For example, if the Area Development Agreement is for the development of 3 Franchised Businesses, you will pay $99,000 at the time you sign the Area Development Agreement: the full $55,000 fee for the first location, and 50% ($22,000) for each of the 2 additional locations. The fees paid are non-refundable. The remainder of the Initial Franchise Fee for the second and subsequent Franchise Agreement to be signed pursuant to the Area Development Agreement will be payable at the time you sign such agreements.

ITEM 6

OTHER FEES

Type of Fee[1]	Amount	Due Date	Remarks
Royalty[2]	5% of Gross Revenue	Wednesday of each week. See Note 1.	See Note 2.
Brand Development Fund Fee[3]	Currently 2% of Gross Revenue. Up to 4% of Gross Revenue.	Wednesday of each week. See Note 1.	See Note 3
Charitable Giving	1% of Gross Revenue	Annually	See Note 4.
Local Marketing	$500/month, with possible increase of up to 10% annually.	Monthly	You must spend at least this amount on local advertising monthly. We may specify in the Manual what types of expenses may be counted towards the minimum spend. Every year, we may require that you increase your minimum local marketing spend by up to 10%.
Advertising Cooperative Fee	Currently not charged, up to 1% of Gross Revenue	Upon demand	See Note 5.
Grand Opening Marketing/Promotion	At least $5,000	As incurred	You must spend this amount during the period beginning 60 days before the Opening Date and ending 60 days after the Opening Date.

Type of Fee[1]	Amount	Due Date	Remarks
Technology Fee	Currently $20/week. Up to $50/week.	Wednesday of each week. See Note 1.	This fee is intended to cover the cost of the website and your e-mail. We may also use it towards other technology-related costs.
Initial Training for Replacement General Managers and Other Personnel	Currently $1,500	Upon demand	If a replacement general manager or other personnel needs to participate in initial training after you have started operating, we may charge you this fee. We may adjust it for inflation during the term of the Franchise Agreement. See Note 6.
Additional Training	Currently, $400 per day per trainer plus reimbursement of travel expenses	Upon invoice	Payable if you request additional training, or if we determine you require additional training. You or your general manager may each be required to participate in up to ten (10) days of required training per calendar year. We will provide training at a location we designate or virtually. You will be responsible for your personnel's travel and lodging expenses and wages during training. We have the right to adjust the amount of this fee by up to 10% per year. If we travel to your Approved Location or another location we specify, you will reimburse our travel and lodging expenses.
Franchisee Conference Fee (not yet required)	A reasonable fee intended to offset our expenses can be charged.	Upon invoice	This fee is intended to offset our expenses for organizing an annual (or biannual) conference for our franchisees. You are responsible for all travel and lodging expenses you incur in addition to this fee.
Mystery Shopper Fee	Up to $250 per month. Currently not charged.	Upon invoice	Should we implement a mystery shop program. The fee will be used to cover our expenses for using a mystery shopping program to evaluate quality and service level compliance by our franchisees.
Quality Assurance Fee	Up to $250 per month. Currently not charged.	Upon invoice	Should we implement a quality assurance program. The fee will be used to cover our expenses for such a program.

Type of Fee[1]	Amount	Due Date	Remarks
Alternative Supplier or Product Review Fee	The greater of $500 and our actual cost	Upon invoice	Payable if you want to buy approved products or services from another supplier than one we have already approved, or if you want to buy different products or services than those we have approved. If, based on the review, we decide to approve the products, services, or supplier for the entire franchise system, we will reimburse you the review fee charged.
Replacement Site Fee	$500, plus our reasonable expenses, not to exceed $5,000	Upon invoice	Payable if you don't acquire the initially approved site and you submit a replacement site for our consideration.
Insufficient Funds Fee	$100 per occurrence	Upon invoice	Payable for returned checks or insufficient funds within your EFT account.
Audits	Costs of audit, including travel, lodging, and fees or wages for our personnel or third parties required to conduct the audit.	Upon demand	Payable if audit shows an understatement of at least 2% of reported Gross Revenue for any calendar month. Also payable if you fail to file required financial reports.
Quality Audit Fee	Costs of audit, including travel, lodging, and fees or wages for our personnel or third parties required to conduct the audit.	Upon demand	See Note 7.
Renewal Fee	25% of the then-current Initial Franchise Fee.	Upon renewal of the franchise agreement.	If you and we agree to enter into a new Franchise Agreement upon the expiration of the initial term of your Franchise Agreement, you will have to pay this fee. If we are then no longer offering new franchises, but choose to extend the Term of your Franchise Agreement, the Renewal Fee will be equal to 25% of the Initial Franchise Fee in our most recent Franchise Disclosure Document.

Type of Fee[1]	Amount	Due Date	Remarks
Transfers – Franchise Agreement	Between $1,500 and 75% of the then-current Initial Franchise Fee, depending on the type of transfer. See Note 8.	At time of transfer.	See Note 8.
Transfers – Area Development Agreement	$5,000, or our total cost and expenses incurred.	At time of transfer.	If you sign an Area Development Agreement with us and we have approved a transfer, you will pay us a transfer fee of $5,000, or our expenses incurred in connection with the transfer, if higher. See Note 8.
Insurance	Actual cost of insurance and reasonable fee for us procuring it.	Upon demand	You are expected to buy your own insurance for your Franchised Business. However, if you do not buy the insurance coverage required under the Franchise Agreement, we have the right to purchase it for you. You will have to reimburse us for the cost of the insurance and our reasonable fee for procuring it for you. See Note 9.
Indemnification	Will vary under the circumstances	As incurred	You must reimburse us for claims from the operation of the Franchised Business, any occurrence at your Franchised Business, or your breach of any terms of the Franchise Agreement and expenses that we incur to protect ourselves from and to remedy any breach of the Franchise Agreement by you.

Type of Fee[1]	Amount	Due Date	Remarks
Legal actions against you	Will vary under the circumstances	As incurred	Both under the Franchise Agreement and Area Development Agreement, you will reimburse us for costs and fees that we incur with regard to legal actions against you, your affiliates, your owners, and your affiliates' owners, if we are required to participate in that action, for example by responding to discovery requests or by making an appearance as a witness or otherwise. See "Indemnification" above for a description of your obligation to reimburse us for fees and expenses incurred if any action is brought against us with regard to the Franchise Agreement, the Franchised Business and related matters.
Attorney Fees	Our attorney fees incurred	As incurred	You must reimburse us for our attorney fees if we prevail in an action against you to relating to the Franchise Agreement.
Late Charge on Overdue Amounts	1.5% per month on overdue amount, or the maximum rate permitted by law, if lower.	Upon demand	Payable if you do not timely pay us any fee owed under the Franchise Agreement.
Additional Administrative Services	Reimbursement of our costs	Upon demand	See Note 10.
Re-inspection Fee	Currently, $400 per day plus reimbursement of travel expenses	Upon Invoice	If you fail to pass the initial pre-opening inspection for the Approved Location, we reserve the right to require you to pay a re-inspection fee and expenses for each additional inspection required to approve the Franchised Business for opening.
Unauthorized Menu Item	$250 per day	Upon demand	If you offer any menu item that we have not approved for your Franchised Business, you will pay us this fee for each day you offered the unauthorized item.
Liquidated Damages	See Note 11.	Upon demand	See Note 11.

Type of Fee[1]	Amount	Due Date	Remarks
Relocation Fee	50% of then-current Initial Franchise Fee	Upon demand	You are not allowed to relocate your Franchised Business without first obtaining our written consent, which we may withhold at our discretion. If your relocation is approved, we will charge you a relocation fee.

Notes:

(1) **General Notes.** These payments are uniform and are not refundable. None of these fees are imposed on behalf of a third party. Other than the Technology Fee, which is paid in part to our designated suppliers for services provided to you, none of the fees that we collect are collected on behalf of a third party, though if we have to purchase insurance coverage on your behalf, most of the fee will be used by us to cover the cost of buying insurance coverage for your Franchised Business. Fees are uniformly imposed. The Royalty, Brand Development Fee, and Technology Fee are currently collected in arrears on Wednesdays, for the Gross Revenue received in the previous calendar week (Monday-Sunday) by EFT. We have the right to change the frequency of payment, and if we do, the day those fees are collected would also change. We may also change the method for collection of fees, but do not anticipate doing so at this time. Except where specified differently above (such as for Charitable Giving and Local Advertising), all fees are payable only to us. If a fee is subject to adjustment, except as otherwise noted, we may increase the fee by up to 10% per year.

(2) **Gross Revenue and Royalty Percentage.** "Gross Revenue" means revenues attributable to or derived from the operation of the Franchised Business, including, but not limited to, revenues from the sale of all food, beverages, products, merchandise, promotional items and services related to the Franchised Business (regardless of whether such food, beverages, services or products are consumed at the Approved Location), and all other income of every kind and nature related to the Franchised Business including, without limitation, catering income, income from gift card and loyalty programs, and the proceeds of business interruption insurance, whether for cash, credit, barter, or otherwise, and regardless of collection in the case of credit, less (i) any sales taxes or other taxes collected from your customers for transmittal to the appropriate taxing authority; (ii) authorized discounts; (iii) refunds and credits made in good faith to arms' length customers; (iv) the amount of any checks dishonored or returned and the amount of any charge backs or reversals of credit card transactions with customers. Additionally, income from the sale of gift cards is excluded from Gross Revenue, but the redemption of gift cards is included. We reserve the right to change the method of accounting and collection for gift cards and gift certificates upon six (6) months' notice to you. Gross Revenue shall be accounted for in accordance with the accounting procedures set forth in the Manual from time to time.

If, due to federal, state or local laws, we are prohibited from receiving percentage royalty based on alcoholic beverage sales, or other similar percentage payouts, you will pay us a Royalty Fee on all Gross Revenue except these alcoholic beverage sales and/or other revenues in the same dollar amount as would have been paid if you paid the specified Royalty Fee percentage on all Gross Revenue.

(3) **Brand Development Fund Fee.** We have established a Brand Development Fund. The Brand Development Fund will be accounted for separately from our other funds. We will not use the Brand Development Fund to defray any of our general operating expenses, except for reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the Brand Development Fund and all costs of research, development and preparing national, regional, point of sale and local advertising and marketing strategy materials for use within the System. The materials may be disseminated via radio, television, print media, Internet (including social media), or outdoor advertising. We do not plan to use the Brand Development Fund to solicit new franchisees. The Brand Development Fund Fee currently is 2% of your Gross Revenue, payable on a monthly basis, but may be increased by us up to 4% of your Gross Revenue. All The Sports Bra® locations owned by our affiliates will contribute to the Brand Development Fund at the same percentage of Gross Revenue required of Franchisees within the System.

(4) **Charitable Contributions.** You must spend at least 1% of your Gross Revenue on approved categories of charities and other good causes that align with the System's focus on promotion of women's sports. From time to time we will specify in the Manual what types of charities and groups can be included in your charitable contributions, or we may specify specific groups or types of contributions that you can choose between. We may in the future set up a foundation and direct you to make the charitable contributions (or part of them) to the foundation. Currently, we are considering organizations such as women's or girls' sport teams, women's shelters, and food banks as categories of organizations that you could donate your charitable contributions towards.

(5) **Advertising Cooperative.** If we start a local or regional advertising cooperative for your area, you will have to contribute up to 1% of your Gross Revenue to the cooperative. This amount will not be off-set against your own, local advertising spend of $500. If we or our affiliates own any The Sports Bra® locations that are members of the coop, those locations will have the same voting rights with respect to the coop and fees imposed by the coop, as franchised The Sports Bra® locations that are members.

(6) **Initial Training For Replacement General Manager and Other Personnel and Additional Training.** In addition to paying us for the training we provide, you will also be responsible for the pay and expenses of your personnel that is participating in the training. Such expenses may include, for example, travel, room, and board.

(7) **Quality Audit Fee.** You must provide all information requested by us for the purpose of our conducting customer satisfaction audits and surveys, and permit us and our agents access to test, sample, inspect and evaluate your supplies, ingredients, and products, as well as the storage, preparation, and formulation and conditions of sanitation and cleanliness in the storage, production, handling, and serving. If we determine that any condition at your Franchised Business presents a threat to customers or public health and safety, we may take whatever measures we deem necessary, including requiring you to immediately close the Franchised Business until the situation is remedied to our satisfaction. We will charge you for the actual expense of the audit, which expenses may include the hiring of a third party to perform the audit (**"Quality Audit Fee"**). You must pay the Quality Audit Fee within 15 days of receipt of an invoice therefor.

(8) **Transfers.** This fee applies both to a transfer under a Franchise Agreement and under an Area Development Agreement. This fee is payable if the ownership of the

franchisee/area developer changes. Transfers are subject to the our approval. If neither the majority owner nor person responsible for daily operations changes in the transfer, the transfer fee is $1,500. The transfer fee is equal to 50% of the then-current Initial Franchise Fee if the transfer: (a) results in a change of control and is to a current franchisee or area developer of The Sports Bra® locations; or (b) the transfer does not result in a change of control but the person responsible for daily operations changes. If the transfer results in a change of control and is to a franchisee or area developer new to The Sports Bra®, then the transfer fee is equal to 75% of the then-current Initial Franchise Fee. If we are no longer offering new franchises at the time of the transfer, the applicable Transfer Fee will be based on the applicable percentage of the Initial Franchise Fee specified in our most recent Franchise Disclosure Document. If you transfer the Area Development Agreement, you will pay a transfer fee equal to the greater of: (a) $5,000; or (b) our total cost and expenses that we incur in connection with the transfer. Payment of the transfer fee without first receiving our approval does not validate a transfer.

(9) **Insurance.** During the term of the Franchise Agreement you must comply with all insurance requirements of any lease, mortgage, or deed of trust covering the Franchised Business as well as all of our insurance requirements. Our requirements will be listed in the Manual or as we may otherwise communicate from time to time. All insurance shall be procured at the earliest possible time that Franchisee has an insurable interest with respect thereto, but in no event later than the Opening, and shall be written by insurance companies with an A.M. Best rating of A-VI or greater. As of the Effective Date, at a minimum, you must maintain the following:

(a) Commercial Property insurance on the Approved Location and all boilers, machinery, improvements, and/or betterments in, on, or to the Approved Location. Coverage shall be provided on a “Special Cause of Loss” form, not be subject to any coinsurance provisions, and be in an amount not less the full replacement cost of the Approved Location. Such coverage shall also include the following:

i. Equipment Breakdown, including spoilage damage coverage processing with a sublimit no less than $10,000 each occurrence;

ii. Business Income/Extra Expense coverage for loss of profits and necessary continuing expenses, including coverage for payments of royalty fees and contributions to the Brand Development Fund, for any interruption in your business operations, as well as the cost of conducting a pre-opening review before reopening of the business in the event of closure for repairs or rebuild, with a minimum limit of at least 12 months actual loss sustained;

iii. Off premises utility services including overhead power lines;

iv. If the Approved Location is located in an “earthquake prone zone” as determined by the U.S. Geological Survey, earthquake coverage with a limit equal to the full replacement cost of the Approved Location or with a sublimit no less than such amount as agreed upon between us and you, or if not specified by the parties, as may be required by the Manual; and

v. If the Approved Location is located in whole or in part within an area identified by the Federal Government as having a special flood hazard, flood coverage with a limit equal to the full replacement cost of the

Approved Location or with a sublimit no less than such amount as agreed upon between us and you, or if not specified by the parties, as may be required by the Manual.

(b) Commercial General Liability (CGL) insurance with coverage for bodily injury, personal injury, property damage, contractual liability, products liability, completed operations, and independent contractors, written on the latest ISO CG 00 01 occurrence form or equivalent. The policy shall have minimum limits of (i) $1,000,000 each occurrence for bodily injury and property damage, (ii) $1,000,000 each occurrence for personal and advertising injury, (iii) $2,000,000 general aggregate, and (iv) $2,000,000 products-completed operations aggregate. The general aggregate limit shall apply separately to the Franchised Business.

(c) Business Automobile Liability insurance covering all of your owned, non-owned, and hired automobiles with a minimum combined single limit of $1,000,000 per accident for bodily injury and property damage.

(d) Workers' Compensation and Employer's Liability insurance for all employees that work in the Franchised Business, regardless of whether you is able to exempt yourself under applicable state law from the Workers' Compensation requirement, or whether the employees are full-time, part-time, temporary, seasonal, leased, or borrowed. The Workers' Compensation coverage provided shall be in accordance with the laws of the state where the Approved Location is located, and with a minimum limit of at least $1,000,000, and the Employer's Liability coverage shall have limits of $1,000,000 each accident for bodily injury by disease; $1,000,000 each employee for bodily injury by disease; and $1,000,000 policy limit for bodily injury by disease.

(e) Excess or Umbrella Liability insurance which provides excess coverage over the underlying CGL policy with minimum limits of $2,000,000 each occurrence and $2,000,000 general aggregate.

(f) Environmental Liability insurance with minimum limits of $5,000,000 per occurrence and $5,000,000 aggregate.

(g) Cyber Liability insurance with minimum limits of $25,000 per occurrence and $25,000 aggregate.

(h) Liquor Liability insurance with minimum limits of $1,000,000 per occurrence and $1,000,000 aggregate.

(i) Food Borne Illness/Trade Name Restoration insurance with a minimum limit of $500,000 per occurrence and $500,000 aggregate to cover lost income from an actual or alleged contamination event.

(j) Commercial Crime insurance for losses arising out of or in connection with any fraudulent or dishonest act committed by your employees with a minimum limit of $25,000 per occurrence and $25,000 aggregate.

During any construction work at the Approved Location, you must maintain or cause your general contractor or design-builder to maintain Builder's Risk insurance or equivalent

property insurance to cover that portion of the work to be constructed, installed, altered, or repaired. Such coverage shall include our and your interests, as well as the interest of any mortgagee, the general contractor or design-builder, any subcontractors, and any other party having an interest in the work. You must also flow down the requirements of subparts (b) above to all contractors or design-builders performing such work, to the extent applicable, except that that the minimum aggregate limit shall be $1,000,000.

(10) **Additional Administrative Services.** If you request administrative services, such as assistance with transactions, documents and negotiations relating to the Franchised Business or other project-based tasks and we provide these services, we reserve the right to require you to pay us a reasonable fee to reimburse us for the costs we incur in providing these services. We will notify you in advance if we anticipate that the requested additional services will require a fee.

(11) **Liquidated Damages.** If you terminate the Franchise Agreement without cause, or if we terminate it for your breach, you will pay us liquidated damages to compensate us for the damages we incur as a result of you not operating your Franchised Business for the duration of the Franchise Agreement term. The liquidated damages will be an amount equal to the ongoing fees paid under the Franchise Agreement for the 24 months preceding your default. If you have operated for less than 24 months, then we will use the period of actual operation and project what those fees would have been over a 24-month period. The fees included in the calculation are ongoing fees listed in Section 4 of the Franchise Agreement (including Royalty Fees, Brand Development Fund Fees, Technology Fees, and pro-rata advertising cooperative contributions). If you close any Franchised Business opened pursuant to an Area Development Agreement and notify us of your intent to open a replacement Franchised Business, we reserve the right to continue to collect the Royalty Fee and Brand Development Fund Fee for the Franchised Business during the period following its closure until the opening date of the replacement Franchised Business, based on the average Gross Sales of the Franchised Business during the six months immediately preceding the closure or the shorter period that the Franchised Business was operating.

ITEM 7

ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial Franchise Fee[1]	$55,000	Lump Sum	Upon signing Franchise Agreement	Us
Training Expenses[2]	$3,000 - $9,000	As incurred	As incurred	Travel vendors and us
Site Location and Market Analytics Fee[3]	$5,000 - $7,500	As incurred	As arranged	Approved supplier
Lease, Utility and Security Deposits[4]	$20,000 - $75,000	As incurred	Lump Sum	Landlord, government agencies

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Design and Architects Fees[5]	$15,000 - $35,000	As incurred	As arranged	Architect, designers and other suppliers
Leasehold Improvements[6]	$50,000 - $300,000	As incurred	As arranged	Contractors and other suppliers
Signage[7]	$5,000 - $20,000	As incurred	As arranged	Suppliers
Furniture, Fixtures, Other Fixed Assets, Security Systems[8]	$5,000 - $50,000	As incurred	As arranged	Contractors and other suppliers
Equipment and Smallwares[9]	$25,000 - $100,000	As incurred	As arranged	Suppliers
POS and Back-Office Computer System[10]	$7,900 - $10,550	As incurred	As arranged	Suppliers
Office Equipment and Supplies[11]	$1,500 - $5,000	As incurred	As arranged	Suppliers
Business Licenses and Permits[12]	$5,000 - $15,000	As incurred	As arranged	Government agencies
Professional Fees[13]	$5,000 - $10,000	As incurred	As arranged	Attorneys, accountants
Inventory to Begin Operating[14]	$10,000 -$25,000	As incurred	As arranged	Suppliers
Insurance[15]	$7,000 - $12,000	As incurred	As arranged	Insurance company
Pre-Opening And Grand Opening Advertising And Marketing[16]	$5,000 - $10,000	As incurred	As arranged	Suppliers
Additional Funds[17] (3 months)	$80,000 - $150,000			Approved suppliers, other suppliers
Total	$304,400 - $889,050			

Notes:

Amounts paid to us or our affiliates are not refundable, except as specifically described below. Whether any costs paid to third parties are refundable will depend on any arrangements you may be able to negotiate with the suppliers. We do not provide any direct or indirect financing for amounts paid to us or to third parties. If you meet credit requirements determined by third-party vendors, you may be able to obtain financing. The availability and terms of financing will depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and lending policies of the financial institutions from which you request a loan. We do not determine the terms and conditions of any financing and we do not provide any guarantees for any financing provided to you by third parties.

(1) **Initial Franchise Fee.** You will pay the Initial Franchise Fee to us when you sign the franchise agreement. We offer a discounted Initial Franchise Fee to qualifying veterans and active-duty military servicemembers equal to 90% of the then-current Initial Franchise Fee (currently, $49,500). Franchisees that already operate a The Sports Bra® location will pay a discounted Initial Franchise Fee equal to 80% of the then-current Initial Franchise Fee (currently $44,000). If, after you sign the Franchise Agreement and pay the Initial

Franchise Fee, you cannot find a good location for your Franchised Business, then, if we deem you have used best efforts to find a location, upon the termination of your Franchise Agreement, we will refund you 50% of the Initial Franchise Fee that you paid, subject to you signing our then-current form of release.

(2) **Training Expenses.** We do not charge you a fee for training you and your general manager, but you must still pay for the cost of travel to The Sports Bra Portland's facility for owner and manager training, all training materials, and hours for staff during training. Initial training for you and your manager is included in the initial fee. We will provide you and your owners with pre-opening training in Portland, Oregon, or at another location selected by us. The training will take five to seven days. This estimated amount includes the estimated cost of attending training and covers travel expenses and room and board. You will also be responsible for any salary payable to your employees attending the training. If you want to send additional managers or other persons to the initial training, and if there is space, we will allow you to send additional persons. We charge a training fee of $1,500 for each additional person. Just like with your other training attendees you will be responsible for all other expenses related to their participation, such as travel and room and board. The high end of this estimate includes the $1,500 initial training fee for an additional training participant, and an estimate of the other expenses you will incur for yourself, your manager, and the additional participant.

(3) **Site Location and Market Analytics Fee.** Many factors go in to determining a good location for your Franchised Business. We require that you use a third party analytics consultant approved by us to assist you in analyzing the site and market in connection with looking for an appropriate location. The analysis that the consultant provides is intended to assist you in finding a good location that you can propose to us. Pursuant to the Franchise Agreement, any site you propose will be subject to our approval. At your request, the third party analytics consultant can provide additional services related to the site you choose for $2,500.

(4) **Lease, Utility, and Security Deposits.** You will need approximately 2,500 to 3,000 square feet of space to operate your Franchised Business. Ideally, there is additional space for outdoor dining as well. It is probable the site would be second-generation restaurant space in an urban setting, near public transportation, with a mix of business and residential use in the area. The cost per square foot of commercial space varies considerably depending upon the location and market conditions affecting commercial property, but generally, we estimate that the per square foot rent will be $20 to $35. In some large cities, the rent may be higher. You will likely to have to pay security deposits to your landlord and utility providers.

(5) **Design and Architects Fees.** A branding design package with general guidelines for your space is included in the Initial Franchise Fee, but you will have to use an approved supplier for development of the initial drawings for your space. You will also have to pay an approved architect or designer to help design the Approved Location's space.

(6) **Leasehold Improvements.** The estimate assumes that you are developing your Franchised Business within an existing restaurant space. Choosing a space that was previously built out for a restaurant is likely to reduce the cost of construction.

(7) **Signage.** This estimate includes interior and exterior signage. The cost of signage can vary significantly depending on, for example, the number and size of your signs. Both the size and number of signs will depend on various factors, such as what your lease says about your sign and local ordinances and sign regulations.

(8) **Furniture, Fixtures, and Security System.** Includes the furniture, fixtures and security system that you should install at your Franchised Business. The cost will vary depending on the needs of your actual space. For example, if your Approved Location is in second-generation restaurant space that needs few upgrades to meet our brand standards, the cost will be significantly lower than if the space needs significant upgrades.

(9) **Equipment and Smallwares.** The estimate assumes that you will be buying your equipment and smallwares, as opposed to leasing it. The low end of the estimate assumes that the Approved Location is a second generation restaurant space that already contains much of the equipment necessary. Such equipment would include a walk-in refrigerator or freezer, a grease trap, a hood and ventilation over the cooktop.

(10) **POS and Back-Office Computer System.** This estimate includes the point of sale terminals you will need, as well as the software for the POS terminals and back-office. The estimate also includes fees paid to the designated supplier of bookkeeping services and the initial software costs for the point of sale license(s).

(11) **Office Equipment and Supplies.** Includes office equipment and supplies needed to initially open your Approved Location, such as a computer, printer, filing cabinets, and paper goods for the office.

(12) **Business Licenses and Permits.** You will need to get a general business license in order operate your Franchised Business. You may also need other licenses and permits, depending on local requirements. You will need a liquor license, and the estimate for that license is included. The cost of liquor licenses may vary significantly from one location to another though. In some communities, there are limitations to the number of liquor licenses that can be awarded, and the only way to obtain a license may be to purchase it, at a premium, from an existing holder. If that is the case, the cost may significantly exceed this estimate. You should investigate the actual cost of a liquor license in the area where you would want to operate your Franchised Business beforehand. If there are limitations on the number of liquor licenses that can be granted this could be a significant and costly impediment to get your business started.

(13) **Professional Fees.** You may wish to hire an attorney or accountant to help you review this offering, set up a business to operate your franchise, and negotiate the lease for the Franchised Business.

(14) **Inventory to begin operating.** Includes your initial inventory of food, beverage, paper products, uniforms and other consumable supplies. It also includes an estimate of $5,000 to $8,000 paid for merchandise purchased before opening your Franchised Business. You pay the manufacturer directly for the merchandise.

(15) **Insurance.** Our current minimum insurance requirements are set out in Item 8. All insurance must be procured at the earliest possible time that you have an insurable interest with respect thereto, but in no event later than the opening of your Franchised Business.

(16) **Pre-opening and grand opening advertising and marketing.** These costs are for the initial marketing for your Franchised Business. Within the period beginning 60 days before the scheduled opening of the Franchised Business and ending 60 days after the opening of your Franchised Business, you must spend at least $5,000 on approved grand opening marketing and promotion.

(17) **Additional Funds.** This is an estimate of the additional working capital, in excess of revenue, that you may need to operate your Franchised Business during the first three months of operation. This estimate is based on our affiliate's experience operating its The Sports Bra® location. You will need to have on hand sufficient additional capital to cover salaries, payroll taxes, and benefits for your employees, as well as other costs. The expenses you incur during the initial period will depend on factors such as the time of year you open, local economic and market conditions, the cost of labor in your area, the amount you pay your staff, the number of employees you hire, your experience and business acumen, competition, and the sales level you reach during this initial period. The estimate does not include any salary to your owners, required payments on any financing you may obtain, or taxes. It also does not include Royalty Fees or Brand Development Fund contributions, which are based on a percentage of your Gross Sales.

AREA DEVELOPMENT AGREEMENT – COST OF OPENING 3 FRANCHISED LOCATIONS (Not Adjusted for Inflation)

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial Franchise Fee(1)	$99,000	Lump Sum	Upon signing Franchise Agreement	Us
Training Expenses(2)	$9,000 - $27,000	As incurred	As incurred	Travel vendors and us
Site Location and Market Analytics Fee(3)	$15,000 – $22,500	As incurred	As arranged	Approved supplier
Lease, utility and security deposits(4)	$60,000 - $225,000	As incurred	Lump Sum	Landlord, government agencies
Design and architects fees(5)	$45,000 - $105,000	As incurred	As arranged	Architect, designers and other suppliers
Leasehold improvements(6)	$150,000 - $900,000	As incurred	As arranged	Contractors and other suppliers
Signage(7)	$15,000 - $60,000	As incurred	As arranged	Suppliers
Furniture, Fixtures, Other Fixed Assets, Security Systems(8)	$15,000 - $150,000	As incurred	As arranged	Contractors and other suppliers
Equipment and Smallwares(9)	$75,000 - $300,000	As incurred	As arranged	Suppliers
POS and Back-Office Computer System(10)	$23,700 - $31,650	As incurred	As arranged	Suppliers
Office Equipment and Supplies(11)	$4,500 - $15,000	As incurred	As arranged	Suppliers

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Business Licenses and Permits[12]	$15,000 - $45,000	As incurred	As arranged	Government agencies
Professional Fees[13]	$15,000 - $30,000	As incurred	As arranged	Attorneys, accountants
Inventory to begin Operating[14]	$30,000 -$75,000	As incurred	As arranged	Suppliers
Insurance[15]	$21,000 - $36,000	As incurred	As arranged	Insurance company
Pre-opening and grand opening advertising and marketing[16]	$15,000 - $30,000	As incurred	As arranged	Suppliers
Additional Funds[17] (3 months)	$240,000 – 450,000			Suppliers
Total	$847,200 - $2,601,150			

This table shows the estimated initial expenses that you will incur if you sign an Area Development Agreement requiring you to sign Franchise Agreements to open a total of 3 locations. Each Area Development Agreement is negotiated with respect to the number of locations you agree to open. If you are required to open fewer than 3 locations, or more than 3, you will have to adjust the estimated initial investment. The easiest way of doing so is to multiply the information in the table showing the estimated initial investment for one location by the number of locations you are agreeing to open. No matter how many locations you are agreeing to open (even if it is 3), you should consider that inflation is likely to impact the cost of most line items in the table and the total cost. The longer the time over which your development obligation is spread, the greater is the likely impact of inflation.

Amounts paid to us or our affiliates are not refundable, except as specifically described below. Whether any costs paid to third parties are refundable will depend on any arrangements you may be able to negotiate with the suppliers. We do not provide any direct or indirect financing for amounts paid to us or to third parties. If you meet credit requirements determined by third-party vendors, you may be able to obtain financing. The availability and terms of financing will depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and lending policies of the financial institutions from which you request a loan. We do not determine the terms and conditions of any financing and we do not provide any guarantees for any financing provided to you by third parties.

(1) **Initial Franchise Fee.** If you sign an Area Development Agreement, part of the Initial Franchise Fees for the Franchise Agreements you are committing to open are due to us no later than on the date the Area Development Agreement is signed. You will have to pay the full Initial Franchise Fee under the Franchise Agreement for the first Franchised Business you will open pursuant to the Area Development Agreement and 50% of the Initial Franchise Fee for the remaining Franchised Businesses that you will open. Because the Initial Franchise Fee for additional locations is reduced to 80% of the Initial Franchise Fee for the first Franchised Business, if the Area Development Agreement is for the development of 3 Franchised Businesses, you will pay $99,000 at the time you sign the Area Development Agreement: the full $55,000 fee for the first location, and 50% ($22,000) for each of the 2 additional locations. The fees paid are non-refundable. The remainder of the Initial Franchise Fee for the second and subsequent Franchise

Agreement to be signed pursuant to the Area Development Agreement will be payable at the time you sign such agreements.

(2) **Training Expenses.** We do not charge you a fee for training you and your general manager, but you must still pay for the cost of travel to The Sports Bra Portland's facility for owner and manager training, all training materials, and hours for staff during training. Initial training for you and your manager is included in the Initial Training Fee. We will provide you and your owners with pre-opening training virtually and in Portland, Oregon or at another location selected by us. The training will take approximately five to seven days. This estimated amount includes the estimated cost of attending training and covers travel expenses and room and board. You will also be responsible for any salary payable to your employees attending the training. If you want to send additional managers or other persons to the initial training, and if there is space, we will allow you to send additional persons. We charge a training fee of $1,500 for each additional person. Just like with your other training attendees you will be responsible for all other expenses related to their participation, such as travel and room and board. The high end of this estimate includes the $1,500 initial training fee for an additional training participant, and an estimate of the other expenses you will incur for yourself, your manager, and the additional participant.

(3) **Site Location and Market Analytics Fee.** Many factors go in to determining a good site for your Franchised Business. We require that you use a third party analytics consultant approved by us to assist you in analyzing the site and market in connection with looking for an appropriate site under each Franchise Agreement. The analysis that the consultant provides is intended to assist you in finding a good location that you can propose to us. Pursuant to the Franchise Agreement, any site you propose will be subject to our approval. At your request, the third party analytics consultant can provide additional services related to the site you choose for $2,500 per location.

(4) **Lease, Utility, and Security Deposits.** You will need approximately 2,500 to 3,000 square feet of space to operate each of your Franchised Businesses. Ideally there is additional space for outdoor dining as well. It is probable the location would be second-generation restaurant space in an urban setting, near public transportation, with a mix of business and residential use in the area. The cost per square foot of commercial space varies considerably depending upon the location and market conditions affecting commercial property, but generally, we estimate that the per square foot rent will be $20 to $35. In some large cities the rent may be higher than that. You are likely to have to put down a lease deposit with your landlords. You will also likely have to put down deposits with utilities providers for your leased spaces.

(5) **Design and Architects Fees.** A branding design package with general guidelines for your Franchised Businesses is included in the Initial Franchise Fee, but you will have to use an approved supplier for development of the initial drawings for each of your Franchised Businesses. You will also have to pay an approved architect or designer to help design the Approved Location spaces.

(6) **Leasehold Improvements.** The estimate assumes that you are developing your Franchised Businesses within existing restaurant spaces. Choosing spaces that were previously built out for restaurant use is likely to reduce the cost of construction.

(7) **Signage.** This estimate includes interior and exterior signage. The cost of signage can vary significantly depending on, for example, the number and size of your signs. Both the size and number of signs will depend on various factors, such as what your leases say about your sign and local ordinances and sign regulations.

(8) **Furniture, Fixtures, and Security System.** Includes the furniture, fixtures and security system that you should install at your Franchised Businesses. The cost will vary depending on the needs of your actual space. For example, if your approved locations are in second-generation restaurant spaces that need few upgrades to meet our brand standards, the cost is going to be significantly lower, than if the spaces need significant upgrades.

(9) **Equipment and Smallwares.** The estimate assumes that you will be buying your equipment and smallwares, as opposed to leasing it. The low end of the estimate assumes that the approved locations for your Franchised Businesses are second generation restaurant spaces that already contains much of the equipment necessary. For each location, such equipment would include a walk-in refrigerator or freezer, a grease trap, a hood and ventilation over the cooktop.

(10) **POS and Back-Office Computer System.** This estimate includes the point of sale terminals you will need, as well as the software for the POS terminals and back-office. The initial software costs for the point of sale license(s) are also included in this estimate.

(11) **Office Equipment and Supplies.** Includes office equipment and supplies needed to initially open your locations, such as computers, printers, filing cabinets, and paper goods for the office.

(12) **Business Licenses and Permits.** You will need to get a general business license in order operate each of your Franchised Businesses. You may also need other licenses and permits, depending on local requirements. You will need a liquor license for each location, and the estimate for those licenses is included. The cost of liquor licenses may vary significantly from one location to another though. In some communities, there are limitations to the number of liquor licenses that can be awarded, and the only way to obtain a license may be to purchase it, at a premium, from an existing holder. If that is the case, the cost may significantly exceed this estimate. You should investigate the actual cost of a liquor license in the area where you would want to operate your Franchised Businesses beforehand. If there are limitations on the number of liquor licenses that can be granted this could be a significant and costly impediment to get your business started.

(13) **Professional Fees.** You may wish to hire an attorney or accountant to help you review this offering, set up a business to operate your franchise, and negotiate the leases for the Franchised Businesses.

(14) **Inventory to Begin Operating.** This estimate includes your initial inventory of food, beverage, paper products, uniforms and other consumable supplies. It also includes an estimate of $5,000 to $8,000 per Franchised Business paid for merchandise purchased before opening your Franchised Business. You pay the manufacturer directly for the merchandise.

(15) **Insurance.** Our current minimum insurance requirements are set out in Item 8. All insurance must be procured at the earliest possible time that you have an insurable

interest with respect thereto, but in no event later than the opening of your Franchised Business.

(16) **Pre-opening and Grand Opening Advertising And Marketing.** These costs are for the initial marketing during the first 90 days post-opening. The specific items included in this marketing package will be dependent on your location and recommendations from your marketing partner but could include: digital marketing, billboards, direct mailers, social media advertising and other related items.

(17) **Additional Funds.** This is an estimate of the additional working capital, in excess of revenue, that you may need to operate your Franchised Business during the first three months of operation. This estimate is based on our affiliate's experience operating its The Sports Bra® location. You will need to have on hand sufficient additional capital to cover salaries, payroll taxes, and benefits for your employees, as well as other costs. The expenses you incur during the initial period will depend on factors such as the time of year you open, local economic and market conditions, the cost of labor in your area, the amount you pay your staff, the number of employees you hire, your experience and business acumen, competition, and the sales level you reach during this initial period. The estimate does not include any salary to your owners, required payments on any financing you may obtain, or taxes. It also does not include Royalty Fees or Brand Development Fund contributions, which are based on a percentage of your Gross Sales.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Approved Suppliers and Specifications

Except as described below, neither we, nor any of our affiliates, currently require you to purchase or lease any products or services related to establishing or operating the franchised business either from us, our affiliates or other designated suppliers, or from suppliers approved by us, or under our specifications.

To ensure the high and uniform standards of service and quality to be maintained by all The Sports Bra® locations, you must operate your Franchised Business in conformity with our mandatory methods, standards and specifications. Certain goods, services, supplies, FF&E, signage, computer hardware or software, and comparable items related to establishing and operating the Franchised Business, including kitchen equipment, other equipment, furniture and fixtures, smallwares, bookkeeping services, architectural services, site selection services, food and beverage, linen service, sportswear, posters, stickers and other branded items must be purchased under our specifications and in some cases only from approved vendors.

Software and hardware for your point of sales system must meet our specifications; currently, we require you to use a point of sale system from Square. In addition, beginning 30 days before you open your Franchised Business and for the first two years of operation, you must also use of an accounting firm designated by us (currently, OnePoint Accounting). You will sign an agreement directly with the accounting firm and they will provide you with monthly bookkeeping services.

You must also purchase the insurance coverage we require. During the term of the Franchise Agreement, you must comply with all insurance requirements of any lease, mortgage, or deed of trust covering the Franchised Business as well as all of our insurance requirements. Our requirements will be listed in the Manual or as we may otherwise communicate from time to time. All insurance shall be procured at the earliest possible time that you have an insurable interest with respect thereto, but in no event later than the opening of the Franchised Business, and shall be written by insurance companies with an A.M. Best rating of A-VI or greater. As of the issuance date of this Disclosure Document, at a minimum, you must maintain the following:

(a) Commercial Property insurance on the Approved Location and all boilers, machinery, improvements, and/or betterments in, on, or to the Approved Location. Coverage shall be provided on a "Special Cause of Loss" form, not be subject to any coinsurance provisions, and be in an amount not less the full replacement cost of the Approved Location. Such coverage shall also include the following:

i. Equipment Breakdown, including spoilage damage coverage processing with a sublimit no less than $10,000 each occurrence;

ii. Business Income/Extra Expense coverage for loss of profits and necessary continuing expenses, including coverage for payments of royalty fees and Brand Development Fund Fee, for any interruption in your business operations, as well as the cost of conducting a pre-opening review before reopening of the business in the event of closure for repairs or rebuild, with a minimum limit of at least 12 months actual loss sustained;

iii. Off premises utility services including overhead power lines;

iv. If the Approved Location is located in an "earthquake prone zone" as determined by the U.S. Geological Survey, earthquake coverage with a limit equal to the full replacement cost of the location or with a sublimit no less than such amount as agreed upon between us and you, or if not specified by the parties, as may be required by the Manual; and

v. If the Approved Location is located in whole or in part within an area identified by the Federal Government as having a special flood hazard, flood coverage with a limit equal to the full replacement cost of the Approved Location or with a sublimit no less than such amount as agreed upon between us and you, or if not specified by the parties, as may be required by the Manual.

vi. Commercial General Liability (CGL) insurance with coverage for bodily injury, personal injury, property damage, contractual liability, products liability, completed operations, and independent contractors, written on the latest ISO CG 00 01 occurrence form or equivalent. The policy shall have minimum limits of (i) $1,000,000 each occurrence for bodily injury and property damage, (ii) $1,000,000 each occurrence for personal and advertising injury, (iii) $2,000,000 general aggregate, and (iv) $2,000,000 products-completed operations aggregate. The general aggregate limit shall apply separately to the Approved Location.

vii. Business Automobile Liability insurance covering all of your owned, non-owned, and hired automobiles with a minimum combined single limit of $1,000,000 per accident for bodily injury and property damage.

viii. Workers' Compensation and Employer's Liability insurance for all employees that work at the Approved Location, regardless of whether you is able to exempt yourself under applicable state law from the Workers' Compensation requirement, or whether the employees are full-time, part-time, temporary, seasonal, leased, or borrowed. The Workers' Compensation coverage provided shall be in accordance with the laws of the state where the Approved Location is located, and with a minimum limit of at least $1,000,000, and the Employer's Liability coverage shall have limits of $1,000,000 each accident for bodily injury by disease; $1,000,000 each employee for bodily injury by disease; and $1,000,000 policy limit for bodily injury by disease.

ix. Excess or Umbrella Liability insurance which provides excess coverage over the underlying CGL policy with minimum limits of $2,000,000 each occurrence and $2,000,000 general aggregate.

x. Environmental Liability insurance with minimum limits of $5,000,000 per occurrence and $5,000,000 aggregate.

xi. Cyber Liability insurance with minimum limits of $25,000 per occurrence and $25,000 aggregate.

xii. Liquor Liability insurance with minimum limits of $1,000,000 per occurrence and $1,000,000 aggregate.

xiii. Food Borne Illness/Trade Name Restoration insurance with a minimum limit of $500,000 per occurrence and $500,000 aggregate to cover lost income from an actual or alleged contamination event.

xiv. Commercial Crime insurance for losses arising out of or in connection with any fraudulent or dishonest act committed by your employees with a minimum limit of $25,000 per occurrence and $25,000 aggregate.

During any construction work at the Approved Location, you must maintain or cause your general contractor or design-builder to maintain Builder's Risk insurance or equivalent property insurance to cover that portion of the work to be constructed, installed, altered, or repaired. Such coverage shall include our and your interests, as well as the interest of any mortgagee, the general contractor or design-builder, any subcontractors, and any other party having an interest in the work. You must also flow down the requirements of subparts (b) above to all contractors or design-builders performing such work, to the extent applicable, except that that the minimum aggregate limit shall be $1,000,000.

We and our affiliates may be an approved supplier, and may be the only approved supplier for some products or services. We and our affiliates are not currently the supplier of any products or services purchased or leased by franchisees. Our officers have an interest in Sports Bra Portland. Otherwise, at this time, no officer of our company owns an interest in any required, recommended or approved supplier.

We estimate that 75% of your initial purchases and 40% of your ongoing purchases of products and services will be purchases either from us, our affiliates, our designees, suppliers approved by us, or under our specifications.

For the fiscal year ending on December 31, 2024, neither we, nor any of our affiliates, derived any revenue or other material consideration from required purchases or leases by franchisees.

Alternative Suppliers and Alternative Products or Services

You must obtain our approval to purchase any alternative products or services by submitting a written request to us with all applicable information, specifications or samples we may require. The same applies if you wish to purchase a product or service from an alternative supplier than the supplier we have approved for a product or service. In each case, we may charge a fee for the review. Currently, the fee is the higher of $500 and our actual cost of the testing and research required to evaluate the product or services. The fee is intended to cover our expenses incurred in the review of the alternative product or service, or the alternative supplier. The fee is payable to us at the time you submit the request for approval for the product or service (with any balance due against invoice). Within a reasonable time (our goal is 30 days or less, though depending on circumstances it may take significantly longer, even as long as 6 months), we will notify you whether the alternative product or service, or supplier, is approved. Other than that we wish to promote female-owned and local community businesses, we do not issue particular specifications and standards to Franchisees for approving alternative suppliers, products or services and we do not make such criteria available to franchisees. If we revoke the approval of an alternative supplier, product, or service, you will be notified of the revocation in a manner we deem appropriate. Applications for approval are reviewed on a case-by-case basis.

Relationship Between Us and Approved Vendors

We may negotiate product and service purchase terms with vendors for the benefit of all The Sports Bra® locations, franchised as well as company-owned. We do not currently provide any material benefits to a franchisee based on a franchisee's purchase of any particular services or use of particular suppliers. As part of our negotiations, we will may rebates or other material consideration from the vendor related to required purchases made by our franchisees. We may choose to pass such rebates on to the Brand Development Fund, or directly to you, but we are not required to do so. In 2024, we did not receive any rebates from approved vendors based on franchisee purchases and neither we, nor our affiliates, had any revenue from required purchases or leases of products or services by franchisees.

Currently, there are no purchasing or distribution cooperatives for the The Sports Bra® franchise system.

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

Obligation		Section in agreement[(1)]	Disclosure document item
a.	Site selection and acquisition/lease	FA §§2.2, 2.3, 2.8, 2.9, 5.1 ADA § III.A-B	5, 6, 7 & 11
b.	Pre-opening purchases/leases	FA §§5.2, 5.7	7 & 8
c.	Site development and other pre-opening requirements	FA §§5.1, 5.2, 5.3, 5.4, 5.5, 5.7, 7.1, 7.2 ADA § III.A-B	6, 7 & 11
d.	Initial and ongoing training	FA §§5.8, 7.3, 7.4, 7.5 ADA § III.D	6, 7, 11 & 15
e.	Opening	FA §5.8	7 & 11
f.	Fees	FA §§2.8, 2.9, 3.2, 4.1, 4.2, 5.8.D, 7.5, 7.9, 7.19, 7.27, 7.28, 8.1.D, 8.3, 9.2, 9.3, 9.7, 10.4, 12.4, 12.5, 13.7, 13.8, 13.10, 14.3, 14.4, 15.1, 15.2, 19.1.B, 19.6 §§2 & 4 of Covenant Agreement. ADA § II.E	5, 6, 7 & 11
g.	Compliance with standards and policies/operating manual	FA §§2.1, 2.4, 2.5, 4.2, 5.2, 5.4, 5.5, 6.1, Article 7, 8.1, 8.2, 8.8, 10.1, 11.6, 11.7, 12.1, 12.4, 14.1.D	8, 11, 14 & 16
h.	Trademarks and proprietary information	FA §§2.6, 7.9, 7.15, 7.29, 8.1, 8.6, Article 11, 15.1	13 & 14
i.	Restrictions on products/services offered	FA §§2.4, 2.5, 7.9, 8.1, 8.2	8 &16
j.	Warranty and customer service requirements	None	None
k.	Territorial development and sales quotas	ADA § II, Schedule 1	12
l.	Ongoing product/service purchases	FA §§7.7 & 8.1	8
m.	Maintenance, appearance, and remodeling requirements	FA §§7.14, 7.15	8 & 11
n.	Insurance	FA §§12.1, 12.2, 12.3, 12.4	6, 7 & 11
o.	Advertising	FA §§4.1.C, 7.24, 7.25, 7.26, 7.29, 8.1, 8.6, Article 9.	6, 7, 8 & 11
p.	Indemnification	FA §§12.5 ADA § VIII.B	6, 17
q.	Owner participation/ management/staffing	FA §§7.3, 7.4, 7.5, and 7.8 ADA § V	11 & 15
r.	Records and reports	FA §§7.8, 10.1, 10.2, 10.3 10.4, 15.3	6 & 11
s.	Inspections and audits	FA §§8.3, 8.4, 10.4	6 & 11
t.	Transfer	FA §13 ADA § VII	6, 15 & 17
u.	Renewal	FA §§3.2	6
v.	Post-termination obligations	FA §§11.2, 11.4, 11.12.B, 15, §2 of Covenant Agreement ADA § VI.B	6, 11, 14 & 17

Obligation		Section in agreement[(1)]	Disclosure document item
w.	Non-competition covenants	FA §§11.7, 11.12 and 14.3, Covenant Agreement	17
x.	Dispute Resolution	FA §§19 ADA § IX	17
y.	Personal Guaranty	FA – Schedules: Owner's Acknowledgment & Personal Guaranty; ADA §2.3, Exhibit B	1
z.	Charitable Contributions	FA §7.6	1, 6 & 11

Notes:

(1) References to the Franchise Agreement are marked "FA" and references to the Area Development Agreement are marked "ADA."

ITEM 10

FINANCING

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

ITEM 11

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

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

Pre-Opening Site Selection Obligations

Before you open your business, we will provide you with the following assistance:

Site Location and Acceptance: We currently require that you work with a market analytics consultant approved by us to help find an appropriate location for your Franchised Business. (Franchise Agreement, Section 5.1) You must locate and investigate potential sites within a geographic area specified in the Franchise Agreement. (Franchise Agreement, Section 5.1) We will provide you with our criteria for your site and location, and its layout. (Franchise Agreement, Section 6.1) You have to submit a proposed site to us for acceptance within 120 days of signing your Franchise Agreement. There is no contractual limit on how long we have to accept or decline the proposed site, but we will strive to do so within 30 days after we receive all required information from you. (Franchise Agreement, Section 5.1). If you and we have not yet agreed on a general area for your Franchised Business when you and we sign the Franchise Agreement, we will specify a Site Selection Area in which you must find a site.

Your site and its layout are subject to our acceptance. (Franchise Agreement, Section 5.2). It is your obligation to locate an appropriate site, but we will review it and, if it meets our System standards, accept it. The factors that we will consider in accepting your site include general location and neighborhood, physical characteristics of any existing building, traffic patterns and visibility of the location, parking, size, lease terms and local competition. (Franchise

Agreement, Section 5.1). Our acceptance of the site means only that the site meets our current site criteria.

If we decline your initial proposed site, we will give you the opportunity to submit another site for our consideration. If that site is also not accepted by us, we have the right to terminate the Franchise Agreement. You should also be mindful of the construction-related deadlines in the Franchise Agreement. It contains deadlines for finishing construction that are tied to the effective date of the Franchise Agreement. You must finish your construction and open your Franchised Business within 270 days of the effective date of the Franchise Agreement.

Lease Review: You will negotiate the terms of your lease. The Addendum to Lease attached to the Franchise Agreement (**Exhibit D, Schedule 9**) includes terms that we require your lease to include for our benefit. If you own the land on which the Franchised Business will be located, you do not need to sign the Addendum to Lease. We do not typically own, or lease to you, the site from which you will operate your Franchised Business, but may do so.

Plans and Specifications: We will provide you with our layout requirements for your Franchised Business, and discuss layout with you. (Franchise Agreement, Section 6.1). You must use an architect and general contractor that has been approved by us. We may in the future designate a required architect. You must also submit your architectural plans to us for our review and approval. (Franchise Agreement, Section 5.2). Our acceptance of your plans signifies only that the plans meet our current criteria. You must always make sure that your Approved Location and the premises of your Franchised Business comply with local ordinances and business codes. You must also ensure that you obtain the required permits for the build-out of your premises. You are responsible for all costs associated with the design of your Franchised Business.

Constructing, Remodeling, and Decorating: We will provide you with our design requirements and build-out specifications for your Franchised Business, and information about any required furniture, fixture and equipment (such as equipment, signage, millwork, kitchen equipment, menu boards, and lighting). (Franchise Agreement, Section 6.1). It is up to you to find a contractor to help you with the construction or remodeling, and decorating of your Franchised Business. The contractor must have sufficient experience in constructing restaurants, and must be approved by us. You must complete construction and remodeling at your expense in conformity with the construction drawings that we approve and with applicable building codes, zoning laws, and other laws governing businesses in the area where you locate the Franchised Business.

Area Development Agreement: If you are an area developer, our only obligation is to help you define your Development Area and assign it to you. (Area Development Agreement, Section 7.1).

Other Pre-Opening Obligations

Before you open your business, we will:

1. Provide you with information about the necessary furniture, fixtures and equipment for The Sports Bra® locations, required signage, opening inventory and supplies, but it is your responsibility to procure all such items. In some cases, we will provide you the names of approved vendors that you can (or must) purchase these items from, in other instances we will only provide you brand names or required specifications. (Franchise Agreement, Section 6.1). You will have to make all the purchases yourself, and if installation is required, take care of the installation

yourself. We are not required to provide you with equipment, signs, fixtures and opening inventory and we do not deliver or install any of them.

2. Make available to you the Manual. (Franchise Agreement, Section 6.1).

3. Provide a pre-opening training program (**"Home Court Training"**) for your owners and general manager. (Franchise Agreement, Section 6.1). A description of our training program appears later in this Item 11 under the caption "Training Programs." Apart from the pre-opening training program, we are not required to help train your employees and we are not required to help you hire employees.

4. A The Sports Bra® representative will spend 10 days assisting you and your staff on-site at your Approved Location in connection with the opening of your Franchised Business. (Franchise Agreement, Section 6.1). If you wish for additional support of your management team, you can contract with us for extended training. At this time extended training is $400 per day per trainer. This rate may change during the term. (Franchise Agreement, Section 7.5).

5. Approve or disapprove all advertising, signage, written communications, electronic or web-based materials and promotional plans, and other materials displaying our Proprietary Marks that we have not prepared or previously approved. (Franchise Agreement, Section 9.1).

6. Upon reasonable request, we will consult with and advise you at our home office concerning the construction and operation of the Franchised Business. (Franchise Agreement, Section 6.1).

Opening of Your Business

We expect that franchisees will typically open their Franchised Businesses 6 to 12 months after they sign a franchise agreement. The factors that affect this time usually include locating a suitable site, completing the leasehold improvements, satisfactorily completing the training, obtaining all necessary equipment and supplies, and obtaining all necessary licenses or permits.

Your Franchised Business may be open for business when you satisfy our requirements. You will have to comply with the following: (i) install all fixtures, furniture and equipment and obtain all business licenses required to operate a Franchised Business; (ii) you must have hired qualified staff and you (or one of your owners, if you are an entity) and your general manager must have satisfactorily completed our training program; (iii) you must have obtained a liquor license; (iv) you must have paid all sums due us and our affiliates; (v) you must not be in default under the Franchise Agreement or any other agreement with us or our affiliates; (vi) we must have made a satisfactory on-site inspection and investigation as we deem appropriate; and (vii) you must have purchased required insurance. (Franchise Agreement, Section 5.8).

If you sign an Area Development Agreement, you and we will agree on a schedule for opening Franchised Businesses in your development area. The development schedule will set several periods in each of which you have to open a certain number of locations. (Area Development Agreement – Section 3.1 and Schedule 1).

Obligations During Operation of the Franchise

During the operation of the Franchised Business, we will:

1. Consult with and advise you at our offices, upon reasonable request, concerning the operation of the Franchised Business. (Franchise Agreement, Section 6.1).

2. Modify and add to the Manual, as we deem appropriate to reflect changes in the business, authorized products or services, or specifications for authorized products and services, equipment requirements, quality standards, and operating procedures. (Franchise Agreement, Section 6.1).

3. Provide additional optional or required training programs or seminars, as we deem appropriate in consideration of your payment of an additional training fee as described in Item 6. (Franchise Agreement, Section 6.1). A description of our additional training appears later in this Item 11 under the caption "Training Programs." Apart from those training programs, we are not required to help train your employees and we are not required to help you hire employees.

4. Conduct inspections of your Approved Location and financial records, conduct evaluations of the products and services provided by your Franchised Business, and conduct interviews with your employees, agents and customers, directly, or through mystery shoppers, all as we may deem advisable. (Franchise Agreement, Section 6.1).

5. Manage the Brand Development Fund. (Franchise Agreement, Section 9.4). A discussion of the marketing, sales and advertising fund appears later in this Item 11 under the caption "Brand Development Fund."

6. Approve or disapprove all advertising, signage, written communications, and promotional plans and other materials displaying our Proprietary Marks, which we have not prepared or previously approved. (Franchise Agreement, Section 9.1).

7. We may, at our sole discretion, from time to time make suggestions regarding your product and services pricing. You may decide whether or not to follow those suggestions, but in most jurisdictions, we have the right to set minimum and maximum product and service prices, and, where permitted, you must honor those minimum and maximum prices. You may also not offer coupons, discounts, gift cards, gift certificates, loyalty programs, mobile applications, online ordering capabilities and similar promotions without our prior approval in writing. (Franchise Agreement, Sections 8.8). (Also, see Item 16).

8. For the first two years of operating, you will be required to use a designated accounting service. After that, you can opt out of this service. Throughout the term of your Franchise Agreement we require you to use a standard chart of accounts, income statement and balance sheet format, and require that you generate monthly reports. We may also require you to use a specific accounting software and give us access to your books. It will be up to you to maintain your books and to do your accounting. However, if you cannot provide us with the required reports in a timely fashion, or if we otherwise have reason to believe you are not property maintaining your accounts, we have the right to require that you engage us again, or that you engage an accounting firm approved by us to maintain your accounts. You must also keep business records in the format required by us and must provide us with reports as set forth in the Manual.

We are not required to establish any particular administrative or inventory control procedures, but we may choose to do so.

Advertising Program

While we are not required to do so, we expect to undertake different activities to promote the The Sports Bra® brand. We may prepare marketing and advertising materials in-house or by outside agencies, both national and regional. We are not required to spend any amount on advertising in the area that your Franchised Business will be located in. We plan to develop both a loyalty program and a gift card program.

Local Advertising, Websites and Social Media

To facilitate your local marketing and advertising, we plan to prepare pre-approved strategies, including copy and graphic design. All other advertising, marketing, and publicity materials you use must first be approved by us. You must submit to us for our review and approval any materials not already approved by us. This includes all such materials, no matter the medium (e.g. print, digital, social media, and mobile apps). You must at all times comply with our instructions regarding the use of advertising materials, including modifying or ceasing to use those materials, whether or not we previously prepared or approved the materials. We will try to let you know within 5 business days of when you submit advertising materials whether it has been approved or disapproved, but there is no time limit in the Franchise Agreement for how soon we need to let you know our decision.

Within the 60 days preceding the opening of your Franchised Business and the first 60 days after the opening of your Franchised Business, you must spend at least $5,000 on grand opening marketing and promotion. During the term of your Franchise Agreement, you are also required to spend at least $500 per month on local marketing. We will define what types of expenses qualify towards the required spend and have the right to require you to submit reports and receipts showing that you have complied with the minimum spend requirement. Though it may not always be possible to limit your local advertising to only your Protected Area (described in Item 12), the goal is for your advertising to be limited to your Protected Area. This is particularly important if there are other franchisees with Protected Areas adjacent or close to yours.

We will maintain a website for the System, and you may not maintain your own website for your Franchised Business. We may, however, provide you with a subpage on the System website. We encourage you to develop a local presence through social media. While we will own the social media accounts, you will have administrative access to the accounts for your Franchised Business and be able to post to the accounts and manage them. Any online or digital presence, such as social media (for example Facebook, Instagram, X (formerly Twitter), and YouTube) and mobile applications, is subject to our social media policy and our general requirements about marketing and advertising. The social media policy will include provisions both regarding content and design, but also management of your accounts, and may require that we are either the owners of those accounts, or have co-administrative rights to the accounts.

Franchisee Advisory Council

We have not yet established a franchisee advisory council, but reserve the right to do so in the future. If established, the advisory council is expected to provide support with respect to our advertising policies. We may also establish advisory councils to weigh in on other aspects of the System.

Brand Development Fund

We have established a Brand Development Fund (**"Brand Development Fund"**). The Brand Development Fund will be accounted for separately from our other funds. We will not use the Brand Development Fund to defray any of our general operating expenses, except for reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the Brand Development Fund and all costs of research, development and preparing national, regional, point of sale and local advertising and marketing strategy materials for use within the System. The materials may be disseminated via radio, television, print media, Internet (including social media), or outdoor advertising. We do not plan to use the Brand Development Fund to solicit new franchisees. The Brand Development Fund Fee currently is 2% of your Gross Revenue, payable on a monthly basis, but may be increased by us up to 4% of your Gross Revenue. All The Sports Bra® locations owned by our affiliates will contribute to the Brand Development Fund at the same percentage of Gross Revenue required of Franchisees within the System.

The intention is to spend the entire Brand Development Fund Fee collected, provided that we have the right to carry over fees from year to year, if the entire fee from one year is not spent that year. The Brand Development Fund will be administered by us. When we establish a franchisee advisory council, its board will serve in an advisory capacity to us, but we will have sole discretion over the concepts, materials, and media used in these programs and activities and their placement and allocation. In any calendar year, we may spend more or less than the amount of aggregate contributions from all The Sports Bra® locations to the Brand Development Fund in that year, and the Brand Development Fund may borrow from us or from others to cover deficits or invest any surplus for future use. We will use all interest earned on monies contributed to the Brand Development Fund before we expend other assets of the Brand Development Fund. We will not audit the Brand Development Fund, but Franchisees may, upon written request to us, receive an annual accounting of how advertising fees are spent. Brand Development Fund contributions will not be principally used to sell additional franchises. (Franchise Agreement, Section 9.4).

Expenditures by the Brand Development Fund may not be proportionate or equivalent to contributions to the Brand Development Fund by The Sports Bra® locations operating in that geographic area. You or your Franchised Business may not benefit directly or in proportion to your contribution to the Brand Development Fund. Neither we nor the Brand Development Fund would be liable to you for the maintenance, direction or administration of the Brand Development Fund, including for contributions, expenditures, investments or borrowings, except for acts constituting willful misconduct. The funds collected by the Brand Development Fund and any earnings thereon, are not and shall not be an asset of ours or of any Franchisee.

As of the issuance date of this disclosure document, we did not have any franchisees, and therefore had not collected any Brand Development Fund fees.

Advertising Cooperatives

We have not established, but may in the future establish and maintain, local and regional advertising cooperatives for geographic areas (each an **"Advertising Cooperative"**), in which you must participate. We will determine the area for each Advertising Cooperative, but generally the intention would be to set up the area so that franchisees in a region or area can pool advertising funds that benefit the group by undertaking joint advertising and marketing programs. Franchisees and our and our affiliates' The Sports Bra® locations who are members of the

Advertising Cooperatives will all contribute on the same basis. The Advertising Cooperative fee will be no more than 1% of your Gross Revenue. Your contributions to an Advertising Cooperative will not be credited towards your Local Advertising minimum spend requirement.

We will determine whether to form any Advertising Cooperatives, and if formed, we will decide if and how to change them, merge them, or dissolve them. We will be responsible for administering the Advertising Cooperative. We are not required to prepare written governing documents for any Advertising Cooperative, but if we do, the members of that Advertising Cooperative will be able to review the governing documents. The Advertising Cooperatives will prepare unaudited annual financial statements and those will be available to review by their members, once finalized.

Point of Sales System and Other Computer Systems

You must obtain and use the computer system that we require. Currently, this includes the point of sale and management system and terminals from an approved supplier. We currently require you to use Square as your point of sales system, including their credit card processing services. This equipment includes but is not limited to: point of sale computers, hand held ordering devices, kitchen order monitors, printers, cash draws, and other related items. You must use the most current version of that system. The initial cost of the computer system is estimated to be between $5,000 and $15,000 depending on the number of terminals, kitchen displays, printers, and additional software you choose to purchase. We have no contractual obligation to provide ongoing maintenance and repairs, or to upgrade or update any hardware or software. The current monthly fee for the Square POS system that we currently require you to use is $350, which includes upgrades and updates to the POS software. You must also have a functioning email address so that we can send you notice and otherwise communicate with you.

We have the right to obtain independent access to all of the data generated or stored in your POS and your computer, including but not limited to sales reports by category, department, menu item (both food and beverage at your Franchised Business), inventory, cashier, lunch, dinner and hour on a daily, weekly and monthly basis. There are no contractual limitations on our right to access such data.

In the future, we may require you to change, upgrade or modify the type of computer hardware and software at your expense. There are no contractual limitations on the frequency and cost of this obligation. We need not reimburse you for any of these costs. We and our affiliates may condition any license of proprietary software to you or your use of technology that we or our affiliates may require, develop or maintain, on your signing an agreement or similar document that we, our affiliates or the vendor may require to regulate the use of the software. The Technology Fee you pay may cover some of the computer and software related expenses, but we are not required to use it towards location-specific computer equipment or software. You will have to implement the software, computer, and internet security procedures that are outlined in the Manual from time to time. You may be required to use only approved hardware and software products and services, and to purchase or lease them only from approved vendors.

Operations Manual

Attached as **Exhibit H** is the table of contents of our Manual. The Manual includes approximately 363 pages. The manual includes policies, regulations and procedures about the operations of a The Sports Bra® location that apply to you and all franchisees under the Franchise Agreement. We have the right to add, delete, or change any operating policy or the Manual.

Training

We will provide you, your owners, and your general manager with our Home Court Training program. Some or all of the classroom training may be provided virtually. The training will take approximately five to seven days. The hours of training depend on your previous experience with entertainment options similar to those included in your Franchised Business and your experience with restaurant operations. You or at least one of your owners must complete the entire Home Court Training program to our satisfaction before you can open your Franchised Business, and your general manager must complete the management training portion of the training to our satisfaction before opening. If any of your attendees fail those portions of the training, we have the right to terminate the Franchise Agreement. If you already operate one or more The Sports Bra® locations, we may waive the initial training requirement for one or more of the persons who would normally be required to participate, or reduce the amount of training required.

There is no charge for the training for franchise owners and the general manager, but if you want to bring additional persons to the Home Court Training their participation is subject to a $1,500 fee per person and our approval. We may limit the number of attendees due to space limitations. Whether a person is attending the Home Court Training for free or against a fee, you are responsible for all costs incurred by your attendees, such as travel and accommodation (and for their salaries).

Your shift leaders will all have to successfully complete our certification program. All persons working in the restaurant portion of your Franchised Business must also obtain state sanitation and food handling certifications of the level commensurate to their responsibilities and you are responsible for all expenses you may incur in connection with obtaining such certifications. You must also ensure that you and your staff comply with any state or local training requirements for bartenders, servers, and others handling alcohol.

The Home Court Training Program consists of the following segments:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Use of the Manual	1	0	Portland, OR
Tour of The Sports Bra	0	1	Portland, OR
Media Training	1	1 - 2	Portland, OR
Marketing/Advertising	0	4	Portland, OR
Management Procedures	1-3	8 - 12	Portland, OR
Franchise Reporting Requirements, Accounting/Record keeping, POS System	2	2 - 4	Portland, OR
Front of House, Customer Engagement, Observations	0	8	Portland, OR
Bar Area	0	4	Portland, OR

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Back of House – Prep/Cook Procedures	0	4 - 8	Portland, OR
Merchandise - Ordering, Inventory	0	1	Portland, OR
Inventory Management	0	2 - 3	Portland, OR
On-Site Procedures - Cleaning, Safety, Incident Reporting	0	1	Portland, OR
Totals	5 - 7	36 - 48	

Orientation/Pre-Opening

Your owners must attend The Sports Bra® orientation and pre-opening training program described above as soon as reasonably possible after signing your Franchise Agreement and before beginning site selection, if possible. This portion of the initial training is designed to introduce you to The Sports Bra® model, orient you to The Sports Bra® culture, team and business flow, and educate you to efficiently manage your site selection, marketing and pre-opening activities.

Initial Management Training

Your owners and general manager must attend the initial management-portion of the training described above. It is conducted after you complete site selection, and within a reasonable amount of time before your scheduled opening date. All permits must be in place prior to attending the training. The initial management training course may average 8 hours per day plus additional homework assignments, and will include topics such as advertising and marketing, food preparation, and building the brand in your community.

Onsite Training Around Opening

We will send at least one The Sports Bra® training representative to your Franchised Business location, at no cost to you, for on-site training and assistance when you open the Franchised Business. The length of time the representative(s) will be on-site is expected to be 10 days. On-site training and assistance will include additional training of personnel, purchasing and inventory management, POS training, and PR, communications, media training, and merchandising. If you already operate one or more The Sports Bra® locations, we may waive or decrease this part of the training.

We will organize the initial training program on an as-needed basis so that you and other new franchisees can complete the training before you open your The Sports Bra® locations. Training may be conducted just for your team, or may be combined with training for other new franchisees.

The nature of Instructional Materials and the Instructor's Experience

We will use various training materials as part of the training, including the Manual and our recipes. The training program is led by Lindsey Schalock, our Director of Franchise Development,

and is overseen by Jenny Nguyen, our CEO and President, who has been involved in the operation of The Sports Bra® locations since our affiliate opened its location in January 2022. She has more than 16 years of experience in the restaurant and foodservice business. The rest of the training team have at least 5 years of experience with the topic they will teach, and many have been working at our affiliate's The Sports Bra® location in Portland, Oregon, since the spring or summer 2022, shortly after that location opened.

Additional and Ongoing Training

The initial Home Court Training program must be completed by you and your general manager. If the general manager leaves your employment, you must hire and train a new manager within 30 days. Depending on how long you have operated your Franchised Business and your experience we may allow you to train general managers yourself, but we always reserve the right to have the general manager trained by us.

We may, at our option, provide you with additional onsite training, if you request it. Currently, the charge for additional training and support is $400 per day, per trainer, plus their cost of travel and accommodation, though we may adjust the fee during the term of your Franchise Agreement. You may also request additional training at our locations. If we approve it, currently the fee will be $400 per day, and you will be responsible for the travel, accommodation, meals, and salaries for the persons attending.

We will offer periodic mandatory and optional additional and refresher training programs for you, your owners, and general manager. Mandatory refresher training is limited to 10 days per year. Refresher and additional training may be offered at any location designated by us in-person, at locations designated by us, or virtually. We may charge a reasonable fee for attending these training programs, intended to offset our cost of the programs. You will also be responsible for all costs incurred by your attendees, such as travel and accommodation.

We also have the right to require that you and your owners attend a national business meeting or annual convention for our franchisees. Participation in the franchisee convention is included in the 10 days per year that we can require that you participate in additional training. We may charge a registration fee for attending. You will also be responsible for all costs incurred by your attendees, such as travel and accommodation.

ITEM 12

TERRITORY

Franchise Agreement:

Protected Area: You will operate your Franchised Business out of an Approved Location. For traditional locations, we will grant you a protected area for your Franchised Business (**"Protected Area"**). The Protected Area is typically a 2-mile radius around the Approved Location, though in urban areas with more than 1 million people, the Protected Area will be an area with a radius of approximately half a mile from the Approved Location. The size of the Protected Area will remain the same throughout the term of your Franchise Agreement and there are no minimum sales volume, market penetration, or other contingency or conditions that affect its size. The Protected Area excludes certain types of locations (**"Non-Traditional Venues"**) even if they are located within the Protected Area. Non-Traditional Venues include enclosed shopping centers/malls, airports, train stations, hotels and resorts, amusement and theme parks,

sport stadiums and arenas, colleges, and government facilities, such as military bases. If your Franchised Business is going to be located in a Non-Traditional Venue, then the Protected Area consists of the Non-Traditional Venue it is located in. For example, if it is located in a sports arena, that sports arena would be the Protected Area of your Franchised Business.

Your Rights in the Protected Area: There are certain limitations to your Protected Area rights and your rights are not exclusive. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands we control. Generally, we will not open our own The Sports Bra® locations, or license our affiliates or any other franchisees to operate Franchised Businesses in your Protected Area. But, for Franchised Businesses in traditional locations this protection excludes Franchised Businesses in Non-Traditional Venues. Also, we and our affiliates may use other channels of distribution (such as wholesale, sales through grocery stores, other retail stores, Internet, catalog sales, telemarketing, other direct marketing sales, and sales at temporary locations and events) to offer The Sports Bra® services, products, and merchandise in your Protected Area, and if we develop another brand of bars, restaurants, or another type of business, that brand may operate in your Protected Area or distribute products or services in your Protected Area. Neither we, nor our affiliates or other franchisees owe you any compensation for such sales in your Protected Area, but you also do not owe us or other franchisees any compensation if you service customers outside of your Protected Area.

Though we currently have no plans to do so, we reserve the right to market, sell, and license others to market and sell, similar products and services to those offered by your Franchised Business in your Protected Area, as long as they are offered under a different trademark.

Catering and Delivery: As of the date of this FDD you must receive our permission to offer delivery and catering in your Protected Area or elsewhere. If we allow such sales you will have to conduct all delivery and catering activities in accordance with the procedures that we specify in the Manual or otherwise in writing. All revenue from delivery and catering orders will be part of your Gross Revenue. The territory in which you can offer delivery and catering may not be the same as your Protected Territory, and we have the right to adjust the territory in which you may offer delivery and catering services.

We may also enter into agreements with third-party delivery providers, such as Uber, GrubHub, or DoorDash, and may require you to participate in those delivery programs. You may not enter into any agreements with third-party delivery providers without our express, written consent.

Relocation, No Right of First Refusal, and How to Obtain Right to Open Additional Locations: You are not allowed to relocate your Franchised Business or open any additional locations in the Protected Area without first obtaining our written consent, which we may withhold at our discretion. Given the cost we will incur in connection with approving and supporting a relocation, if your relocation is approved, we will charge you a relocation fee of 50% of the then-current Initial Franchise Fee, for the relocation. The Franchise Agreement you sign with us is for one Franchised Business only, operated out of the Approved Location. It doesn't grant you any right of first refusal. If you want to open more than one location, you must apply to us for a franchise agreement for the additional location(s). We will evaluate your application the same as we evaluate all franchise applications at that time.

Area Development Agreement

Under the Area Development Agreement, you will be granted a specific territory (**"Development Area"**) in which to locate a number of Franchised Businesses. The territorial rights of each Franchised Business will be governed by the Franchise Agreement for the location. The size of the Development Area will be agreed upon between you and us before the Area Development Agreement is signed, but generally, it will be big enough to allow for the opening of the required number of Franchised Businesses with each such business having a Protected Territory, though some of those Protected Territories may overlap.

There are certain limitations to your Development Area rights and your rights are not exclusive. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands we control. Specifically, locations in Non-Traditional Venues are excluded from the Development Area in the same way as they are excluded from the Protected Area under the Franchise Agreement. We and other The Sports Bra® franchisees also have the right to market and advertise in your Development Area and to sell products and services to customers in the Development Area. Also, we and our affiliates may use other channels of distribution (such as wholesale, sales through grocery stores, other retail stores, Internet, catalog sales, telemarketing, other direct marketing sales, and sales at temporary locations and events) to offer The Sports Bra® services and products in your Development Area, and if we develop another brand of restaurants, bars, or another type of business, that brand may operate in your Development Area or distribute products or services in your Development Area. Neither we nor our affiliates or other franchisees owe you any compensation for such sales in your Development Area. Once Franchise Agreements for all Franchised Businesses to be opened pursuant to the Area Development Agreement have been signed, the Area Development Agreement will expire and your territorial rights in the Development Area will cease.

Failure to timely develop Franchised Businesses is grounds for termination of the Area Development Agreement, so if you do not develop the Franchised Businesses as agreed on in the Development Schedule to the Area Development Agreement we can terminate the agreement. At our option we may instead reduce the right of the Development Area, reduce the number of Franchised Businesses that can be opened by you, or allow other developers to open Franchised Businesses in the Development Area.

We do not typically allow you to change the Development Area, but if the population density in the Development Area changes, we reserve the right to adjust the size of the Development Area. The Area Development Agreement will allow you to open a certain agreed upon number of Franchised Businesses in the Development Area. If you want to open more Franchised Businesses, you must first apply to us as there are no options, right of first refusal, or similar rights granted under the Area Development Agreement. We will review the application the same way we review applications for new franchisees.

Neither we, nor our affiliates, have any current plans to operate or franchise a business under a different trademark.

ITEM 13
TRADEMARKS

We grant you the non-exclusive right to operate the Franchised Business under the following principal trademarks, service marks, names, logos and commercial symbols which our

affiliate owns. Our Parent has registered the following trademarks in the United States Patent and Trademark Office: ("USPTO").

Mark	Registration Number	Registration Date	USPTO Principal or Supplemental Register
The Sports Bra	7225823	Nov. 21, 2023	Principal
	7121828	Jul. 25, 2023	Principal
	7527488	Oct. 8, 2024	Principal
	7527486	Oct. 8, 2024	Principal
	7527485	Oct. 8, 2024	Principal

Our Parent has filed all required affidavits of Continuing Use and Incontestability and intends to renew the registrations prior to their expiration.

Our Parent has also applied for registration of the following Proprietary Mark with the USPTO:

Mark	Application Number	Application Date	USPTO Principal or Supplemental Register
THE ONLY COMPETITION IS THE STATUS QUO	98623209	June 27, 2024	Principal

On April 18, 2024, we entered into an Intellectual Property License Agreement with our Parent that permits us to use, and to license our franchisees to use, the Proprietary Marks everywhere in the U.S., except for in the Portland, Oregon metro area. Under the terms of the Intellectual Property License Agreement we have a perpetual right to use, and to sublicense to our franchisees, the Proprietary Marks. The agreement can only be terminated on mutual agreement between the parties, if we are dissolved or are subject to bankruptcy or similar

proceedings, if we breach the agreement and do not cure within 30 days, or if we merge or there's a management change or voting control change of our company, or if we sell the license. If the Intellectual Property License Agreement terminates our Parent would assume the license to you, or if they are not able to assume it, you will have the right to continue using the Proprietary Marks until the expiration or termination of the then-current term of your Franchise Agreement and any renewal terms. There are no other agreements currently in effect which significantly limit our right to use or license the use of our marks in a manner material to the franchise.

We claim common law rights to our designs, logos and trade dress items including color schemes and appearance, but there have not been judicial determinations of the existence, validity, or extent of our rights. We claim and intend to rely on common-law trade secret and unfair competition, and copyright protection of materials and information you are granted the right to use under the Franchise Agreement.

You must follow our rules when you use the above marks and our other Proprietary Marks. You cannot use a name or mark as part of your entity name or with modifying words, designs or symbols, except for those that we license you to use. You cannot use any mark in connection with the performance or sale of any unauthorized services or products or in any manner we have not expressly authorized in writing.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administration of any state, or of any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation involving the principal trademark.

There are no pending material federal or state court litigation regarding our use or ownership rights in a trademark.

There are no agreements currently in effect which significantly limit our right to use or license the use of our marks in a manner material to the franchise.

We intend to take reasonable steps to preserve and protect our ownership of the marks and their validity. We are not obligated to protect any rights granted to you to use the trademarks or to protect you against claims of infringement or unfair competition regarding the trademarks. Nevertheless, it may be in our best interest to do so.

You must notify us immediately when you learn about an infringement of, or challenge to, your use of the trademarks. We will take the action we think is appropriate. We will undertake the defense of the litigation and will bear the costs of the litigation, except for the costs of any legal counsel separately retained by you. You must cooperate fully in prosecuting, defending, or settling any litigation involving the trademarks, including being named as a party in the action at our request.

If we require you to modify a trademark that we have previously required you to use, we will pay for your direct expenses associated with the removal of the old trademark and its replacement.

We do not know of any infringing uses that could materially affect your use of our principal marks. You must modify or discontinue the use of a trademark if we modify or discontinue the use of a trademark as a result of a proceeding or settlement. You also must not directly or indirectly contest our right to our trademarks, trade secrets, or business techniques that are part

of our business. You must maintain the confidentiality of the Manual and any other manuals created for or approved for use in the operation of the Franchised Business, and the information contained in the manuals.

ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

No patents are material to the franchise.

We claim copyrights in the Manual, advertising material and related items used in operating the franchise. We are not obligated to take any action to protect our copyrighted materials, but will respond to this information as we think appropriate.

The Manual and other materials we provide to you contain our confidential and proprietary information. Certain information about the operation of the Franchised Business including the standards, methods, procedures and specifications of the System, including the contents of the Manual, is derived from information we disclose to you and all that information is of a proprietary and confidential nature and our trade secret ("**Confidential Information**"). You (if you are an individual) and each of your owners (if you are an entity), officers, directors, members, partners, manager, employees and agents must maintain the absolute confidentiality of all Confidential Information both during the term of your Franchise Agreement and after its termination or expiration and may use that Confidential Information only to the extent necessary to operate the Franchised Business. You cannot disclose that Confidential Information for any reason, except to your owners, officers, directors, members, partners, managers, employees and agents only to the extent necessary for the operation of the Franchised Business. You must sign, and shall cause all persons receiving the Confidential Information to sign, the Confidentiality Agreement attached as **Schedule 7** to the Franchise Agreement. You cannot use any Confidential Information in any other business or in any other manner or obtain any benefit from it not specifically approved in writing by us during the term of your Franchise Agreement or afterwards. You may not use our Confidential Information in an unauthorized manner and must take all reasonable steps to prevent its disclosure to others. You must promptly tell us when you learn about unauthorized use of our confidential and proprietary information.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You are, or if you are an entity, at least one of your owners is, required to attend and complete the initial training course (the Home Court Training program). You are also required to be actively involved in the management of the restaurant, though on-premises supervision, though recommended, is not required. If you do not fulfill the role of general manager yourself, you will have to hire a general manager.

We do not limit whom you may hire as your general manager, other than requiring the general manager to successfully complete the manager portion of the Home Court Training program, and that you have them sign a confidentiality agreement. You may yourself act as the general manager, assuming you have sufficient restaurant experience.

We require that you give your general manager a minimum of 5% equity in the franchisee entity, or receive part of their compensation in a form that is similar to equity ownership (phantom stock, for example). The interest given to your general manager may vest over time.

If you are a legal entity, your owners must sign the Owner's Acknowledgment and Personal Guaranty to personally guarantee their obligations and performance under the Franchise Agreement and agree to be bound personally by every contractual provision, whether containing monetary or non-monetary obligations. The owners must also sign a Covenant Agreement in which they agree to keep our proprietary information confidential and agree not to compete with The Sports Bra® brand. The Owner's Acknowledgment, Personal Guaranty, and Covenant Agreement are attached to the Franchise Agreement.

If you (or your owners, as applicable) are married, your spouse will be asked to execute a Spousal Consent (attached to the Area Development Agreement and Franchise Agreement) acknowledging that your obligations under the Area Development Agreement, each Franchise Agreement and each Personal Guaranty are binding upon the marital community's assets.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We require you to offer and sell only those goods and services that we have approved (see Item 8). You must offer all goods and services that we designate as required for all franchisees. These include the types of food and beverage items as are to be offered by the Franchised Business. All services and food and beverage items, as well as other products offered or sold, must meet and be consistent with the requirements set forth in the Manual or otherwise set by us. If you offer any menu items that are not approved by us for your Franchised Business, then you must pay us a fee of $250 per day that the unauthorized item is offered. All services and products must be offered only at retail. No wholesale of products is permitted by the Franchised Business.

You must operate the Franchised Business at least 5 days per week, but may operate 6 or 7 days, at your option.

We have the right to add additional goods or services that you are required to offer. There are no limits on our right to do so.

ITEM 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION THE FRANCHISE RELATIONSHIP

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

Franchise Agreement ("FA")

Provision	Section in FA	Summary
a. Length of the franchise term	§3.1	10 years
b. Renewal or extension of the term	§3.2	2 terms of 5 years each
c. Requirements for franchisee to renew or extend	§3.2	You must: notify us within 12 months (but not more than 24 months) before the agreement expires of your request for a renewal agreement; not be in default under the agreement; be current on all payments to us, our affiliates, and your suppliers; be in compliance with our training requirements; renovate the Approved Location to our then-current standards; have the right to remain in possession of the Approved Location or have found substitute premises; be able to maintain all licenses and permits, including a liquor license; sign our then-current form of franchise agreement for successor franchisees; pay us a renewal fee; and you and your guarantors must sign a general release. Further, you may be asked to sign a Franchise Agreement with materially different terms and conditions than your original contract.
d. Termination by franchisee	Not Applicable	Franchisee may terminate the Franchise Agreement under any grounds permitted by law.
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	§§14.1.B - D	We can terminate only if you default.
g. Cause defined – curable defaults	§§14.1.D	You generally have 10 days to cure nonpayment of fees and 30 days to cure failure to submit reports, provide information, and maintain our standards or any other default not specified in Section 14. If you fail an inspection for any health or safety reason, we have the right to require that you temporarily close all or part of your Location until the dangers to health and safety have been remedied.

Provision		Section in FA	Summary
h.	Cause defined – non-curable defaults	§§14.1.B and 14.1.C	Non-curable defaults: failure to timely begin construction of the Approved Location, timely submit a site application, timely complete construction of the Approved Location, timely open the Location, cease operating or abandon the Approved Location, forfeit the right to do business where the Approved Location is located, conviction of felony, unapproved transfers, improper use or disclosure of confidential information, false reporting or submissions to us, under-reporting Gross Revenue, repeated defaults even if cured, entry of judgment against you which remains unsatisfied for 30 days, levy against your business or Approved Location, action brought to foreclose lien or mortgage against the Approved Location premises or equipment which is not dismissed in 30 days, or you become insolvent, a receiver is appointed to take possession of your business or Approved Location, you make a general assignment for the benefit of your creditors, you engage in public conduct that reflects materially and unfavorably upon the System, or the goodwill associated with the Marks, or you are in default under any other Franchise Agreement or other agreement with us or our affiliates which is not curable, or, if the default is curable, you have not cured the default within the cure period, or bankruptcy, or you are in default in paying any monies to your landlord or to any supplier under the normal payment terms and conditions of the landlord or the supplier and you do not cure such default and satisfy us that such default is cured within 30 days after receiving notice from us to cure the same.
i.	Franchisee's obligations on termination/non-renewal	§15.1	Cease operating the Approved Location; discontinue use of the Marks and advertising; complete de-identification as our Franchisee; transfer telephone numbers and social media accounts to us; deliver all materials and documents for the Approved Location to us; modification and alteration of Approved Location; cease using the System and Manual; remove any sign that has our distinctive shape, color and/or design; allow us, at our option, to purge at your cost all your usable materials bearing the marks, and/or your office equipment, furniture, fixtures; sell movable signs to us at their fair market value, promptly pay all amounts due us including the liquidated damages set forth in Section 15; and maintain and preserve your financial and other records and make them available for our inspection. If we give you notice, sell the assets of the Approved Location to us or our assignee. See State Addenda.
j.	Assignment of contract by franchisor	§13.1	No restriction on our right to assign.

Provision	Section in FA	Summary
k. "Transfer" by franchisee – defined	§§1.1.OO and 13	Transfer means voluntary or involuntary direct or indirect assignment, sale, gift or other transfer of your Franchise Agreement or any of your rights or obligations as a Franchisee (your "Franchised Interest"), including (i) the transfer of ownership of your stock, partnership or limited liability company ownership interest; (ii) merger, reorganization, consolidation or issuances of additional securities representing a direct or indirect interest in your Franchised Interest of Approved Location; (iii) sale of more than a 50% interest in your Franchised Interest; (iv) transfer of a Franchised Interest in a divorce, insolvency, corporate partnership dissolution or otherwise; (v) transfer of a Franchised Interest by will, trust or intestate succession; (vi) change in ownership or otherwise; (vii) any change in trustee or beneficial owner of a trust (if the trust is a Franchisee or has more than a 50% interest in the Franchised Interest); or (viii) any pledge, hypothecation or encumbrance of any Franchised Interest as security for an obligation.
l. Franchisor approval of transfer by franchisee	§13.2	You may not transfer your Agreement, your franchise, or any ownership interest in the franchise, the Approved Location or a substantial portion of the Approved Location's assets, without our consent.
m. Conditions for franchisor approval of transfer	§§ 13.3, 13.4, 13.6, 13.7, 13.8, 13.9, 13.10, 13.11, 13.12	For most transfers, we require the transferee to meet our criteria for new franchisees, the transferee owners must sign a guarantee, you must pay a transfer fee, all your monetary obligations must be satisfied, you and your owners must release us from claims and you must agree to continue to be liable for the operation of the Franchised Business before the transfer. If the transfer results in a change of control of the franchisee or the Franchised Business the transferee will have to sign our then-current form of franchise agreement for the reminder of the term of your Franchise Agreement, the Approved Location will have to be upgraded to meet our then-current standards for new Franchised Businesses, and that the transferee and at least one of its owners completes those training programs we require to our satisfaction. For some transfers we do not require the transferees to submit a new franchisee application, even though the other transfer requirements apply. This is the case if (1) you sign the Franchise Agreement as an individual, and wish to transfer it to a corporation, partnership or limited liability company that you maintain your same ownership interest in, (2) you are a corporation, partnership or limited liability company, you may transfer an aggregate of up to 25% of your outstanding voting ownership interests to your employees who are actively engaged in the operations of the Approved Location, (3) you transfer some of the ownership to a general manager that is required to transfer it back when they leave their positions, or (4) you wish to transfer ownership by public or private offering. We may withhold the consent in our sole discretion in the case of a public offering, and for a private offering will not unreasonably withhold it.

Provision	Section in FA	Summary
		For sales of securities or other interests by public or private offering, we may grant or deny approval based on whatever we deem to be in our best interests. The grant of a security interest in any of the assets of the Franchised Business, including the Franchise Agreement, require our consent. We will require your lender to enter into an agreement with us regulating what will happen in the event of a default under the Franchise Agreement.
n. Franchisor's right of first refusal to acquire franchisee's business	§13.5	Any transfer of ownership, other than from you (if you are an individual) to a corporation, partnership or limited liability company owned by you, is subject to our right of first refusal. A sale of your assets is also subject to our right of first refusal. We have the option for 30 days following our receipt of notice of transfer to exercise our right. We can purchase the ownership interest in Franchisee on the same terms as those offered by you to the third party.
o. Franchisor's option to purchase franchisee's business	§§14.3, 15.1.I	Upon termination for any reason of the Franchise Agreement, we have the option for 30 days following the termination or expiration to purchase your assets at a price determined by 1 appraiser selected by us (though you may select a second appraiser at your expense, and if their evaluations are more than 10% apart, you will pay for a third appraiser to determine the final price). We also have the rights within 60 days following our receipt of your inventory list following termination or expiration of the Franchise Agreement, to purchase at fair market value, your supplies, FF&E, signage, and other materials bearing the Proprietary Marks.
p. Death or disability of franchisee	§§13.6, 13.7	If you die or become incapacitated (and you are personally the Franchisee or the owner of more than 50% of the Franchisee), your executor or other legally appointed personal representative must appoint, within 30 days, an approved owner or approved management company to operate the Approved Location. Pending the appointment and subject to legal formalities, we can manage the Approved Location. Your executor or other legally appointed personal representative must also transfer all your interests to a third party within 1 year. With our consent, your estate or legally appointed personal representative may transfer all your interest to your spouse, parent, sibling, direct descendant or spouse's direct descendant.
q. Non-competition covenants during the term of the franchise	§§7.13, 11.11.A	The Franchise Agreement forbids you and each Covered Person during the term of the Franchise Agreement from directly or indirectly engaging in a Competitive Business. The Franchise Agreement defines a "Competing Business" as any sports related bar or restaurant and any business franchising, licensing, or otherwise providing consulting services to such businesses, except for other The Sports Bra® locations. We define "Covered Person" in the Franchise Agreement. The restriction against competition applies world-wide during the term of the franchise or for 2 years after a Covered Person (or their spouse or other covered family member) severs his or her relationship with you.

Provision	Section in FA	Summary
r. Non-competition covenants after the franchise is terminated or expires	§11.12. B	The Franchise Agreement forbids you and each Covered Person from directly or indirectly engaging in a Competing Business that is located within 15 miles of another The Sports Bra Business anywhere in the world, whether or not the The Sports Bra business was open for business on the date your Franchise Agreement terminates or expires or opens at a later date. This restriction applies for 2 years after the termination or expiration of the Franchise Agreement or the effective date of a transfer to a third party.
s. Modification of the agreement	§20.1	No modifications generally unless in writing signed by you and one of our officers. However, our Manual is subject to change at our discretion.
t. Integration/merger clause	§20.1	Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement are not enforceable.
u. Dispute resolution by arbitration or mediation	§19.1	If a dispute cannot be resolved otherwise, the dispute will be referred to mediation. The mediation will take place in the county and state where we have our principal place of business (currently Portland, Oregon), using a mediator agreed upon between us.
v. Choice of forum	§19.4	Subject to applicable state law, litigation must be in any state court of general jurisdiction in the county or state, or in the U.S. District Court for the district, in which we have our principal place of business. You will submit to the jurisdiction of those courts. See State Addenda.
w. Choice of law	§20.2	Oregon law applies (subject to applicable state law). See State Addenda.

Area Development Agreement ("ADA")

Provision	Section in ADA	Summary
a. Length of the franchise term	I.G	Depends on Development Quota and Development Deadlines that we negotiate.
b. Renewal or extension of the term	N/A	N/A
c. Requirements for franchisee to renew or extend	N/A	N/A
d. Termination by franchisee	N/A	You may terminate the Area Development Agreement as permitted by applicable law.
e. Termination by franchisor without cause	VI.A	Termination without cause is only possible by mutual agreement.

Provision	Section in ADA	Summary
f. Termination by franchisor with cause	VI.A	We may only terminate the Area Development Agreement for good cause based on your material default.
g. Cause defined – curable defaults	VI.A	Except for defaults that the Area Development Agreement identifies are not curable, you have 30 days after notice to cure all defaults.
h. Cause defined – non-curable defaults	VI.A	The Area Development Agreement identifies non-curable defaults. They include the following: your failure to meet a Development Deadline; your bankruptcy or insolvency; your assignment for the benefit of creditors; if a liquidator or receiver is appointed for all or substantially all of your assets unless the appointment is dismissed within 60 days; a material misrepresentation or omission in your application for the area development or franchise rights; your conviction or plea of no contest to a crime or offense that we reasonably believe is likely to adversely affect the reputation of the Proprietary Marks; if you fail to comply with any law within 10 days after being notified of non-compliance; an unauthorized transfer; misuse of the System; receipt of 3 or more notices of default within any 24-month period; or termination of a Franchise Agreement for any reason. Termination of the Area Development Agreement will not automatically result in the termination of any Franchise Agreements then in effect between us unless the same material breach constitutes a breach of the Franchise Agreement and we follow the termination procedures in the Franchise Agreement.
i. Franchisee's obligations on termination/non-renewal	VI.B	Your obligations include the following: You will lose your right to further development and must sign a general release.
j. Assignment of contract by franchisor	VII.A	There are no restrictions on our right to assign the Area Development Agreement, except that our obligations must be fully assumed by the assignee.
k. "Transfer" by franchisee – defined	VII.B	The Area Development Agreement is a personal service contract. We forbid any kind of Event of Transfer, whether done voluntarily or by operation of law, unless you first obtain our written consent. The Area Development Agreement adopts the same definition for an "Event of Transfer."
l. Franchisor approval of transfer by franchisee	VII.B	Any Event of Transfer requires our written consent beforehand, which we agree not to unreasonably withhold.
m. Conditions for franchisor approval of transfer	VII.B	The proposed buyer must submit an application to us and meet our qualifications. The proposed buyer must assume your existing Area Development Agreement for the remainder of your Development Term. We may condition our consent to an Event of Transfer involving the Area Development Agreement to the buyer also acquiring the assets of at least one of your The Sports Bra Businesses in the Development Territory and satisfying the separate conditions applicable to

Provision	Section in ADA	Summary
		an Event of Transfer under the Franchise Agreement. You or the proposed buyer must pay us a $10,000 transfer fee or $5,000 if the proposed transferee is an existing The Sports Bra franchisee. You must sign a general release.
n. Franchisor's right of first refusal to acquire franchisee's business	N/A	N/A
o. Franchisor's option to purchase franchisee's business	N/A	N/A
p. Death or disability of franchisee	N/A	N/A
q. Non-competition covenants during the term of the franchise	N/A	Once you sign the Area Development Agreement and the first Franchise Agreement, you are subject to the non-compete covenant in the Franchise Agreement.
r. Non-competition covenants after the franchise is terminated or expires	N/A	N/A
s. Modification of the agreement	XI.G	The Area Development Agreement may not be modified except by a written agreement that both of us sign.
t. Integration/merger clause	XI.I	Only the terms of the Area Development Agreement are binding (subject to state law). Any representations or promises outside of this disclosure document and the Franchise Agreement may not be enforceable. Nothing in the Area Development Agreement requires you to waive or disclaim any of the representations that we make in this disclosure document.
u. Dispute resolution by arbitration or mediation	IX	Same dispute resolution provisions as the Franchise Agreement.
v. Choice of forum	IX	The Area Development Agreement incorporates the dispute resolution provisions of the Franchise Agreement, which includes a forum selection provision that requires any lawsuit to be filed in the state or federal courts located closest to our headquarters, which at this time are in Porland, Oregon. Certain states have laws that supersede the choice of forum in the Franchise Agreement and require that a lawsuit be brought in the state or federal courts in the franchisee's home state. See the State-Required Addenda, **Exhibit E**

Provision	Section in ADA	Summary
w. Choice of law	IX	Oregon law applies. Certain states have laws that supersede the choice of law provision in the Franchise Agreement. See the State-Required Addenda, **Exhibit E**.

There are state-required addenda attached as **Exhibit E** for the states of California, Hawaii, Illinois, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia and Washington. The Michigan Addendum to FDD is attached following the state cover page.

ITEM 18

PUBLIC FIGURES

We do not use any public figure 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.

As of December 31, 2024, we had one affiliate-owned outlet and no franchised outlets. The following financial performance representation shows the gross sales and cost of goods sold of The Sports Bra® location operated by our affiliate in Portland, Oregon ("**Affiliate Location**"). The Affiliate Location included in this financial performance representation utilizes the System and is substantially similar to the franchises we offer except that it does not pay Royalties and is not subject to the local advertising requirement; it does pay the Brand Development Fund Fee.

	2023		2024	
Revenue				
Alcoholic Beverages	$401,096	37.1%	$415,042	38.0%
Non-Alcoholic Beverages	$42,797	4.0%	$53,522	4.9%
Food	$463,341	42.9%	$474,160	43.5%
Merchandise	$124,620	11.5%	$101,417	9.3%
Events	$61,632	5.7%	$91,926	8.4%
Discounts & Comped Meals	($12,517)	-0.9%	($45,247)	-4.1%
Total Revenue	$1,080,590	100.0%	$1,090,819	100.0%
Cost of Goods Sold				
Alcoholic Beverages	$106,948		$107,370	
Non-Alcoholic Beverages	$6,900		$9,161	
Food	$187,989		$183,561	
Merchandise	$54,947		$71,009	

Other (donated food & misc. COGS)	$2,615		$0	
Total Cost of Goods	$359,399	33.3%	$371,102	34.0%

As used above, "**Total Revenue**" means revenues attributable to or derived from the operation of the Affiliate Location, including, but not limited to, revenues from the sale of all food, alcoholic and non-alcoholic beverages, products, merchandise, events and services related to the Affiliate Location (regardless of whether such food, beverages, services or products are consumed at the Affiliate Location), and all other income of every kind and nature related to the Affiliate Location including, without limitation, catering income, income from gift card and loyalty programs and the proceeds of business interruption insurance, whether for cash, credit, barter, or otherwise, and regardless of collection in the case of credit, less (i) any sales taxes or other taxes collected from your customers for transmittal to the appropriate taxing authority; (ii) authorized discounts; (iii) refunds and credits made in good faith to arms' length customers; (iv) the amount of any checks dishonored or returned and the amount of any charge backs or reversals of credit card transactions with customers. "**Cost of Goods Sold**" does not include the cost of sports streaming and merchant account fees, which our affiliate treats as expenses of the Affiliate Location.

The information presented in this Item 19 is derived from data reported to us from our affiliate, The Sports Bra Portland. You should conduct an independent analysis of this franchise offering, consult with attorneys, accountants, appraisers, and other professional advisors who are familiar with the sports bar and restaurant industry, and prepare your own business plan and pro forma cash flow statement, balance sheet, and statement of operations.

Our affiliate's The Sports Bra® location earned these amounts. Your individual results may differ. There is no assurance that you'll earn as much.

Written substantiation for the financial performance representations in this Item will be made available to you upon reasonable request.

Other than as described in the preceding financial performance representation, we do not make any representations about a franchisee's financial performance or the 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 franchisor's management by contacting Jenny Nguyen, our president, at 2512 NE Broadway Street, Portland, Oregon 97232, tel. 503.558.6715, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table 1
Systemwide Outlet Summary For Years 2022 to 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised[(1)]	2022	0	0	0
	2023	0	0	0

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
	2024	0	0	0
Company-Owned	2022	0	1	+1
	2023	1	1	0
	2024	1	1	0
Total Outlets	2022	0	1	+1
	2023	1	1	0
	2024	1	1	0

Table 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2022 to 2024

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

Table 3
Status of Franchised Outlets for Years 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Totals	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0

Table 4
Status of Company-Owned Outlets For Years 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Reacquired From Franchisee	Outlets Closed	Sold to Franchisees	Outlets at End of Year
Oregon	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Totals	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1

Table 5
Projected Openings as of December 31, 2024

State	Franchise Agreements Signed But Outlet Not Opened as of 12/31/2024	Projected New Franchised Outlets in Next Fiscal Year	Projected New Company-Owned Outlets in Next Fiscal Year
California	0	1	0
Illinois	0	1	0
New York	0	1	0
Washington	0	1	0
Total	0	4	0

Attached as **Exhibit I** is a list of the names of all franchisees and their addresses and telephone number of all their outlets as of the issuance date of this Disclosure Document.

Attached as **Exhibit J** is a list of the name, city and state and current business telephone number or last known home telephone of every franchisee who, in our most recent full fiscal year end; had an outlet terminated, cancelled, not renewed or otherwise voluntarily or involuntarily closed to do business under the Franchise Agreement; or has not communicated with us within 10 weeks of this disclosure document's issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

We have not signed any confidentiality clauses with any current or former franchisee that would restrict them from speaking openly with you about their experience with us. The franchisor has not created, sponsored, or endorsed any trademark specific franchisee organization, and no independent franchisee organization has requested to be included in this disclosure document.

ITEM 21

FINANCIAL STATEMENTS

Attached to this disclosure document as **Exhibit K** are (i) our audited financial statements for the partial fiscal year ending December 31, 2024; and (ii) our unaudited financial statements for the period from January 1, 2025 through January 31, 2025. We have not been in business for three years or more and therefore cannot include all of the financial statements that would otherwise be required to be included in this Item 21. Our fiscal year ends on December 31.

ITEM 22

CONTRACTS

The following agreements are attached to this disclosure document:

(a) Area Development Agreement – **Exhibit C**

(b) Franchise Agreement – **Exhibit D**

(c) State-Required Addenda – **Exhibit E**

(d) Confidentiality Agreement (to receive confidential information before signing a Franchise Agreement) – **Exhibit F**

(e) General Release – **Exhibit G**

ITEM 23

RECEIPTS

The last 2 pages of this disclosure document are receipt pages. Please date and sign both copies immediately upon receipt. Detach the last page and return to us promptly upon execution. Retain the other copy of the receipt page for your records.

EXHIBIT A

STATE ADMINISTRATORS

Listed below are state administrators and agencies having responsibility for franchise disclosure/registration laws:

California State of California Dep't of Financial Protection & Innovation 320 W. 4th Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 / (866) 275-2677 ask.dfpi@dfpi.ca.gov	**Hawaii** Hawaii Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division P.O. Box 40 Honolulu, Hawaii 96810 (808) 586-2744
Illinois Franchise Bureau Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	**Indiana** Franchise Section Indiana Securities Division 302 West Washington Street, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681
Maryland Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202 (410) 576-6360	**Michigan** Consumer Protection Division, Franchise Section Michigan Department of Attorney General 525 W. Ottawa Street G. Mennen Williams Building, 6th Floor Lansing, Michigan 48933 (517) 373-7117
Minnesota Minnesota Department of Commerce Franchise Section 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 296-6328	**New York** NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, New York 10005 (212) 416-8222
North Dakota North Dakota Securities Department State of North Dakota 600 East Boulevard Avenue, Fifth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712	**Oregon** Department of Consumer & Business Services Division of Finance & Corporate Securities State of Oregon Labor and Industries Building Salem, Oregon 97310 (503) 378-4140

Rhode Island Department of Business Regulation Securities Division John O. Pastore Complex 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9500	**South Dakota** Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 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	**Washington** Department of Financial Institutions Securities Division State of Washington P.O. Box 41200 Olympia, Washington 98504-1200 (360) 902-8738
Wisconsin Division of Securities Department of Financial Institutions Wisconsin Commissioner of Securities P.O. Box 1768 Madison, Wisconsin 53701-1768 (608) 266-8559	

EXHIBIT B

AGENTS FOR SERVICE OF PROCESS

California Commissioner of the Department of Financial Protection and Innovation State of California Department of Financial Protection and Innovation 320 W. 4th Street, Suite 750 Los Angeles, California 90013-2344	**Hawaii** Hawaii Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division State of Hawaii 335 Merchant Street, Room 203 Honolulu, Hawaii 96813
Illinois Office of Attorney General State of Illinois 500 South Second Street Springfield, Illinois 62706	**Indiana** Secretary of State State of Indiana 201 State House 200 West Washington Street Indianapolis, Indiana 46204
Maryland Maryland Securities Commissioner 200 Saint Paul Place Baltimore, Maryland 21202-2020	**Michigan** Michigan Department of Commerce Corporation & Securities Bureau G. Mennen Williams Building, 1st Floor 525 West Ottawa Street Lansing, Michigan 48933
Minnesota Commissioner of Securities Minnesota Department of Commerce, Franchise Section 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198	**New York** Secretary of State State of New York 99 Washington Avenue Albany, New York 12231
North Dakota Securities Commissioner North Dakota Securities Department State of North Dakota 600 East Boulevard Avenue, Fifth Floor Bismarck, North Dakota 58505-0510	**Oregon** Department of Consumer & Business Services Division of Finance & Corporate Securities State of Oregon 350 Winter Street, N.E., Room 21 Salem, Oregon 97310
Rhode Island Director of Business Regulation Department of Business Regulation State of Rhode Island 1511 Pontiac Avenue John O. Pastore Complex – Building 69-1 Cranston, Rhode Island 02920	**South Dakota** Division of Insurance Securities Regulation State of South Dakota 124 S. Euclid, Suite 104 Pierre, South Dakota 57501

Virginia Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219	**Washington** Director of Financial Institutions Securities Division State of Washington 150 Israel Rd. SW Tumwater, Washington 98501
Wisconsin Commissioner of Securities Wisconsin Securities Commission 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705	

EXHIBIT C

AREA DEVELOPMENT AGREEMENT

AREA DEVELOPMENT AGREEMENT

between

THE SPORTS BRA FRANCHISE LLC

and

_____

Effective Date: _____

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AREA DEVELOPMENT AGREEMENT

This Area Development Agreement ("**Agreement**") is made on _____ ("**Effective Date**") by and between The Sports Bra Franchise LLC, a Delaware limited liability company ("**Franchisor**") and _____, a _____ ("**Developer**").

RECITALS

A. Franchisor awards franchises for the right to own and operate sports bars focused on women's sports under the service mark The Sports Bra® and associated marks and in accordance with Franchisor's comprehensive, distinctive and uniform business methods, standards and specifications (each, a "**The Sports Bra Business**").

B. Franchisor grants the right to develop and operate a mutually agreed-upon number of The Sports Bra Businesses within a designated geographic area, subject to specific development deadlines and other conditions, to persons who are able to meet Franchisor's qualifications and are willing to undertake the necessary investment and effort.

C. Developer desires to obtain the right to develop multiple The Sports Bra Businesses (each, a "**Franchised The Sports Bra Business**") and is willing to make certain development commitments, and Franchisor is willing to grant development rights to Developer on the terms and conditions of this Agreement.

NOW, THEREFORE, the parties agree as follows:

I. DEFINITIONS

A. If a capitalized term is not defined in this Agreement, it has the same meaning assigned in the Franchise Agreement. For clarity, any references in the Franchise Agreement to "you" or "your" mean Developer and to "we," "us," or "our" mean Franchisor.

B. The term "**affiliate**" means a person or business entity that controls, is controlled by, or is under common control with, a party to this Agreement.

C. "**Approved Location**" means the business premises in the Development Territory approved by Franchisor in writing for Developer's operation of a Franchised The Sports Bra Business under a Franchise Agreement.

D. "**Development Deadline**" is each specific date shown on Schedule 1 by which Developer must open a Franchised The Sports Bra Business in the Development Quota.

E. "**Development Fee**" is the sum shown on Schedule 1 payable in accordance with the terms of this Development Agreement.

F. "**Development Quota**" is the number of Franchised The Sports Bra Businesses that must be open for business (each under a separate Franchise Agreement) by the Development Deadlines shown on Schedule 1.

G. "**Development Term**" is the period beginning on Effective Date of this Agreement and expiring without notice at the close of business on the date (i) of the last Development

Deadline shown on Schedule 1; or (ii) when the last Franchised The Sports Bra Business in the Development Quota actually opens for business to the public, whichever occurs first; unless this Agreement is sooner terminated pursuant to the terms of this Agreement.

H. "**Development Territory**" is the geographic area identified on Schedule 1. The Development Territory excludes any Non-Traditional Venue located in the Development Territory on or after the Effective Date.

I. "**Franchise Agreement**" means each Franchise Agreement to be executed by Developer pursuant to this Agreement, as follows: (1) with respect to the first Franchised The Sports Bra Business in the Development Quota, the Franchise Agreement to be executed concurrently with this Agreement (in the form attached as **Exhibit A**); and (2) with respect to subsequent Franchised The Sports Bra Businesses in the Development Quota, Franchisor's then-current Franchise Agreement.

J. "**Initial Training Program**" means the initial training program that Franchisor provides before and in connection with the Opening Date of each Franchised The Sports Bra Business in the Development Territory.

K. "**Non-Traditional Venues"** means any non-foodservice businesses of any sort within which The Sports Bar Business is established and operated, including, for example, hotels and resorts (where a The Sports Bar Business is enclosed within the confines of a hotel or resort structure); sporting event arenas and centers; airports and other travel facilities; federal, state, or local government facilities (including military bases); theme and amusement parks; recreational facilities; colleges and other academic facilities; shopping malls; theaters; train stations; and casinos.

L. "**Opening Date**" is the date on which a Franchised The Sports Bra Business developed in accordance with the Franchise Agreement actually opens for business to the public.

II. DEVELOPMENT RIGHTS AND OBLIGATIONS

A. Grant of Rights.

1. Subject to the terms and conditions of this Agreement, including the rights that Franchisor expressly reserves in the Development Territory, Franchisor grants to Developer, and Developer hereby accepts, the exclusive right to open and operate in the Development Territory the number of Franchised The Sports Bra Businesses equal to the Development Quota shown on Schedule 1, each under the terms of a separate Franchise Agreement. Subject to Franchisor's reserved rights, and provided that Developer is not in default under this Agreement, Franchisor agrees not to directly or indirectly operate, or grant any other person the right to operate, a Franchised The Sports Bra Business in the Development Territory during the Development Term.

2. Developer is solely responsible for planning its development activities to allow sufficient time to secure approval of an Approved Location for each Franchised The Sports Bra Business in the Development Quota, execute a lease for the Approved Location, and complete the build-out and development of each Franchised The Sports Bra Business in accordance with the requirements of the Franchise Agreement in order to open each Franchised The Sports Bra Business in the Development Quota by no later than the Development Deadlines shown on Schedule 1.

B. Development Territory.

1. The designation of a Development Territory does not give Developer the right to object to Franchisor's award of franchises to others for locations outside the Development Territory, regardless of how close another The Sports Bra Business may be located to the boundaries of the Development Territory. The significance of designating a Development Territory is solely to indicate the geographic area within which Franchisor will not open or operate, or grant others the right to open or operate, a The Sports Bra Business subject to the exclusions and reserved rights set forth in this Agreement and in any Franchise Agreement.

2. The designation of a Development Territory does not give Developer the right to use the Proprietary Marks in the Development Territory or market or advertise its Franchised The Sports Bra Business in media that circulates, broadcasts or otherwise is directed to or accessible by persons in the Development Territory. The designation of a Development Territory is not a guaranty that the Franchised The Sports Bra Businesses that Developer opens and operates in the Development Territory will achieve a minimum level of Gross Revenue or be successful or profitable.

3. Once the Development Term ends, the Development Territory shall have no relevance. The only relevant territory once the Development Term ends will be the Protected Area that is assigned to an individual Franchised The Sports Bra Business in any of the Franchise Agreements to be executed by Developer.

C. Franchisor's Reserved Rights. Franchisor reserves to itself and its Affiliates all rights that it does not award to Developer. Developer understands that its right to develop Franchised The Sports Bra Businesses in the Development Territory is subject to Franchisor's reserved rights described in this Section and in the Franchise Agreement. Franchisor has no obligation to share with Developer any revenue or profits that Franchisor earns from engaging in any of the reserved activities in the Development Territory. Without limiting the scope of Franchisor's reserved rights, during the Development Term, Franchisor and its Affiliates may directly or indirectly engage in any of the following activities within and outside of the Development Territory without prior notice or compensation to, or consent of, Developer:

a. To open and operate, or license others to open and operate, a The Sports Bra Business in any Non-Traditional Venue located in the Development Territory.

b. To use the Proprietary Marks and all or part of the The Sports Bra System in any manner, method or channel of distribution other than in connection with operating or granting others the right to open or operate a The Sports Bra Business in the Development Territory (subject to the exclusions in this Agreement).

c. To sell products and merchandise of any kind (including, without limitation, the sale or distribution of products bearing the Proprietary Marks) through any other retail or wholesale channels of distribution, including by means of the Internet, mail order catalogues, direct mail advertising, and from supermarkets, restaurants and other food service businesses that do not do business under the Proprietary Marks.

d. To own and operate, and to license or franchise others to operate, businesses under other names, trade names, trademarks or service marks other than the Proprietary Marks inside or outside the Development Territory.

e. To promote and sell products bearing the Proprietary Marks at special events, athletic contests, through temporary locations and mobile units inside or outside of the Development Area.

f. To: (a) go public or engage in a private placement of all or some of its securities; (b) acquire an equity or any assets, be acquired by or have any or all of its assets (including the Proprietary Marks) acquired by, merge with, affiliate with, or engage in any transaction with other businesses (whether competitive or not), located anywhere or involving a business conducted anywhere; or (c) undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. These transactions may include arrangements involving competing businesses or outlets and dual branding or brand conversions.

D. Exclusions.

1. Franchisor grants Developer no rights other than the rights expressly stated in this Agreement.

2. Nothing in this Agreement gives Developer the right to use, or sublicense to others the use of, the Proprietary Marks or The Sports Bra System.

3. Nothing in this Agreement gives Developer the right to object to Franchisor's grant of franchises to others for locations outside of the Development Territory.

4. Nothing in this Agreement gives Developer an interest in Franchisor or the right to participate in Franchisor's business activities, investment or corporate opportunities.

E. Development Fee.

1. Upon execution of this Agreement, Developer shall pay Franchisor a non-refundable development fee as set forth in Schedule 1 ("**Development Fee**").

a. Franchisor will credit $55,000 of the Development Fee to the Initial Franchise Fee payable under the first Franchise Agreement which the parties will execute concurrently with the execution of this Agreement.

b. Of the remaining balance of the Development Fee, Franchisor will credit $22,000 of the Development Fee towards the Initial Franchise Fee for each subsequent Franchise in the Development Quota when Developer obtains Franchisor's approval of a proposed site for the Franchised The Sports Bra Business and executes the Franchise Agreement for the franchise, at which time Developer shall pay the other $22,000 of the Initial Franchise Fee to Franchisor in full.

c. The credit process shall continue in this manner until the total amount of credits applied by Franchisor towards the Initial Franchise Fees payable under each new Franchise Agreement that the parties execute for another Franchise in the Development Quota equals the Development Fee.

2. The Development Fee and the balance of the Initial Franchise Fee that is paid to Franchisor pursuant to this Agreement shall be fully earned by Franchisor when paid, regardless of the number of Franchised The Sports Bra Businesses that Developer actually opens

for business or the length of time each Franchised The Sports Bra Business continues in operation.

3. If this Agreement terminates based upon Developer's default before expiration of the Development Term, Developer shall have no right to recover from Franchisor, directly or indirectly, any portion of the unused Development Fee. Developer acknowledges and agrees that the parties' execution of this Agreement and Franchisor's agreement to forego other development opportunities in the Development Territory while this Agreement is in effect is adequate consideration for Developer's payment of the Development Fee, which is fully earned by Franchisor upon the parties' execution of this Agreement and is not refundable under any condition.

F. Development Rights Subject to Financial Verification.

1. Concurrently upon execution of this Agreement, the parties shall sign the Franchise Agreement for the first franchise in the Development Quota.

2. In conjunction with Developer's request for approval of a site as an Approved Location for a Franchised The Sports Bra Business, Franchisor may require that Developer and each of its owners provide Franchisor with their current financial statements, budgets and other information to demonstrate to Franchisor's reasonable satisfaction that Developer has access to sufficient capital to complete the development and opening of the proposed new Franchised The Sports Bra Business without undue risk of impairment to Developer's ability to continue to support the operations of Developer's other Franchised The Sports Bra Business, if any, that are then open or under development.

G. Development Rights Following Expiration or Termination.

1. The parties agree that once the Development Term expires or this Agreement is terminated, whichever occurs first, Franchisor shall have the complete and unrestricted right to open, or award franchise licenses to third parties to open, The Sports Bra Businesses anywhere in the Development Territory outside of any Protected Area that Franchisor assigns to Developer's Franchised The Sports Bra Businesses under a Franchise Agreement, if the Franchised The Sports Bra Business is then operating or in a stage of development where the Approved Location of the Franchised The Sports Bra Business has already been determined and a Protected Area has been designated by Franchisor.

2. Other than allowing Developer to relocate an Approved Location with Franchisor's prior written approval in accordance with the procedures in the Franchise Agreement, Developer understands and agrees that once the Development Term expires or this Agreement is terminated, whichever occurs first, Franchisor shall have no obligation to offer Developer any further development or licensing rights or approve Developer's request to open a Franchised The Sports Bra Business to replace a Franchised The Sports Bra Business that Developer permanently closes for any reason.

III. BUSINESS DEVELOPMENT

A. Selection of Approved Location. Developer shall locate each Franchised The Sports Bra Business in the Development Territory at an Approved Location according to the site selection approval procedures in the Franchise Agreement, and the parties incorporate those procedures into this Agreement by this reference. Once the Approved Location is identified,

Franchisor shall assign each Franchised The Sports Bra Business a Protected Area in accordance with the Franchise Agreement.

B. Lease and Addendum to Lease. Before entering into a lease for the Approved Location, Developer must secure Franchisor's approval of the lease and the addendum to lease documents in accordance with the Franchise Agreement procedure and submit a true and correct copy of the fully executed lease and addendum documents after Developer and the landlord execute them. The addendum to lease must be in the form attached to the Franchise Agreement.

C. Execution of Franchise Agreement.

1. With the exception of the Franchise Agreement for the first Franchised The Sports Bra Business, which the parties will execute concurrently with the execution of this Agreement, the parties will execute a separate Franchise Agreement for each remaining Franchised The Sports Bra Business in the Development Quota in accordance with the procedures in this Section.

2. Following Franchisor's written approval of the Approved Location, Franchisor will promptly send Developer a copy of the Franchise Agreement for Developer's execution, which shall identify the street address of the Approved Location and Protected Area that Franchisor will assign to the Approved Location. Developer shall have 30 days after receiving the Franchise Agreement in which to deliver a properly executed Franchise Agreement together with payment in full of the balance of the Initial Franchise Fee for the particular Franchise required by this Agreement. The Effective Date of the Franchise Agreement shall be the date that the Franchise Agreement is counter-signed by Franchisor.

3. Developer's failure to execute and deliver the Franchise Agreement within 30 days after Franchisor delivers them to Developer for execution shall be deemed a material breach of this Agreement and grounds for termination of the Agreement. Developer may not begin construction and build-out of the new Approved Location before executing the Franchise Agreement. Once the parties execute the Franchise Agreement for an Approved Location, the parties' relationship and mutual rights and obligations as to the construction, development, ownership and operation of a Franchised The Sports Bra Business at that site shall be exclusively governed by the Franchise Agreement, as it may be amended.

D. Manager. Developer must designate a different person as the manager of each Franchised The Sports Bra Business that Developer opens pursuant to its multi-unit development rights. Developer must enroll each manager in Franchisor's initial training program, and the designated manager must successfully complete initial training before the Franchised The Sports Bra Business's Opening Date in accordance with the Franchise Agreement. Developer may not designate the same person as the manager of more than one Franchised The Sports Bra Business at any time without Franchisor's prior written approval.

E. Closures.

1. During the Development Term, if a Franchised The Sports Bra Business closes for any reason not involving Developer's breach of the Franchise Agreement or Lease after it has been opened for a period long enough, or under circumstances, for Franchisor reasonably to believe the closure is permanent, and as a result of the closure Developer falls below the Development Quota applicable at the time of the closure, Developer shall have 30 days after the

closure to present Franchisor with a business plan for reopening a replacement Franchised The Sports Bra Business.

2. Franchisor shall have 30 days after receipt of Developer's business plan to approve or disapprove it in Franchisor's sole discretion. Developer's failure to submit a business plan within the 30-day period shall signify Developer's decision not to open a replacement Franchised The Sports Bra Business and its willingness to risk the termination of this Agreement based on its falling below the Development Quota. If Developer submits a business plan and Franchisor fails to issue written approval within 30 days after receipt, Franchisor shall be deemed to have rejected the business plan and the parties shall thereafter, for the next 30 days, negotiate in good faith to determine if there is any basis for mutually agreeing to a business plan allowing Developer to open a replacement Franchised The Sports Bra Business.

3. If the parties mutually agree to a business plan, they shall memorialize their agreement in writing and Developer shall thereafter open a replacement Franchised The Sports Bra Business in the Development Area by a mutually-agreed upon Development Deadline at a location approved by Franchisor pursuant to the site approval procedures in this Agreement. A closure will not extend any remaining Development Deadlines or reduce the Development Quota stated in this Agreement.

4. During the period of closure until the substitute Franchised The Sports Bra Business commences operating, Franchisor may require Developer, upon reasonable notice, to pay to Franchisor the Royalty Fee and Brand Development Fund Fee for the closed Franchised The Sports Bra Business, on or before the date that the Royalty Fee and Brand Development Fund Fee are required to be paid under the Franchise Agreement, based upon the average Gross Sales of the Franchised The Sports Bra Business during the six (6) months immediately preceding the date that operations cease or the shorter period that Developer has been in business. For the sake of clarity, this Section III.F.4 shall only apply during the Development Term for the purpose of enabling Developer to preserve its remaining unexpired development rights if a Franchised The Sports Bra Business closes during the Development Term and causes the number of open and operating Franchised The Sports Bra Businesses in the Development Territory to fall below the Development Quota applicable at the time of the closure. In other respects, Developer's desire to relocate a Franchised The Sports Bra Business shall be subject to the provisions in the applicable Franchise Agreement addressing relocation.

5. If an event of Force Majeure materially threatens or prevents Developer from meeting a Development Quota by the applicable Development Deadline, Franchisor shall extend the remaining Development Deadlines for an amount of time that Franchisor believes is reasonable under the circumstances. Alternatively, in Franchisor's discretion, Franchisor may reduce the aggregate Development Quota.

IV. NO LICENSE OF MARKS OR SYSTEM

Developer acknowledges that this Agreement is not a franchise agreement and does not grant Developer any right to use the Proprietary Marks or the The Sports Bra System. Developer's right to use the Proprietary Marks and the The Sports Bra System, if any, is derived solely from each Franchise Agreement that may be entered into pursuant to this Agreement.

V. DEVELOPER'S TIME, ATTENTION AND BEST EFFORTS

Developer shall devote sufficient time and attention and its best efforts to meet its development obligations under this Agreement.

VI. DEFAULT AND TERMINATION

A. Events Resulting in Termination by Franchisor.

1. Franchisor may terminate this Agreement, in its discretion and election, effective immediately upon Franchisor's delivery to Developer of written notice of termination specifying the basis for the termination, and without any opportunity to cure, based on the occurrence of any of the following events:

a. Developer fails to satisfy any Development Quota by the applicable Development Deadline.

b. Developer fails or refuses to pay, on or before the date payment is due, the balance of the Initial Franchise Fee that is payable when Developer executes a Franchise Agreement, and should the default continue for a period of 10 days after written notice of default is given by Franchisor to Developer.

c. Developer makes any general arrangement or assignment for the benefit of creditors or becomes a debtor as that term is defined in 11 U.S.C. § 1101 or any successor statute, unless, in the case where a petition is filed against Developer, Developer obtains an order dismissing the proceeding within 60 days after the petition is filed; or a trustee or receiver is appointed to take possession of all, or substantially all, of Developer's assets, unless possession of the assets is restored to Developer within 60 days following the appointment; or all, or substantially all, of Developer's assets are subject to an order of attachment, execution or other judicial seizure, unless the order or seizure is discharged within 60 days following issuance;

d. Developer, or any duly authorized representative of Developer, makes a material misrepresentation or omission in obtaining the development rights granted by this Agreement, or Developer, or any officer, director, owner, managing member, or general partner of Developer, is convicted of or pleads no contest to a felony charge or engages in any conduct or practice that, in Franchisor's reasonable business judgment, reflects unfavorably upon or is detrimental or harmful to the good name, business, goodwill or reputation of Franchisor or the The Sports Bra System;

e. Franchisor terminates any Franchise Agreement between Developer (or its Affiliate) and Franchisor in accordance with its terms based on a material breach of the Franchise Agreement by Developer, even if, after the termination, the number of operating Franchised The Sports Bra Businesses in the Development Territory remains equal to or greater than the Development Quota at that time.

f. Developer fails to comply with the conditions in this Agreement applicable to a Transfer.

g. If Developer is a business entity, an order is made or resolution passed for the winding-up or the liquidation of Developer; or Developer adopts or takes any action for its dissolution or liquidation;

h. Developer fails to comply with applicable law within ten (10) days after being notified of non-compliance;

i. Developer violates any covenant in the Franchise Agreement pertaining to use of Confidential Information.

j. Developer materially misuses or makes an unauthorized use of any of the components of the The Sports Bra System or commits any other act that does, or can reasonably be expected to, impair the goodwill or reputation associated with any aspect of the The Sports Bra System.

k. After curing any default under this Agreement, Developer engages in the same noncompliance, whether or not the subsequent default is timely corrected after notice is delivered to Developer, or, alternatively, if on 3 or more occasions within any 24 consecutive months during the Development Term, Developer fails to comply with one or more requirements of this Agreement, whether or not each separate default (which need not be the same act of noncompliance) is timely corrected after notice is delivered to Developer.

l. Developer fails to comply with any other provision of this Agreement and does not correct the default within 30 days after Franchisor gives Developer written notice of the default specifying the action that Developer must take to cure the default.

B. Effect of Termination or Expiration.

1. Upon termination or expiration of this Agreement, each Franchise Agreement then in effect by and between Developer and Franchisor pertaining to a Franchised The Sports Bra Business owned by Developer at an Approved Location shall remain in full force and effect, unless, in the case of termination, the grounds upon which termination of this Agreement is predicated also constitute grounds permitting Franchisor to terminate the Franchise Agreement and Franchisor has duly terminated the Franchise Agreement in accordance with its terms.

2. Upon either (i) the termination of this Agreement before the last day of the Development Term, or (ii) the expiration of the Development Term, Developer shall have no further right to develop additional Franchised The Sports Bra Businesses in the Development Territory, nor shall Developer have any right to prevent Franchisor, or others, from owning and operating, or granting licenses to others to own and operate, The Sports Bra Businesses in the Development Territory outside of the protected territory identified in any Franchise Agreement that remains in effect between Franchisor and Developer.

3. In the event of a breach or a threatened or attempted breach of any of the provisions of this Agreement, Franchisor shall be entitled to exercise all remedies available under applicable law in addition to the remedies set forth in this Agreement, including preliminary injunctive or other equitable relief without the requirement that Franchisor post bond or comparable security.

4. In any proceeding in which the validity of termination of this Agreement is at issue, Franchisor shall not be limited to the reasons set forth in any notice of termination or default given to Developer.

5. Developer shall immediately cease using and return to Franchisor all documents and confidential or proprietary materials provided to Developer pursuant to this Agreement, and shall retain no copy or record of the foregoing unless use of the materials is expressly authorized by a Franchise Agreement that remains in full force and effect.

6. Upon request, Developer shall execute and deliver a general release, in form satisfactory to Franchisor, of any and all claims against Franchisor and its officers, directors, shareholders, employees and agents.

VII. TRANSFER

A. Assignment or Delegation of Duties by Franchisor.

1. Developer acknowledges that Franchisor maintains a staff to manage and operate the The Sports Bra System and that staff members can change from time to time. Developer represents that it has not signed this Agreement in reliance on any shareholder, director, officer, or employee remaining with Franchisor in that capacity. Franchisor is free to transfer and assign all of its rights under this Agreement to any person or business entity without prior notice to, or consent of, Developer if the assignee agrees in writing to assume Franchisor's obligations under this Agreement. Upon the assignment and assumption, Franchisor shall have no further obligation to Developer.

2. In addition to Franchisor's right to assign this Agreement, Franchisor has the absolute right to delegate performance of any portion or all of its obligations under this Agreement to any third-party designee of its own choosing, whether the designee is Franchisor's Affiliate, agent or independent contractor. In the event of a delegation of duties, the third-party designee shall perform the delegated functions in compliance with this Agreement. When Franchisor delegates its duties to a third party (in contrast to when Franchisor transfers and assigns all of its rights under this Agreement to a third party that assumes Franchisor's obligations), Franchisor shall remain responsible for the performance of the third-party to whom Franchisor's duties are delegated.

B. Transfer by Developer.

1. The parties hereby incorporate by reference the definitions, terms and conditions in the Franchise Agreement that apply to a Transfer with the express intention of having all of them apply to a Transfer of Developer's rights and obligations under this Agreement understanding that references in the Franchise Agreement to "you" and "your" shall mean Developer. The parties agree to be bound by the definitions, procedures, terms and conditions with respect to any Transfer that Developer wishes to complete or attempts to complete including the provisions pertaining to Franchisor's right of first refusal.

2. Developer understands and agrees that the rights awarded by this Agreement are personal and are awarded in reliance upon, among other considerations, the individual or collective character, skill, aptitude, attitude, experience, business ability and financial condition and capacity of Developer and, if Developer is a business entity, that of its officers, directors, owners, LLC managing members, trustees, and partners. It shall be a material breach of this Agreement for Developer to (i) complete, or attempt to complete, a Transfer of this Agreement without complying with the requirements of this Agreement; (ii) subdivide or attempt to subdivide the Development Territory; or (iii) sublicense or assign all or part of Developer's right,

title and interest under the Agreement and not Developer's entire right, title and interest in accordance with the Transfer procedures.

3. Developer understands and agrees that Franchisor may withhold its consent to a Transfer of this Agreement unless Developer agrees to sell and assign to the same proposed transferee as part of the same Transfer transaction all right, title and interest in and to (i) this Agreement; and (ii) at least one Franchise Agreement then in effect by and between Franchisor and Developer or Developer's Affiliate together with the other assets of the particular Franchised The Sports Bra Business governed by that Franchise Agreement even if the Franchised The Sports Bra Business has not yet opened for business.

4. Franchisee shall pay Franchisor a Transfer Fee equal to the greater of: (a) $5,000, or (b) Franchisor's cost and expenses that Franchisor incurs in connection with the transfer, if they exceed the Transfer Fee. The Transfer Fee must be paid in full when Franchisee applies for consent to complete a Transfer that involves this Agreement (reduced to $5,000 if the proposed transferee is an existing The Sports Bra franchisee). Franchisor agrees to forgo collecting a separate commission as part of the consideration for consenting to a Transfer of this Agreement. Franchisee understands and agrees that a separate Transfer Fee is payable for each Franchised The Sports Bra Business when a Transfer involves the transfer of one or more franchises to the same buyer. The Transfer Fee is fully-earned when paid.

VIII. RELATIONSHIP OF PARTIES; INDEMNIFICATION

A. Independent Contractor. This Agreement does not create a fiduciary relationship between the parties, nor does it make either party a general or special agent, joint venturer, partner or employee of the other for any purpose. With respect to all matters, the Developer relationship to Franchisor is as an independent contractor. Developer acknowledges that it is the independent owner of the rights granted by this Agreement and shall conduct its business using its own judgment and discretion, subject only to the provisions of this Agreement. Developer shall conspicuously identify itself in all advertising and all dealings with guests, suppliers and other third parties as the owner of the Franchised The Sports Bra Business operating under a license from Franchisor.

B. Indemnification by Developer.

1. Developer shall indemnify and hold Franchisor, Franchisor's Affiliates and their respective officers, directors, shareholders, employees, agents, successors and assigns, harmless from and against any and all costs, expenses, losses, fines, penalties, liabilities, damages, causes of action, claims and demands whatsoever, arising from or relating to Developer's activities conducted pursuant to this Agreement, whether or not arising from bodily injury, personal injury or property damage, infringement, or any other violation of the rights of others, or in any other way, subject to the provisions of this Agreement.

2. Franchisor shall have the right to retain its own counsel to defend any third party claim asserted against it which is covered by this indemnification agreement.

3. Developer's indemnification and defense obligations shall survive the expiration, termination or assignment of this Agreement for any reason.

4. Developer's indemnification obligations shall extend, without limitation, to (i) all claims for actual, consequential and punitive damages; (ii) claims for lost profits; (iii) costs

of investigation; (iv) costs and expenses incurred in defending any claim within the scope of Developer's indemnification including attorneys and other professional fees, court costs, and travel and living expenses necessitated by the need or desire to appear before (or witness the proceedings of) courts or tribunals (including arbitration tribunals), or government or quasi-governmental entities (including those incurred by Franchisor's attorneys, experts and advisors); (v) costs and expenses for any recalls, refunds, compensation or public notices; (vi) claims based on alleged "vicarious," "principal/agent," "joint employer," or other legal theories as a result of Franchisor's status as franchisor; and (vii) costs and expenses that Franchisor or any of the indemnified parties incur as a result of any litigation or insolvency proceedings involving Developer (whether or not Developer is a party in the proceeding).

5. The scope of Developer's indemnification obligations shall apply regardless of whether a claim brought against Franchisor, Franchisor's Affiliates or any of the indemnified individuals is reduced to final judgment or results in settlement. The indemnified parties shall have the right to retain their own counsel to defend any third party claim which is covered by this indemnification agreement. The scope of Developer's indemnification obligations shall not be limited by decisions that an indemnified party makes in connection with their defense.

6. If a final judgment results in a finding that an indemnified party's liability is due to the indemnified party's gross negligence, willful misconduct or criminal acts, any costs or expenses paid or incurred by Developer pursuant to Developer's indemnification obligation shall promptly be reimbursed in full by the indemnified party to Developer except to the extent that the final judgment finds Developer jointly liable, in which event Developer's indemnification obligation will extend to any finding of Developer's comparative or contributory negligence.

7. Developer shall give Franchisor written notice of any claim, matter, inquiry or investigation that could be the basis for a claim for indemnification promptly after Developer has actual knowledge or is deemed to have constructive knowledge of the claim, matter, inquiry or investigation. Developer shall fully cooperate with Franchisor in connection with Franchisor's handling of the claim, matter, inquiry or investigation. Franchisor shall have no duty to seek recovery from third parties to mitigate its losses or reduce Developer's liability under its indemnification obligation.

8. Developer's indemnification obligations shall survive the expiration, termination or a Transfer of this Agreement.

IX. DISPUTE RESOLUTION

The parties hereby incorporate by reference the dispute resolution procedures in the Franchise Agreement, including the provisions regarding mediation. The parties agree to be bound by those dispute resolution procedures, terms and conditions with respect to any dispute that may arise between them out of or pertaining to this Agreement, the relationship created by this Agreement or an alleged breach of this Agreement.

X. REPRESENTATIONS BY DEVELOPER

Developer, in order to induce Franchisor to enter into this Agreement, acknowledges, agrees, and represents to Franchisor as follows:

A. Developer's Owners. Schedule 2 is a true and correct list of Developer's owners and their ownership interest as of the Effective Date. During the Term, Developer will notify

Franchisor of all changes to Schedule 2 promptly after they occur (whether the change involves adding new owners, deleting owners, updating the percentage ownership interest of Developer's owners, or making other changes to Schedule 2).

B. Developer's Resources. Developer (1) has the expertise, financial resources, local marketing knowledge and know-how to open and operate multiple Franchised The Sports Bra Businesses at the same time in the Development Territory, and (2) is willing to invest the necessary capital, time and skill to meet the development commitments in this Development Agreement.

C. Acceptance of Conditions. Developer has read this Agreement and Franchisor's Franchise Disclosure Document and understands and accepts the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain Franchisor's standards of service and quality and to protect and preserve Franchisor's rights in the The Sports Bra System and the goodwill of the Proprietary Marks.

D. Independent Investigation. Developer has conducted an independent investigation of the business contemplated by this Agreement. Developer recognizes that the The Sports Bra System may evolve and change over time and that Franchisor may impose change to the The Sports Bra System that Franchisor believes, in its sole discretion, will benefit The Sports Bra Businesses generally and strengthen consumer awareness of, and confidence in, the Proprietary Marks. Developer is aware that Franchisor cannot predict the nature of future changes to the The Sports Bra System or the amount of Developer's future investment to adopt future changes.

E. No Representations. No person acting on Franchisor's behalf has made any representations or promises to Developer that are not contained in this Agreement, including representations or promises about actual or potential sales, earnings, gross profits or net profits that Developer can expect to earn. No representations have been made by Franchisor, Franchisor's Affiliates or their respective officers, directors, shareholders, employees or agents that are contrary to statements made in the Franchise Disclosure Document previously received by Developer or to the terms contained in this Agreement.

F. Signatory Status. The person executing this Agreement as or on behalf of Developer, and each Guarantor, is a United States citizen or a lawful resident alien of the United States.

G. Status of Developer. If Developer is a business entity, Developer understands that it is a material obligation of this Agreement that it remain duly organized and in good standing for as long as this Agreement is in effect and it owns the development rights.

H. Application and Financial Information. All financial and other information provided to Franchisor in connection with Developer's application is true and correct and no material information or fact has been omitted which is necessary in order to make the information disclosed not misleading.

I. Anti-Terrorism Representations. Neither Developer's assets nor the assets of any person executing this Agreement as, or on behalf of, Developer, are subject to being blocked under any Anti-Terrorism Laws. Furthermore, Developer is not otherwise in violation of applicable law including Anti-Terrorism Laws. Additionally, Developer agrees to comply with and assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with Anti-Terrorism Laws.

Any violation of, or "blocking" of assets under, any Anti-Terrorism Laws shall constitute a material breach of this Agreement and grounds for immediate termination without an opportunity to cure.

XI. MISCELLANEOUS

A. Notices.

1. All communications required or permitted to be given to either party hereunder shall be in writing and shall be deemed duly given if property addressed on the earlier of (i) the date when delivered by hand; (ii) the date when delivered by e-mail if confirmation of transmission is received or can be established by the sender; (iii) one business day after delivery to a reputable national overnight delivery service; or (iv) five calendar days after being placed in the United States Mail and sent by certified or registered mail, postage prepaid, return receipt requested. Notices shall be directed to the same address for a party required by the Franchise Agreement. Either party may change its address for receiving notices by giving appropriate written notice to the other. All communications required or permitted to be given by a party in writing may be given electronically to the party's designated e-mail address if the Franchise Agreement permits notice by email.

2. All payments required to be delivered to Franchisor shall be directed to Franchisor at the above address or to an electronic address or account otherwise designated by Franchisor. Notwithstanding the parties' agreement regarding when notices shall be deemed to be given, any required payment or report not actually received by Franchisor on the date it is due shall be deemed delinquent.

B. Time of the Essence. Time is of the essence of this Agreement with respect to each and every provision of this Agreement in which time is a factor.

C. Waiver. Any waiver granted by Franchisor to Developer excusing, reducing or extending any obligation or restriction imposed under this Agreement shall be in writing and shall be effective upon delivery of such writing by Franchisor to Developer or upon such other effective date as specified in the writing, and only to the extent specifically allowed in such writing. No waiver granted by Franchisor, and no action taken by Franchisor, with respect to any third party shall limit Franchisor's right to take action of any kind, or not to take action, with respect to Developer. Any waiver granted by Franchisor to Developer shall be without prejudice to any other rights Franchisor may have. The rights and remedies granted to Franchisor are cumulative. No delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by Franchisor of any right or remedy shall preclude Franchisor from fully exercising such right or remedy or any other right or remedy. Franchisor's acceptance of any payment from Developer after a breach of this Agreement shall not be, nor be construed as, a waiver by Franchisor of any breach by Developer of any term, covenant or condition of this Agreement.

D. Section Headings: Language. The Section headings used in this Agreement are inserted for convenience only and shall not be deemed to affect the meaning or construction of any of the terms, provisions, covenants or conditions of this Agreement. The language used in this Agreement shall be construed according to its fair meaning and not strictly for or against Franchisor or Developer. Singular usage includes the plural and masculine, feminine and neuter usages includes one another. The term "**Developer**" as used herein my include one or more persons or business entities. If two or more persons are at any time the Developer hereunder, whether or not as partners or joint venturers, their obligations and liabilities to Franchisor shall be

joint and several. The words "include" and "including" mean in each case "without limitation." Nothing in this Agreement is intended, nor shall it be deemed, to confer any rights or remedies upon any person or business entity not a party hereto.

E. Binding on Successors. The covenants, agreements, terms and conditions contained in this Agreement shall be binding upon, and shall inure to the benefit of, the successors, permitted assigns, heirs and personal representatives of the parties to this Agreement.

F. Validity; Conformity with Applicable Law. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be valid under applicable law, but if any provision of this Agreement shall be invalid or prohibited under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement. If this Agreement provides for periods of notice less than those required by applicable law, or provide for termination, cancellation, non-renewal or the like other than in accordance with applicable law, such provisions shall be deemed to be automatically amended to conform them to applicable law. If any provision of this Agreement is deemed unenforceable by virtue of its scope in terms of geographic area, business activity prohibited or length of time, but could be made enforceable by reducing any or all thereof, the provision may be modified by a mediator or court so that it may be enforced to the fullest extent permissible under the choice of law adopted by this Agreement or other applicable law.

G. Amendments. No amendment, change, modification or variance to or from the terms and conditions set forth in this Agreement shall be binding on any party unless it is set forth in writing and duly executed by Franchisor and Developer.

H. Withholding of Consent; Franchisor's Business Judgment.

1. Except where this Agreement expressly requires Franchisor to exercise its reasonable business judgment in deciding to grant or deny approval of any action or request by Developer, Franchisor has the absolute right to refuse any request by Developer or to withhold its approval of any action by Developer in Franchisor's sole discretion. Further, whenever the prior consent or approval of Franchisor is required by this Agreement, Franchisor's consent or approval must be evidenced by a writing signed by Franchisor's duly authorized representative unless this Agreement expressly states otherwise.

2. The parties recognize, and any mediator or judge is affirmatively advised, that certain provisions of this Agreement describe the right of Franchisor to take (or refrain from taking) certain actions in its sole discretion and other actions in the exercise of its reasonable business judgment. Where this Agreement expressly requires that Franchisor make a decision based upon Franchisor's reasonable business judgment, Franchisor must consider the best interest of all The Sports Bra Businesses and Franchisor's own business interests. If Franchisor makes a decision reasonably based upon its business judgment, neither a mediator nor a judge shall substitute his or her judgment for Franchisor's judgment. The mere fact that one could reach a different decision than the one made by Franchisor is not a basis for finding that Franchisor made its decision without the exercise of reasonable business judgment. Franchisor's duty to exercise reasonable business judgment in making certain decisions does not restrict or limit Franchisor's right under this Agreement to make other decisions based entirely on Franchisor's sole discretion as permitted by this Agreement. Franchisor's sole discretion means that

Franchisor may consider any set of facts or circumstances that it deems relevant in rendering a decision.

I. Entire Agreement. This Agreement, including all Schedules and Exhibits attached hereto, and all agreements or documents that are expressly incorporated herein or made a part hereof, sets forth the entire agreement between the parties, superseding any and all prior agreements, understandings, and discussions between them pertaining to its subject matter. Nothing in this Agreement is intended to disclaim any representation made in Franchisor's Franchise Disclosure Document.

J. Force Majeure.

1. Neither party is responsible for any failure to perform its obligations under this Agreement if and to the extent that its performance is prevented or delayed due to any of the following events not caused by Developer or its owners or agents (each an event of "**Force Majeure**"): (1) a fire, earthquake, natural disaster, or act of god; (2) any act of declared or undeclared war, terrorism, riot, or insurrection, or any nuclear, biological, chemical, or similar attack; (3) an epidemic, pandemic, or other public health or safety emergency; (4) material shortages or rationing; (5) failure or disturbance in transportation, communication, or similar vital infrastructure; (6) a strike, lockout or other labor dispute or action; (7) any action by a civil or military authority in response to any of the foregoing; or (8) any other similar cause that is not within the control of the party whose performance is required.

2. The party whose performance is prevented or delayed shall use its reasonable efforts to mitigate the effect of the event of Force Majeure on its performance. Upon completion of the event of Force Majeure, the party whose performance was affected must resume the performance of its obligations under this Agreement as soon as reasonably practicable. An event of Force Majeure does not relieve a party from liability for an obligation that arose before the onset of the event of Force Majeure.

3. When an event of Force Majeure occurs before the expiration of the Development Term, Developer may apply to Franchisor for a reasonable extension of time in which to perform its remaining duties under this Agreement. Franchisor agrees to extend the Development Term and each of the then-remaining Development Deadlines for a reasonable period of time that is equivalent to the period of Force Majeure during which Developer has been prevented from performing its duties. Franchisor shall notify Developer of the new expiration date of the Development Term and each remaining Development Deadline in writing and the writing shall operate as an amendment of this Agreement.

K. Consent of Spouse. If Developer is a business entity, the spouse of each Guarantor shall execute a Consent of Spouse in the form of Exhibit C. If Developer is an individual, Developer's spouse shall execute a Consent of Spouse in the form of Exhibit C.

L. Effectiveness. This Agreement shall become effective only upon execution by both Franchisor and Developer.

M. Further Assurances. Each party agrees to execute and deliver such additional documents and instruments and to perform such additional acts as may be necessary or appropriate to effectuate and perform the terms, provisions and conditions of this Agreement.

N. Survival. All obligations in this Agreement that expressly, or by their nature, survive the expiration or termination of this Agreement shall continue in full force and effect after expiration or termination.

O. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but such counterparts together shall constitute one and the same instrument.

P. Electronic Signatures. The parties accept the use of an electronic signature in lieu of a manual signature and agree that an electronic signature will be binding on a party to the same extent as if the party signed this Agreement manually.

Q. Confidentiality and Public Announcements. In addition to the provisions in this Agreement and the Franchise Agreement regarding Confidential Information, the parties agree that no public announcement or any other disclosure regarding the existence or terms of this Agreement or the Franchise Agreement, the names or any other identifying information regarding the parties or any individual member or owner of a party, or the nature of the parties' negotiations shall be disclosed in any way or made public unless (1) the other party gives its prior written consent or (2) disclosure is required by applicable law.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

Franchisor:	Developer:
THE SPORTS BRA FRANCHISE LLC, a Delaware limited liability company	[_____], a _____
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

SCHEDULE 1

DEVELOPMENT TERRITORY, QUOTA, DEADLINES, AND FEE

1. DEVELOPMENT TERRITORY.

The Development Territory consists of the geographic area described below and/or shown in the map attached to this Schedule 1.

_____

2. DEVELOPMENT QUOTA AND DEVELOPMENT DEADLINES.

By each Development Deadline in Column A, Developer shall (i) open the number of Franchised The Sports Bra Businesses in the Development Quota shown in Column B; and (ii) have in operation at least the number of The Sports Bra Businesses shown in Column C.

A	B	C
Development Deadline	Development Quota	Minimum Number of Businesses Open and Operating

3. DEVELOPMENT FEE.

The Development Fee is _____.

The Development Fee is the sum of $55,000 for the first Franchised The Sports Bra Business in the Development Quota, plus the product of $22,000 times the remaining number of The Sports Bar Businesses in the Development Quota. For example, if the Development Quota is five Franchised The Sports Bra Businesses, the Development Fee would be $143,000 ($55,000 + 4 x $22,000).

SCHEDULE 2

DEVELOPER'S OWNERS
AS OF THE EFFECTIVE DATE

Effective Date: _____

Developer Name: _____

State of Incorporation or organization: _____

Owner Name: _____	Owner Name: _____
Address: _____	Address: _____
Spouse Name: _____	Spouse Name: _____
Nature of Interests: _____	Nature of Interests: _____
Nature of Units/Shares Held: _____	Nature of Units/Shares Held: _____
Percentage Held: _____	Percentage Held: _____
Owner Name: _____	Owner Name: _____
Address: _____	Address: _____
Spouse Name: _____	Spouse Name: _____
Nature of Interests: _____	Nature of Interests: _____
Nature of Units/Shares Held: _____	Nature of Units/Shares Held: _____
Percentage Held: _____	Percentage Held: _____
Owner Name: _____	Owner Name: _____
Address: _____	Address: _____
Spouse Name: _____	Spouse Name: _____
Nature of Interests: _____	Nature of Interests: _____
Nature of Units/Shares Held: _____	Nature of Units/Shares Held: _____
Percentage Held: _____	Percentage Held: _____
Owner Name: _____	Owner Name: _____
Address: _____	Address: _____
Spouse Name: _____	Spouse Name: _____
Nature of Interests: _____	Nature of Interests: _____
Nature of Units/Shares Held: _____	Nature of Units/Shares Held: _____
Percentage Held: _____	Percentage Held: _____

[Add additional rows if needed]

EXHIBIT A

FRANCHISE AGREEMENT

[Attached as Exhibit D to the FDD]

EXHIBIT B

PERSONAL GUARANTY

This Personal Guaranty ("**Guaranty**") is made as of _____, by _____, an individual ("**Guarantor**") in favor of **The Sports Bra Franchise LLC,** a Delaware limited liability company ("**Franchisor**").

RECITALS

A. _____ ("**Debtor**") has applied to acquire the right to develop multiple Franchised The Sports Bra Businesses on the terms of a Development Agreement ("**Development Agreement**") in the form attached to the Franchise Disclosure Document that Franchisor has delivered to Debtor before Debtor's execution of the Development Agreement.

B. Debtor is a _____ duly organized under the laws of the State of _____.

C. Franchisor requires that each person owning 10% or more of the ownership interests in Debtor execute a copy of this Guaranty in favor of Franchisor, agreeing to personally guarantee Debtor's obligations under the Development Agreement.

D. Guarantor owns 10% or more of the ownership interests in Debtor.

NOW, THEREFORE, to induce Franchisor to enter into the Development Agreement with Debtor, Guarantor covenants and agrees as follows:

1. Definitions. Guarantor agrees that all capitalized terms in this Guaranty that are not defined in this Guaranty have the meaning given to them in the Development Agreement and agrees that those definitions are incorporated into this Guaranty by this reference. Guarantor represents that it is, or has had the opportunity to become, familiar with the definitions.

2. Personal Guaranty.

a. Guarantor hereby unconditionally and irrevocably guarantees to Franchisor and Franchisor's Affiliates the full and punctual payment and performance of all present and future amounts, liabilities, duties and obligations of Debtor under the Development Agreement to Franchisor, Franchisor's Affiliates, or to their respective successors (collectively, the "**Indebtedness**").

b. Debtor's payments of any Indebtedness will not discharge or diminish Guarantor's obligations and liability under this Guaranty for any remaining or future Indebtedness.

c. Guarantor's obligations under this Guaranty are primary obligations of Guarantor.

d. If more than one person executes a personal guaranty in favor of Franchisor that covers the Indebtedness or any portion thereof, Guarantor's obligations under this Guaranty are joint and several with the other personal guarantors.

e. If Debtor fails to pay or perform any of the Indebtedness, Franchisor may proceed first and directly against Guarantor without first (i) proceeding against Debtor or any other personal guarantor; (ii) exhausting other remedies that Franchisor may have under applicable law; or (iii) taking possession of any collateral pledged as security for the Indebtedness or this Guaranty. Guarantor's obligations to Franchisor under this Guaranty are not subject to any counterclaim, recoupment, set-off, reduction, or defense based on any claim that Guarantor may have against Debtor.

f. If Debtor fails to pay the Indebtedness when due for any reason, Franchisor may give written notice demanding payment and Guarantor shall have five days after receiving Franchisor's written demand to pay the entire amount of the Indebtedness then due to Franchisor in immediately available funds to Franchisor at its address specified in the Development Agreement for giving notices to Franchisor. Guarantor will breach this Guaranty if the amount demanded by Franchisor is not received within five days following Guarantor's receipt of Franchisor's written demand. Franchisor's written demand to Guarantor shall not modify the terms of the Development Agreement.

g. This Guaranty shall not be affected, impaired, modified, waived or released due to (i) the invalidity or unenforceability of any provision of the Development Agreement; (ii) any bankruptcy, reorganization, dissolution, liquidation or similar proceedings affecting Debtor; or (iii) an Event of Transfer by Debtor or other sale or disposition of Debtor's assets. Additionally, none of the following actions will affect, impair, modify, waive, reduce or release Franchisor's rights or Guarantor's obligations or liabilities under this Guaranty: if Franchisor (i) renews, extends or otherwise changes the time or terms for Debtor's payment of the Indebtedness; (ii) extends or changes the time or terms for performance by Debtor; (iii) amends, compromises, releases, terminates, waives, surrenders, or otherwise modifies the Development Agreement; (iv) releases, terminates, exchanges, surrenders, sells or assigns any collateral that Franchisor has accepted to secure Debtor's payment or performance of the Indebtedness; (v) accepts additional property or other security as collateral for any or all of the Indebtedness; (vi) fails or delays to enforce, assert or exercise any right, power, privilege or remedy conferred upon Franchisor under the Development Agreement or applicable law; (vii) consents to Debtor taking certain action or does not object to Debtor taking certain action regarding the Indebtedness; or (viii) applies any payment received from Debtor, or from any other source other than Guarantor, to the Indebtedness in any order that Franchisor elects, which Guarantor acknowledges Franchisor may do under the Development Agreement.

h. Guarantor unconditionally waives, to the fullest extent permitted by applicable law, all notices that applicable law may require Franchisor to give to Guarantor in order for Franchisor to enforce its rights under this Guaranty. Guarantor shall not exercise any right to subrogation, reimbursement or contribution against Debtor.

i. If Guarantor lends money to Debtor, Guarantor's right to repayment is subordinate to Debtor's obligations to Franchisor.

3. Duration. This Guaranty shall survive termination of the Development Agreement.

4. Financial Information. While the Development Agreement is in effect, Guarantor shall furnish Franchisor with complete personal financial information, including personal tax returns, reasonably promptly following Franchisor's request.

5. Notices. All notices required or permitted under this Guaranty shall be in writing. Notices to Franchisor shall be given as required by the Development Agreement, and notices to Guarantor shall be directed to the address below Guarantor's signature. Notices shall be deemed duly given on the earliest of: (a) the date when delivered by hand; (b) one business day after delivery to a reputable national overnight delivery service; or (c) four business days after being sent by U.S. certified or registered mail, postage prepaid, return receipt requested. A party may change its address for receiving notice by written notice to the other.

6. Guarantor's Personal Contact Information: Guarantor shall notify Franchisor immediately of any changes in its contact information shown below its signature so that Franchisor has current contact information for Guarantor for as long as this Guaranty is in effect.

7. Dispute Resolution. Oregon law will govern the construction, interpretation, validity and enforcement of this Guaranty. Guarantor agrees to resolve any dispute with Franchisor arising out of the interpretation or enforcement of this Guaranty exclusively in the state or federal court located closest to Franchisor's headquarters (currently in Portland, Oregon), and submits to the jurisdiction of those courts. The prevailing party in a dispute shall be entitled to recover against the other its reasonable attorneys' fees and court costs, in addition to any other relief awarded by the court.

8. Miscellaneous. This Guaranty shall bind Guarantor's personal representatives, heirs and successors and shall inure to the benefit of Franchisor and its successors and assigns. Any waiver granted by Franchisor to Guarantor must be in writing and will be effective upon Franchisor's delivery of the writing to Guarantor or upon the specific effective date specified in the writing, and only to the extent specifically allowed in such writing. No waiver granted by Franchisor shall limit Franchisor's right to take action of any kind, or not to take action with respect to Guarantor. Any waiver granted by Franchisor to Guarantor is without prejudice to any other rights Franchisor may have. No delay on Franchisor's part in exercising any right or remedy shall constitute a waiver by Franchisor, and no partial exercise by Franchisor of any right or remedy shall preclude Franchisor from fully exercising the same or any other right or remedy. This Guaranty may only be amended by a written agreement executed by Franchisor and Guarantor. Upon request, Guarantor agrees to execute and deliver such additional documents and instruments and to perform such additional acts as may be necessary or appropriate to perform this Guaranty.

IN WITNESS WHEREOF, Guarantor has caused this Guaranty to be duly executed as of the date first written above.

GUARANTOR:

_____

Name: _____

Address: _____

_____

_____

Telephone: _____

Email: _____

EXHIBIT C

SPOUSAL CONSENT

The undersigned represents the following in order to induce The Sports Bra Franchise LLC ("Franchisor") to enter into the Development Agreement with Developer:

(1) The undersigned is married to the person identified in Row A below ("**Spouse**").

(2) Spouse, either alone or with the undersigned, owns 10% or more of the ownership interests of the business entity identified in Row B below ("**Developer**").

(3) Developer has entered into a Development Agreement with Franchisor on the date shown in Row C below.

(4) In accordance with the terms of the Development Agreement, Spouse has executed a Personal Guaranty of the obligations of Developer in favor of Franchisor.

(5) The undersigned consents to Spouse's execution of a Personal Guaranty in favor of Franchisor as required by the Development Agreement, and agrees that the actions and the obligations undertaken by Spouse in the Personal Guaranty are binding on the marital community.

The undersigned declares that he or she: (a) has had the opportunity to read the Development Agreement that is the subject of the Personal Guaranty; (b) has had the opportunity to seek the advice of independent counsel before executing this Spousal Consent; and (c) executes this Spousal Consent freely with full understanding of its significance.

Row A – Name of Spouse
Row B – Name of Developer and State of Incorporation or Organization
Row C – Effective Date of Development Agreement

Dated: _____

Signature: _____

Print Name: _____

EXHIBIT D

FRANCHISE AGREEMENT

Location #_____

FRANCHISE AGREEMENT

between

THE SPORTS BRA FRANCHISE LLC

and

_____

Effective Date: _____

THE SPORTS BRA FRANCHISE LLC
FRANCHISE AGREEMENT

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THE SPORTS BRA FRANCHISE LLC
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this "**Agreement**") is made and entered into at Portland, Oregon on _____, 20_____ ("**Effective Date**"), by and between The Sports Bra Franchise LLC, a Delaware limited liability company (hereinafter referred to as "**Franchisor**"), and _____ (hereinafter referred to as "**Franchisee**"), whose principal business address is _____ _____.

Recitals

A. Franchisor has developed and owns a concept and distinctive system for the design, decor, establishment, operation, and image of sports bar focused on women's sports under the Proprietary Marks utilizing certain Trade Secrets.

B. Franchisee desires to establish and operate a The Sports Bra® franchised business ("**Franchised Business**") under the System and wishes to obtain a franchise license from Franchisor for that purpose.

C. Franchisee recognizes the benefits to be derived from being identified with and franchised to use the System and Franchisee understands and acknowledges the importance of operating the business franchised hereunder in strict conformity with Franchisor's standards and specifications in order to enhance public acceptance of, and demand for, all System Locations.

D. Franchisor is relying upon the business skill, financial capacity, and character of Franchisee and its principals, and the guaranty of Franchisee's obligations by its principals, if applicable, as attached to this Agreement.

NOW, THEREFORE, in consideration of the foregoing and of the promises contained herein, the parties agree as follows:

Article 1. Definitions. The definitions applicable throughout this Agreement are set forth below:

1.1 The term "**affiliate**" means an entity that controls, is controlled by, or is under common control with, a party to this Agreement.

1.2 "**Agreement**" has the meaning set forth in the introductory paragraph hereof.

1.3 "**Alternative Products & Services**" has the meaning set forth in Article 8.1.D.

1.4 "**Alternative Suppliers**" has the meaning set forth in Article 8.1.D.

1.5 "**Approved Location**" means the site approved by Franchisor where Franchisee will operate the Franchised Business under this Agreement, and includes all real property rights, structures, facilities, appurtenances, and FF&E, as well as entry, exit, parking, and other areas that are located on or part of the site. The Approved Location is to be identified on Schedule 1.

1.6 "**Approved Products & Services**" has the meaning set forth in Article 8.1.C.

1.7 "**Approved Suppliers**" has the meaning set forth in Article 8.1.C.

1.8 "**Brand Development Fund**" means the Brand Development Fund provided for in Article 9.3.

1.9 "**Brand Development Fund Fee**" means the contribution to the Brand Development Fund set forth in Article 4.1.C.

1.10 "**Change in Control**" means (i) the acquisition, directly or indirectly, in one transaction or a series of related transactions, by any person or affiliated group of the beneficial ownership of ownership interest in Franchisee representing 50% or more of the equity interest in the Franchisee, (ii) any merger or consolidation of Franchisee other than a merger or consolidation where fifty one percent (51%) or more of the total combined voting power of all outstanding ownership interest of the surviving entity or the acquiring entity, as the case may be, shall be received by and/or held immediately after the consummation of such transaction by one or more holders of the outstanding ownership interest of Franchisee, immediately prior to such transaction, or (iii) the sale, transfer, license or other disposition (in one transaction or a series of related transactions) of all or substantially all of the assets of Franchisee to which this Agreement relates.

1.11 "**Competing Business**" means any sports related bar or restaurant and any business franchising, licensing, or otherwise providing consulting services to such businesses.

1.12 "**Controlling Interest**" means more than 50% of the voting interest in an entity, or such other ownership or voting interest that allows the holder thereof to control significant decisions in such entity.

1.13 "**Covered Person**" means (i) each officer, director, shareholder, member, manager, trustee or general partner of the business entity signing this Agreement as Franchisee; and (ii) the spouse, adult children, parents or siblings of the individuals included in (i). Covered Person shall mean any individual who falls within the identified categories at any time during the Term of this Agreement.

1.14 "**Dispute**" or "**Disputes**" has the meaning set forth in Article 19.1.

1.15 "**FF&E**" means fixtures, equipment, furnishings, furniture, telephone system, computer systems, signs, supplies and other items used in the operation of the Franchised Business.

1.16 "**Franchised Business**" means the specific The Sports Bra® business to be developed and operated by Franchisee at the Approved Location pursuant to this Agreement.

1.17 "**Franchisee**" has the meaning set forth in the introductory paragraph of this Agreement.

1.18 "**Franchised Interests**" has the meaning set forth in Article 13.2.

1.19 "**Franchisor**" means The Sports Bra Franchise LLC, a Delaware limited liability company.

1.20 "**Gross Revenue**" means the aggregate of all revenue and income attributable to or derived from the operation of the Franchised Business, whether payment is in cash or by credit card or other generally accepted form of payment, including noncash payment systems like gift cards. Gross Revenue includes the actual proceeds received from the sale of all food, beverages, products, merchandise, promotional items, catering services, and other goods and services of any kind (regardless of whether items are consumed at the Approved Location or elsewhere). For the sake of clarity, Gross Revenue includes: (a) the value of goods and services bought by customers redeeming gift cards or loyalty program benefits; and (b) the proceeds from any business interruption insurance. Gross Revenue excludes: (i) sales taxes and other taxes collected from customers and paid to the appropriate taxing authority; (ii) refunds and credits made in good faith to arms' length customers; (iii) the amount of any checks dishonored or returned and the amount of any charge backs or reversals of credit card transactions with customers; and (iv) proceeds from the sale of authorized gift cards to customers. Notwithstanding the foregoing, Franchisor reserves the right to change the method of accounting and collection for gift cards and gift certificates upon six (6) months' notice to Franchisee. Gross Revenue shall be accounted for in accordance with the accounting procedures set forth in the Manual from time to time.

1.21 "**Incapacitated**" or "**Incapacity**" means, in the reasonable opinion of Franchisor, the inability of Franchisee, or its majority owner if an entity, to operate the Franchised Business in the ordinary course of business for 30 days or more in any consecutive 90-day period.

1.22 "**Indemnitees**" means collectively Franchisor and its members, shareholders, other equity owners, its affiliated companies, and each of their respective owners, managers, agents, representatives, officers, directors, employees, partners, and other affiliates.

1.23 "**Initial Franchise Fee**" means the fee due upon execution and delivery of this Agreement as provided in Article 4.

1.24 "**IP Owner**" means The Sports Bra Hold Co.

1.25 "**Liquidated Damages**" means the damages to be paid by Franchisee pursuant to Article 15.2 for premature termination of this Agreement.

1.26 "**Manual**" means, collectively, the operations manual and other System standards, manuals, and directions (whether in written, machine readable, electronic, or any other form), as they may be modified, amended or supplemented by Franchisor in its sole discretion, setting out the standards, methods, procedures, techniques and specifications of the System.

1.27 "**Non-Traditional Venue**" means any non-foodservice businesses of any sort within which a System Location is established and operated, including, for example, hotels and resorts (where the System Location is enclosed within the confines of a hotel or resort structure); sporting event arenas and centers; airports and other travel facilities; federal, state, or local government facilities (including military bases); theme and amusement parks; recreational facilities; colleges and other academic facilities; shopping malls; theaters; train stations; and casinos.

1.28 "**Online Presence**" means the Website, other websites, social media accounts, mobile applications, or other media or online presence (in any form and in any medium

now existing or later developed) including any individual franchisee online presence as permitted or required by Franchisor. Franchisor will determine the content and use of its Online Presence including establishing any rules and guidelines under which the Franchisee will participate in such Online Presence, which may be modified by Franchisor from time to time.

1.29 "**Opening Date**" means the date on which the Franchised Business first opens for business at the Approved Location.

1.30 "**Operations Data**" has the meaning set forth in Article 10.6.

1.31 "**Payment**" or "**Payments**" has the meaning set forth in Article 4.2.

1.32 "**Products**" or "**Product**" means any product authorized to be offered and sold through the Franchised Business.

1.33 "**Proprietary Marks**" means the name "The Sports Bra®" and such names and any other trade names, service marks, trademarks, logos, emblems, or other indication of origin as are now or hereafter designated by Franchisor as part of the System.

1.34 "**Protected Territory**" means the geographic area specified in Schedule 1.

1.35 "**Quality Assurance Fee**" has the meaning set forth in Article 8.3.

1.36 **"Quality Audit Fee"** has the meaning set forth in Article 8.3.

1.37 "**Royalty Fee**" means the continuing royalty fee set forth in Article 4.1.B.

1.38 "**Site Selection Area**" means the geographic area specified in Schedule 1.

1.39 "**System**" means the method of operating The Sports Bra® restaurant business including, but not limited to its distinct signature and specialty cocktails, food and merchandise, its focus on women sports, distinctive design, décor, color scheme, and furnishings; the Proprietary Marks designated to be part of the System; standards, specifications, programs, methods and procedures for operations and quality control; training and assistance; and advertising, direct sales, and promotional programs developed by Franchisor for the operation of a Franchised Business under the Proprietary Marks utilizing the Trade Secrets; trade dress and layouts; distinctive interior and exterior design, décor, color scheme and furnishings; and methods, procedures, standards, specifications and other requirements as stated or referred to in this Agreement and from time to time in the Manual, or otherwise in writing by Franchisor and designated as part of standards for the System. Franchisor may add, change, modify, withdraw, or otherwise revise any element of the System in its sole discretion.

1.40 "**Systems Operations Data**" has the meaning set forth in Article 10.6.

1.41 "**System Locations**" refers collectively to The Sports Bar businesses operated by Franchisee, Franchisor, and/or Franchisor's Affiliate; and every other The Sports Bra franchisee that is a party to a contract with Franchisor or Franchisor's Affiliates granting the right to operate a The Sports Bra Business.

1.42 "**Trade Secrets**" means confidential information, including, without limitation, (i) recipes, ingredients, proprietary products, formulas, guest and supplier lists, product specifications, (ii) methods of service and operations at System Locations, (iii) knowledge of sales and profit performance at any one or more System Locations, (iv) knowledge of test programs,

concepts, or results relating to operating, new advertising and promotional programs, (v) sources of suppliers of products, ingredients, and equipment, (vi) advertising, promotion, and marketing techniques, (vii) methods and information regarding the selection and training of managers and other employees for System Locations; and (viii) the Manual.

1.43 "**Transfer by Franchisee**" means the voluntary, involuntary, direct or indirect assignment, sale, gift, or other transfer of any Franchised Interest, including, without limitation, the following events: (i) the transfer of ownership of the stock or partnership or limited liability company ownership interest of Franchisee; (ii) any merger, reorganization, consolidation, or issuance of additional securities representing a direct or indirect ownership interest in Franchisee or the Approved Location; (iii) any sale of a Controlling Interest in Franchisee in a single transaction or a related series of transactions; (iv) transfer of a Franchised Interest by declaration, division, or otherwise in a divorce, insolvency, corporate or partnership dissolution proceeding or otherwise by operation of law; (v) transfer of a Franchised Interest in the event of Franchisee's death or the death of one of its owners with a Controlling Interest, by will, declaration of or transfer in trust, or under the laws of intestate succession; (vi) any change in ownership or control of any or all of the Franchised Interest by sale, gift, assignment, or otherwise; (vii) if Franchisee or any owner with a Controlling Interest is a trust, any change in the trustees or the beneficial owners of the trust; or (viii) a pledge, hypothecation, or encumbrance of any Franchised Interest intended as security for an obligation.

1.44 "**Website**" means the website set up by Franchisor or its affiliates for the promotion of the System Locations and the System, including any individual franchisee webpages on such Website permitted or required by Franchisor or its affiliates, and any Online Presence established by Franchisor or its affiliates for the sale of Products, services, or other promotion of the System Locations and the System.

Article 2. Grant of Franchise License.

2.1 **Grant.** Subject to the terms and conditions of this Agreement, and to the continuous compliance by Franchisee with the terms and conditions of this Agreement, Franchisor hereby grants to Franchisee the nonexclusive right, and Franchisee undertakes the obligation, to operate a Franchised Business in accordance with Franchisor's standards and specifications, including the operational standards procedures and techniques as prescribed in the Manual, and to use the System (as it may be changed, improved, and further developed by Franchisor) and the Proprietary Marks in connection therewith.

2.2 **Approved Location.** Franchisee shall operate the Franchised Business at, and only at, the Approved Location specified on **Schedule 1**. If Franchisee's site application has not been approved at the time of this Agreement is executed, **Schedule 1** shall be automatically amended to list the Approved Location upon the unconditional approval of the site application by Franchisor. Franchisee agrees that Franchisor and Franchisor's affiliates, and their respective owners, are not restricted from using the System or engaging in or licensing any business activity including System Locations or other bar or restaurant locations at any other location, except as otherwise set forth in Article 2.

2.3 Protected Territory. During the Term, Franchisor will not, without Franchisee's consent, and provided Franchisee is in full compliance with the terms and conditions of this Agreement, operate itself or through an affiliate or grant a license or franchise to, or otherwise authorize, any other person or entity to establish a System Location within Franchisee's Protected Territory as set forth in **Schedule 1**, attached hereto. The Protected Territory excludes Non-Traditional Venues, regardless of the proximity of such Non-Traditional Venues to

Franchisee's Approved Location, or their impact on Franchised Business. Notwithstanding the foregoing sentence, if the Approved Location is in a Non-Traditional Venue, then such Non-Traditional Venue is included in Franchisee's Protected Territory. If Franchisee is not in compliance with the terms and conditions of this Agreement, Franchisor shall be free to operate, directly or indirectly, or to authorize or license another person or entity to operate additional Properties within the Protected Territory. If Franchise does not have an Approved Location at the time this Agreement is executed, **Schedule 1** shall be amended to list the Protected Territory upon the unconditional approval of the site application by Franchisor.

2.4 **Product Sales.** Franchisee may offer and sell Products only: (a) from the Approved Location; (b) in accordance with the requirements of this Agreement and the procedures set forth in the Manual; and (c) to retail customers for personal consumption at the Approved Location's premises or carry-out consumption, and if expressly permitted in prior writing, for delivery or catering services. Franchisee agrees not to offer or sell Products through any means other than those provided above, for example, Franchisee agrees not to offer or sell Products from satellite locations, temporary locations, carts or kiosks, by use of catalogs, any Online Presence, or through any other digital format or print media, without Franchisor's prior written approval. Franchisee agrees not to sell Products to retail establishments for re-sale, without Franchisor's prior written consent.

2.5 **Delivery and Catering.** As of the Effective Date, delivery and catering activities from the Franchised Business are not permitted, whether directly by Franchisee or through any third-party delivery service or similar business, without the express, prior written consent of Franchisor. If, and when permitted, Franchisee agrees to conduct all delivery activities in accordance with the procedures that Franchisor may specify in the Manual or otherwise in writing, and the revenue from those orders will be considered to be part of the Franchised Business' Gross Revenue. Among other things, Franchisee agrees not to engage in catering or delivery services outside of such delivery area as Franchisor may assign to Franchisee which may differ from Franchisee's Protected Territory. Permission for catering and/or delivery services can be withdrawn by Franchisor upon reasonable notice, if in Franchisor's sole discretion such services are negatively impacting the operation of the Franchised Business, or if delivery or catering services are not provided in compliance with System standards. Franchisor will endeavor to provide reasonable notice (not to exceed 14 calendar days) if permission is withdrawn, provided that permission can be withdrawn immediately for any health or safety reasons.

2.6 **Franchisor's Reserved Rights.** Except as otherwise expressly provided in this Agreement, Franchisor and its affiliates (and their respective successors and assigns) retain all of their rights with respect to the Proprietary Marks and the System anywhere in the world, and the right to engage in any business whatsoever, including the right to:

A. operate, and grant to others the right to operate, Franchised Businesses outside the Protected Territory at such locations and on such terms and conditions as Franchisor deems appropriate;

B. develop, merchandise, offer, sell, and license others to sell products or services under the Proprietary Marks through other channels and methods of distribution including wholesale, retail stores, grocery stores, online, print catalogues, direct marketing media and any other outlets, and promote and sell products bearing the Proprietary Marks at special events, athletic contests, through temporary locations and mobile units; and

C. go public, engage in a private placement of all or some of its securities; acquire equity or any assets, be acquired by or have any or all of its assets (including the

Proprietary Marks) acquired by, merge with, affiliate with, or engage in any transaction with other businesses located anywhere or conducting business anywhere. These transactions may include arrangements involving competing businesses or outlets and dual branding or brand conversions.

D. undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring.

2.7 **No Claims for Changes.** With regard to any of the above transactions identified in Section 2.6, Franchisee and its owners expressly and specifically waive any claims, demands or damages arising from or related to the loss of Franchisor's name, the Proprietary Marks (or any variation thereof), the System and/or the loss of being identified as a franchisee under this Agreement. If Franchisor assigns its rights in this Agreement, nothing will be deemed to require Franchisor to remain in the restaurant business or to offer or sell any products or services to Franchisee.

2.8 **Replacement Site.** Should the approved location not be acquired by Franchisee, Franchisee may submit a replacement site application. Against invoice, Franchisee will pay Franchisor a fee of $500, plus an amount equal to Franchisor's costs and expenses associated with the review of the alternative proposed site, including, but not limited to travel expenses to and from such site, provided that such expenses, including the $500 fee, will not exceed $5,000. Franchisee will have no more than 60 days from the date that Franchisee first communicated to Franchisor its intention to abandon development of the previously approved site to submit a replacement site application. Failure to do so may result in a termination of this Agreement and/or loss of Franchisee's right to develop an Approved Location in the Site Selection Area identified in **Schedule 1** hereto. Franchisor shall have 60 days after receipt of the replacement site application and all other such information and materials required by Franchisor to approve or disapprove the replacement site application for any reason. If a replacement site application is submitted, it will be subject to the same terms and conditions stated above and will be approved or disapproved under the same terms and conditions described above. Franchisor shall have no obligation to consider more than 2 site applications under this Agreement.

2.9 **Relocation.** Franchisee may relocate the Franchised Business only with Franchisor's prior written consent. Franchisor will grant its consent if Franchisee's lease expires or terminates through no fault of Franchisee, or if the Approved Location is destroyed or materially damaged by fire, flood, or other natural catastrophe (an "**Innocent Loss or Casualty**") and Franchisee is not in default under this Agreement or any other agreement between Franchisee and Franchisor. The new Approved Location must be open for business at the new site within one hundred eighty (180) days of closing at the previous location. The selection of the new site, its construction, and opening is subject to the same provisions of this Agreement as the site selection, construction, and opening of Franchisee's original Approved Location. Franchisee is solely responsible for all relocation costs and expenses and shall pay Franchisor a fee equal to fifty percent (50%) of the then-current initial franchise fee to reimburse Franchisor for its reasonable attorneys' fees and other relocation-related costs and expenses.

Article 3. Term

3.1 **Initial Term.** Unless sooner terminated or modified as hereinafter provided, the term of this Agreement (the "**Term**") shall be 10 years from the Effective Date and this Agreement will expire without notice on such date.

3.2 **Successor Agreement**. Franchisee may be granted successor franchise rights for two (2) consecutive five-year terms if, at the end of each term, each of the following conditions has been satisfied:

A. Franchisee has notified Franchisor of its intent to renew the franchise at least twelve (12) months (but no more than twenty-four (24) months) before the then-current term expires;

B. Franchisee is not in default of any material provision of this Agreement or any successor franchise agreement (as applicable), and Franchisee has complied with the material terms and conditions of this Agreement or any successor franchise agreement (as applicable) throughout the term;

C. all amounts owed to Franchisor and its affiliates and third party suppliers have been paid;

D. the Approved Location has been renovated and refurbished so that it reflects Franchisor's then-current image, trade dress, equipment, and furnishings standards;

E. Franchisee has the right to remain in possession of the Approved Location, or has secured substitute premises that Franchisor has approved;

F. Franchisee executes Franchisor's then-current form of franchise agreement for successor franchises;

G. Franchisee is able to maintain all licenses and permits, including but not limited to a liquor license, necessary to continue operation of the Franchised Business at the Approved Location;

H. Franchisee pays a renewal fee equal to 25% of the then-current initial franchise fee (or, if Franchisor is no longer offering new franchises, the renewal fee shall be equal to 25% of the Initial Franchise Fee set forth in the most recent Franchise Disclosure Document issued by Franchisor or its successor); and

I. Franchisee and each person who has guaranteed Franchisee's obligations under this Agreement signs a general release in a form Franchisor prescribes.

3.3 **Hold-Over.** If Franchisee continues to operate the Franchised Business with Franchisor's express or implied consent following the expiration of the Term, the continuation will be deemed to be a month-to-month extension of this Agreement, unless otherwise set forth in writing. All provisions of this Agreement will apply while Franchisee continues to operate the Franchised Business and the term "Term" shall include such hold-over period. This Agreement will then be terminable by either party on 30 days' written notice to the other party, or such longer notice period as required by applicable law. For the avoidance of doubt, this provision does not apply in the case of Franchisee's continued operation of the Franchised Business after the Agreement has been terminated.

Article 4. Fees and Royalties.

4.1 In consideration of the rights and license granted herein, Franchisee shall pay to Franchisor each of the following:

A. **Initial Fee.** Upon the execution and delivery of this Agreement by Franchisee, Franchisee shall pay an Initial Franchise Fee in the amount equal to $55,000 (unless otherwise specified in **Schedule 1**). Franchisee acknowledges and agrees that such Initial Franchise Fee has been fully earned and is nonrefundable in consideration of expenses incurred, rights granted, services rendered, and other valuable consideration, the receipt and sufficiency of which is acknowledged by Franchisee. Notwithstanding the foregoing, if Franchisee, in spite of diligent efforts, as determined by Franchisor in its reasonable discretion, is unable to locate a site for the Franchised Business within the time frame set forth in Section 5.1 (Site Application), Franchisor will refund fifty percent (50%) of the Initial Franchise Fee to Franchisee.

B. **Royalty Fee.** A continuing Royalty Fee of 5% of Franchisee's Gross Revenue during the Term. If, due to federal, state or local laws, Franchisor is prohibited from receiving percentage royalty based on alcoholic beverage sales, gambling device revenues or other similar percentage payouts, Franchisee shall pay Franchisor a Royalty Fee on all Gross Revenue except these alcoholic beverage sales, gambling device and/or other revenues in the same dollar amount as would have been paid if Franchisee paid the specified Royalty Fee percentage on all Gross Revenue.

C. **Brand Development Fund Fee.** A Brand Development Fund contribution to the Brand Development Fund of up to 4.0% of Franchisee's Gross Revenue ("**Brand Development Fund Fee**"). As of the Effective Date, the Brand Development Fund Fee is 2.0% of Franchisee's Gross Revenue.

D. **Technology Fund Fee.** A Technology Fund Fee of up to $50 per week. As of the Effective Date, the Technology Fund Fee is $20 per week.

E. **Quality Assurance Fee.** A Quality Assurance Fee of up to $250 per month, should Franchisor implement a quality assurance program.

F. **Mystery Shopper Fee.** A Mystery Shopper Fee of up to $250 per month, should Franchisor implement a mystery shopper program.

G. **Other Fees.** Such other fees that are set forth in other sections of this Agreement or otherwise imposed. Such fees shall be due as set forth in Section 4.2 of this Agreement, unless different payment terms are expressly stated for such fees at the time they are imposed or thereafter.

4.2 **Payment of Fees and Late Fees.** Unless payments terms to the contrary are expressly stated in this Agreement or otherwise, all payments required by Article 4, and all other payments due to Franchisor on a continuing basis ("**Payments**"), shall be due to Franchisor on the Wednesday following the calendar week in which such Gross Revenue were received by Franchisee, provided that, Franchisor may, upon notice to Franchisee, collect such payments at a different frequency. The calendar week is deemed to run Monday through Sunday. If any payment due Franchisor under this Agreement is overdue, Franchisee shall pay to Franchisor immediately upon demand the overdue amount together with a late charge on such amount from the date it was due until paid, at the rate of 1.5% per month, or the maximum rate permitted by law, whichever is less. All Payments shall be made by wire transfer, electronic funds transfer, or such other payment method as Franchisor may indicate from time to time. In its sole discretion, Franchisor may collect Payments required by Article 4 by direct debit withdrawal by Franchisor from a designated bank account of Franchisee or by using such other payment technology as is or may become available during the Term. If Franchisor collects payments through direct debit or similar payment technology permitting Franchisor to initiate payments from Franchisee to Franchisor, and

if Franchisee fails to provide to Franchisor information about Gross Revenue necessary to calculate the fees owing (each period for which Gross Revenue are not reported, a "**Non-Reporting Period**"), then Franchisor may direct debit (or otherwise withdraw from Franchisee) a fee based on the Gross Revenue information most recently received from Franchisee for the applicable Non-Reporting Period. By way of example, if Franchisee fails to provide Gross Revenue information for a calendar week, Franchisor may use the Gross Revenue information for the most recent calendar week for which Gross Revenue were reported by Franchisee as the basis for calculating the Royalty Fee and the Brand Development Fund Fee for the calendar week for which the report was not provided. Once the Gross Revenue for a Non-Reporting Period is determined to Franchisor's satisfaction, Franchisor and Franchisee will reconcile the actual fees owed for such Non-Reporting Period with actual fees owed pursuant to this Agreement. If the fees debited by Franchisor exceed the fees paid by Franchisee for the Non-Reporting Period Franchisor will repay the overpayment within fourteen (14) calendar days. If the fees debited by Franchisor are less than the fees owed for the Non-Reporting Period, then Franchisee will pay Franchisor the underpayment within fourteen (14) calendar days of the determination of the underpayment, together with a late charge calculated pursuant to this Section. Franchisee will cooperate with Franchisor to set up payment through such methods and channels as may be determined by Franchisor from time to time. Franchisee acknowledges that nothing contained in this Article 4 shall constitute an agreement by Franchisor to accept such payments after the same are due or a commitment by Franchisor to extend credit to, or otherwise finance Franchisee's operation of, the Franchised Business. Franchisee acknowledges that Franchisee's failure to pay all such amounts when due shall constitute grounds for termination of this Agreement, as provided in Article 14 of this Agreement, notwithstanding the provisions of this Article. The right to such late charge is in addition to any other remedies Franchisor may have.

Article 5. Site Selection, Approved Location Construction and Opening.

5.1 **Site Selection.** If the parties have not identified the Approved Location on or before the Effective Date, Franchisee is responsible for evaluating potential sites and submitting site application(s) for a proposed Approved Location within the Site Selection Area, subject to Franchisor's approval, pursuant to the procedures stated in this Section.

A. If Franchisee has not yet submitted a site application for an Approved Location at the time this Agreement is executed, Franchisee must submit such application and such information as Franchisor may require within one hundred twenty (120) days of the date of this Agreement for review by Franchisor. As of the Effective Date, Franchisor requires Franchisee, at Franchisee's expense, to engage an approved supplier for assistance with site planning and market analytics to locate an appropriate location.

B. Franchisee may not commence construction of the Approved Location until Franchisor has unconditionally approved the proposed site in writing. There is no time limit on when Franchisor must approve or disapprove of the proposed site, provided that Franchisor will strive to do so within thirty (30) after all required information is received from Franchisee. Franchisor may approve or disapprove any site in its sole discretion. Franchisee acknowledges that neither Franchisor's review of the proposed site for the Franchised Business nor any assistance that may be provided by Franchisor in the selection or development of the site constitutes a representation, warranty or guaranty by Franchisor regarding the potential financial success of the Approved Location operated at that site, and Franchisee assumes all business and economic risks associated with the site. Following Franchisor's written approval of Franchisee's proposed site as the Approved Location, the parties shall amend this Agreement to set forth the Approved Location's street address and the boundaries of the Protected Territory in **Schedule 1**.

C. Within the Site Selection Area specified in **Schedule 1**, Franchisor will not operate nor grant any right to any Affiliate or other third party to operate a System Business during the period commencing on the Effective Date and expiring on the earliest of the following: (i) the date when the Franchisor and Franchisee execute an amended **Schedule 1** reflecting the Approved Location and Protected Territory; (ii) 60 days from the date that Franchisee first communicated to Franchisor its intention to abandon development of the previously approved site; and (iii) the effective date of the termination of this Agreement.

5.2 **Pre-Construction Requirements.** Prior to commencing construction of the Approved Location under this Agreement, Franchisee shall have completed or satisfied all of the following:

A. If Franchisee is obtaining the site for the Franchised Business by lease or installment land contract, Franchisee shall submit to Franchisor with a request for approval, prior to execution by Franchisee, a copy of the lease or installment land contract for the proposed site, which must either append **Schedule 9** to this Agreement, or must not contain any provision that is inconsistent with or interferes with the performance of any provision of this Agreement and which lease or installment land contract must include provisions (i) authorizing Franchisor to enter the premises and make any modifications necessary to protect the Proprietary Marks, (ii) granting to Franchisor the right (but not the duty) to assume the lease or installment land contract if Franchisee is in default under its terms and provisions and/or if this Agreement expires or is terminated, (iii) requiring concurrent notice from lessor or vendor to Franchisor of any default or termination, and (iv) in the case of a lease, providing for a term of at least 10 years, which lease or installment land contract, when approved by Franchisor, shall not thereafter be materially modified without the prior written consent of Franchisor. Under no circumstances shall Franchisor have any obligation or liability under such lease or installment land contract.

B. Obtain from Franchisor in writing, not less than 30 days prior to commencing construction of the Approved Location, approval of the architect and the general contractor to be used for the construction of the Approved Location.

C. Submit to Franchisor with a request for approval, prior to preparation of the schematic design development documents for the building, preliminary site plans showing: (i) the dimensions of the site of the Approved Location; (ii) placement of the Franchised Business on the site of the Approved Location; (iii) proposed drives, parking, and service areas; (iv) proposed location of exterior signage including size, type, height, etc.; and (v) such other information as may be reasonably required by Franchisor, which preliminary site plans, when approved by Franchisor, shall not thereafter be materially modified without the prior written consent of Franchisor.

D. Submit to Franchisor with a request for approval, prior to the preparation of the final building plans and specifications, the schematic design development documents for the building prepared by a registered architect or engineer in compliance with all applicable laws, regulations, ordinances, and Franchisor standards, which schematic design development documents, when approved by Franchisor, shall not thereafter be materially modified without the prior written consent of Franchisor. All such plans must be in compliance with the branding design package provided by Franchisor.

E. Submit to Franchisor with a request for approval, after the schematic design development documents for the building has been approved by Franchisor, final building plans and specifications prepared by a registered architect or engineer in compliance with all applicable laws, regulations, ordinances and Franchisor standards which plans and

specifications, when approved by Franchisor, shall not thereafter be materially modified without the prior written consent of Franchisor.

F. Provide to Franchisor satisfactory evidence that all permits, licenses and certifications required for the lawful construction and operation of the proposed site, including, without limitation, all applicable building permits, zoning, access, sign and fire requirements, have been obtained.

G. Provide to Franchisor insurance certificates satisfying the applicable requirements set forth in Article 12 of this Agreement.

H. Such other information as Franchisor may reasonably request.

5.3 **Construction.** Before commencing construction, Franchisee shall:

A. Submit to Franchisor, pursuant to Article 8.1.D., a request for approval of any alternate FF&E products, if any, including standards and specifications for FF&E, prepared by a qualified professional, which, if approved by Franchisor, shall not be materially modified without the prior written consent of Franchisor. As used in this Article the term "materially modified" means any modification that would (a) change the size or dimensions of any public areas, or amenities of the Approved Location, (b) affect the appearance or design of any portion of the Approved Location or the quality of the materials used therein, or (c) constitute a departure from the concept, standards or approved products or services of the System. Unless alternate FF&E products are approved by Franchisor, Franchisee must use only such FF&E products that are specified by Franchisor in the Manual and other documents containing FF&E specifications current at the date Franchisee commences construction. Notwithstanding the foregoing, upon request, Franchisor may, in its discretion, alter FF&E requirements for the Approved Location due to local market conditions, custom or practice. Franchisee agrees that Franchisor and its agents shall have the right (without, however, any duty or obligation to do so) to visit and inspect the construction of the Approved Location at all reasonable times.

5.4 **Construction Completion.** Franchisee shall diligently and continuously prosecute the construction, furnishing, and equipping of the Approved Location (including its acquisition and installation of all FF&E, signs, supplies, and other items necessary for completion and opening of the Franchised Business) in accordance with the plans previously approved by Franchisor and in accordance with the Manual, but in any event the construction, furnishing, and equipping of the Approved Location shall be completed within 270 days from the Effective Date. Franchisee acknowledges and understands that time is of the essence in the construction and opening of the Franchised Business, and except for the occurrence of any events constituting Force Majeure, the construction shall be completed and the Approved Location shall be furnished, equipped, and otherwise be made ready to open for business, and all governmental licenses and permits necessary to operate the Franchised Business under the System shall have been obtained by Franchisee, at the end of such 270-day period.

5.5 **Construction Inspections.** Franchisee agrees that Franchisor and its agents shall have the right (without, however, any duty or obligation to do so) to visit and inspect the construction of the Approved Location at all reasonable times.

5.6 **Review for System Compliance Only.** Franchisor's exercise of its rights to approve the plans and specifications and to inspect construction of the Approved Location shall be solely for the purpose of assuring compliance with System standards and with the terms and

conditions of this Agreement, and Franchisor shall have no liability or obligation to Franchisee or any other person with respect to construction of the Approved Location.

5.7 **Opening Marketing Plan.** No later than sixty (60) days before the expected Opening Date of the Approved Location, Franchisee shall submit its opening sales and marketing plan to Franchisor for Franchisor's prior approval.

5.8 **Opening of Franchised Business.** The Franchised Business shall be opened for business immediately upon satisfaction of all of the following requirements:

A. All FF&E required for the opening of the Franchised Business in accordance with this Agreement and the standards of Franchisor shall have been installed or completed.

B. Franchisee's general manager for the Franchised Business shall each have completed to Franchisor's satisfaction a training program approved or conducted by Franchisor, and Franchisee shall have employed qualified personnel sufficient to operate the Franchised Business.

C. Franchisee has obtained a liquor license authorizing the sale of alcoholic beverages at the Approved Location and all such other health, safety, or fire department licenses and permits as may be required.

D. Franchisee shall have paid all sums due Franchisor and its affiliates.

E. Franchisee is not in default under this Agreement, or any existing Franchise Agreement or other agreement with Franchisor or any of its affiliates.

F. Franchisor shall be satisfied as to Franchisee's compliance with the requirements necessary for opening the Franchised Business by such on-site inspection and investigation as Franchisor deems appropriate. If the Franchisee fails to pass its initial pre-opening inspection, Franchisor reserves the right to charge and collect a re-inspection fee and expenses for each additional inspection required to approve the Franchised Business for opening. The re-inspection fee and related expenses shall be due and payable within thirty (30) days of receipt of an invoice therefor, or Franchisor may, in its discretion, collect payment thereof by direct debit withdrawal by Franchisor from a bank account designated by Franchisee. Nothing under this Agreement shall in any manner relieve Franchisee of the obligation of complying with the requirements of the approved plans or the terms of this Agreement.

Franchisee may not open the Franchised Business until the above requirements have been satisfied to Franchisor's satisfaction. The System will be applied to all System Locations, although Franchisor in its business judgment may make exceptions based on local conditions, special circumstances or different contractual provisions.

5.9 **Development and Construction Expenses.** Franchisee acknowledges and understands that Franchisee shall bear the entire cost of the development and construction of the Approved Location, including, without limitation, all costs applicable to design, engineering, and other professional services, contractors, financing, licenses, permits, equipment, furnishings, and supplies.

Article 6. Duties of Franchisor.

6.1 In addition to the other obligations and duties set forth in this Agreement, Franchisor agrees as follows:

A. **Providing Site Selection Criteria.** Franchisor shall provide general site selection criteria and guidance in the selection of an acceptable site and review of the lease for the Approved Location. Franchisee acknowledges and agrees that Franchisor providing its site selection criteria, lease review, and guidance will not create any reliance or expectation damages or liability for Franchisor, and such activities will not create any expectation or representation to Franchisee that any proposed site will be accepted by Franchisor.

B. **Providing Prototype Plans.** Franchisor shall provide to Franchisee a set of then-current prototype plans and specifications (not for construction) as determined by Franchisor for a typical System Location. These plans must be adapted to Franchisee's site by the appropriate licensed architects.

C. **Consultation.** Upon reasonable request, Franchisor shall consult with and advise Franchisee at Franchisor's home office, or means of remote communication (including telephone, email, and virtual meetings), concerning the construction and operation of the Franchised Business.

D. **Access to Manual.** Franchisor shall provide Franchisee access to the Manual in a format determined by Franchisor, such as via the intranet, loan 1 hard copy of the Manual, or in any such other way as Franchisor determines to be most appropriate, for the term of the Agreement setting forth standards of operation for the System and standards of quality, cleanliness, and service for the Franchised Business. Franchisor shall have the right to add to and otherwise modify the Manual to reflect changes in the business, authorized products or services (or specifications therefor), FF&E requirements, quality standards, and operating procedures of the Franchised Business as determined by Franchisor. Such additions or modifications may be made through various communications by Franchisor, including policy statements, memoranda, bulletins, directives, instructions, intranet, electronic communications, or other material prepared by or on behalf of Franchisor. The Manual and any additions or modifications may be provided in printed, machine readable, electronic, or any other form chosen by Franchisor.

E. **Training.** Franchisor shall make available to Franchisee, Franchisee's employees such required and optional training courses, programs, conferences, seminars, and materials, as Franchisor deems appropriate. All training shall be conducted at such physical or virtual locations and at such times as Franchisor may designate and shall be subject to the terms and conditions set forth in this Agreement.

F. **Opening On-Site Training and Assistance.** Franchisor will send one representative to provide on-site assistance at the Approved Location for a period of approximately 10 days around the Opening Date.

G. **Inspections.** Franchisor shall endeavor to maintain high standards of quality, cleanliness, appearance, and service for the System, and to that end shall conduct inspections of the System Locations, evaluations of the services rendered therein, and interviews of employees, agents, and customers of System Locations, all as Franchisor deems advisable and appropriate.

H. **Mystery Shoppers.** Franchisor reserves the right to have "mystery shoppers" inspect the Franchised Business from time to time in order to help determine compliance with the terms of this Agreement.

I. **Location Directory.** Franchisor will make available in electronic and/or printed format to all System Locations a System Location Directory subject to the terms and conditions of Article 8 of this Agreement.

6.2 **Obligations to Franchisee Only.** All of the obligations of Franchisor under this Agreement are to Franchisee only, and no other party is entitled to rely on, enforce, or obtain relief for breach of such obligations either directly or by subrogation.

6.3 **Delegation.** Franchisee acknowledges and agrees that Franchisor has the right to delegate the performance of any portion or all of its obligations under this Agreement to third parties, and exercise any of its rights under this Agreement through third parties, whether those third-parties are Franchisor's agents or independent contractors with whom Franchisor has contracted to perform these obligations, as the Franchisor may direct. If Franchisor does so, such third parties will be obligated to perform all functions for Franchisee in compliance with this Agreement and/or a separate signed agreement between Franchisee and such third-party as approved by Franchisor.

Article 7. General Duties of Franchisee.

In addition to the other obligations and duties set forth in this Agreement, Franchisee agrees as follows:

7.1 **Adherence to System Requirements.** Franchisee expressly acknowledges that adherence to each and every provision of the System is reasonable, necessary, and essential to maintain the uniform image and favorable reputation of each System Location and the System and the success of Franchisor's franchise program, and not to control the day-to-day operation of the Franchised Business. Franchisee also acknowledges that the System is likely to develop and change during the Term due to changes in the market, customer preferences, available technology, the growth and development of the franchise system, and for other reasons. Accordingly, Franchisee expressly agrees to comply with each and every requirement of the System during the term hereof, as the same may be modified or supplemented by Franchisor in its sole discretion. Such modifications and supplementations may relate to, without limitation, changes in the business, authorized products and services, FF&E requirements, new or different mandatory or optional programs and services made part of the System, quality standards, operating procedures, compliance with any requirements for computer systems or technology programs, and to pay any fees or charges associated with any such System modifications or supplementations and any other changes reflected in the Manual. Franchisee acknowledges that the market place in which it operates may change frequently and quickly during the Term, and that some aspects of the Franchised Business, such as computer systems and technology may need frequent updates, upgrades, and changes. Franchisee at all times remains responsible for the operation of the Franchised Business and all activities occurring in the Franchised Business, including, but not limited to the hiring, training, discipline, and staffing of the Franchised Business.

7.2 **Construction.** Franchisee covenants and agrees to commence, diligently pursue, and complete construction of the Approved Location and open for business in accordance with Article 5 of this Agreement.

7.3 **Initial Training.** Franchisee, or if Franchisee is an entity, at least one of its principal owners, shall complete the new franchisee training prior to the Opening Date. Franchisee shall employ or retain qualified management personnel as prescribed in the Manual. All personnel employed or retained by Franchisee in the position of general manager shall attend and successfully complete, to Franchisor's satisfaction, Franchisor's training program. There is no charge for the initial training provided by Franchisor to Franchisee (or, if Franchisee is an entity, to Franchisee's owners) and its general manager. If Franchisee requests that Franchisor provides the initial training to additional persons, and such request is approved, Franchisee will pay a training fee of $1,500 per person. The initial general manager must complete their general manager certification training prior to the Opening Date. All other personnel, including any subsequent general manager, shall sign up for training within fourteen (14) days of employment and complete their general manager certification training within one hundred and twenty (120) days of employment. The 120-day period may be extended if space in the training program is not available to Franchisee's personnel during the specified periods. Notwithstanding Franchisor's assistance in training Franchisee's employees, Franchisee is exclusively responsible for the terms of employment, compensation, scheduling, benefits, disciplining and all other personnel decisions respecting Franchisee's employees without any influence or advice from Franchisor. Additionally, any persons working in the Franchised Business involved in: (a) serving alcohol, must maintain all licenses necessary to serve alcohol under applicable law; or (b) food handling must pass and maintain food handling certifications required under applicable law for the tasks being performed by the person.

7.4 **Franchisee Meetings.** Franchisee, or if Franchisee is an entity, one or more of Franchisee's principal owners, shall attend Franchisor's annual (or biannual as Franchisor may determine) franchisee conference and pay the non-refundable conference registration fee as the same may be designated by Franchisor.

7.5 **Ongoing Training and Assistance.** Franchisor may periodically make available other required or optional training courses to Franchisee and Franchisee's personnel, as well as other programs, conferences, seminars, and materials, and Franchisee shall ensure that such personnel, as Franchisor may direct, satisfactorily complete any required training within the time specified. Franchisor may also offer Franchisee optional additional support and assistance in the operation of the Franchised Business. Franchisee and Franchisee's general manager may each be required to participate in up to ten (10) days of required training in each calendar year. All training shall be provided at such locations as Franchisor may designate and Franchisee shall be responsible for Franchisee's and Franchisee's employees' travel expenses and room, board, and wages during the training. Franchisee will be charged reasonable tuition for training of Franchisee's and Franchisee's personnel and such tuition shall be payable per the terms of the invoice therefor. Franchisee will also be charged a reasonable fee for any additional support and assistance requested by Franchisee. As of the Effective Date, Franchisor charges $400 per day and trainer for ongoing training and additional support and assistance, plus travel and accommodation expenses for such trainer, provided that the Franchisor reserves the right to adjust such fees throughout the Term. Franchisor reserves the right to require, as a condition of providing training, that personnel employed or retained by Franchisee execute a confidentiality agreement in the form specified by Franchisor (the current form is attached as **Schedule 7**). Franchisor reserves the right to limit the availability of any optional training programs.

7.6 **Charitable Contributions.** Franchisee agrees, that annually, during the Term, it will contribute at least one percent (1%) of Franchisee's Gross Revenue to charitable and other good causes that align with the System's focus on, and promotion of women's sports ("**Charitable Contributions**"). Franchisor may, from time to time, provide additional direction regarding the type of projects, causes, activities, that the Charitable Contributions must be made

towards, and may also require that all or part of the Charitable Contributions be made to one or more specific companies or organizations. If Franchisor or its affiliates set up a charitable organization, Franchisor may require that all or part of the Charitable Contributions be made to such organization. Upon Franchisor's request, Franchisee agrees to provide Franchisor with such documentation as reasonably requested regarding Franchisee's past Charitable Contributions during the Term.

7.7 **Quality of Service.** Franchisee shall provide efficient, courteous, and high-quality service to the public and shall operate the Franchised Business pursuant to the mandatory terms and provisions outlined in the Manual except as otherwise permitted by Franchisor in writing. Franchisee shall cause the Franchised Business to honor all credit cards specified by Franchisor and enter into such credit card arrangements with the issuers of such cards as may be necessary to do so. Franchisee will not sell any product which is adulterated, contaminated, spoiled, unsafe or otherwise unfit for human consumption. Franchise must keep the Franchised Business clean and provide prompt and courteous service to customers. Franchisee agrees to, and will take all steps as are necessary to, ensure that all its employees treat each customer fairly and provide services in an honest, ethical and non-discriminatory manner.

7.8 **Staffing.** Franchisee will maintain a competent, conscientious and trained staff. Franchisee will be solely responsible for all employment decisions and functions of the Franchised Business, including those related to hiring, firing, training, wage and hour requirements, record-keeping, supervision and discipline of employees. All personnel employed by Franchisee shall maintain such standards of sanitation and cleanliness as set forth in the Manual or specified in writing by Franchisor from time to time. None of Franchisee's employees will be considered to be Franchisor's employees and Franchisee will never contend otherwise. Franchisee expressly agrees, and will never contend otherwise, that Franchisor does not have the direct or indirect power to hire, fire or control any of Franchisee's employees. Neither Franchisee nor any of its employees whose compensation Franchisee pays may in anyway, directly or indirectly, expressly or by implication, be construed to be Franchisor's employees for any purpose, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. Franchisee expressly agrees, and will never contend otherwise, that Franchisor's authority under this Agreement does not directly or indirectly vest in Franchisor the power to hire, fire or control any of Franchisee's employees.

7.9 **Authorized Menu.** Franchisee must offer and sell all menu items that Franchisor requires, and only those menu items that Franchisor has approved. Franchisor may add, eliminate and change authorized menu items, in its sole discretion, and Franchisee must comply with all directives (which may require purchasing and installing additional equipment). Franchisee shall prepare, package, and serve all menu items in accordance with Franchisor's recipes, standards and procedures for preparation, presentation and service as communicated to Franchisee from time to time via the Manual or other written directives. Such standards and procedures may include, without limitation, following recipes (including use of prescribed ingredients and prescribed measure of ingredients), use of containers and paper goods bearing the Proprietary Marks, packaging procedures, product holding times and other standards for displaying for sale menu items and other merchandise. If Franchisee offers any menu items that are not approved by Franchisor for Franchisee's Franchised Business, Franchisee will pay Franchisor a fee of $250/day that such unauthorized menu items are offered for sale at the Franchised Business. Franchisee shall participate in all market research programs that Franchisor requires, which include test-marketing new products, purchasing a reasonable quantity of new products for test-marketing, promoting the sale of the new products. Franchisee shall provide Franchisor with timely reports and test results for all such programs.

7.10 **Gift Cards and Loyalty Programs.** Franchisor may require that Franchisee, if permitted by applicable law, participate in a gift card or other customer loyalty program in accordance with the provisions either set forth in the Manual or otherwise disclosed to Franchisee. In order to participate, Franchisee may be required to purchase additional equipment and pay any fees applicable to the use of that equipment. If Franchisor establishes a gift card or loyalty program, it has the right to determine how the amount of the gift cards or loyalty cards will be divided or otherwise accounted for, and Franchisor reserves the right to retain the amount of any unredeemed gift cards.

7.11 **Third-Party Delivery Services.** If required by Franchisor, Franchisee must utilize only the third-party delivery services required by Franchisor (*e.g.* UberEats or GrubHub) and may not contract with any third-party or other delivery service providers without Franchisor's prior written authorization.

7.12 **Liquor License.** The right to operate a Franchised Business pursuant to this Agreement is conditioned upon the ability of Franchisee to obtain and maintain required state and/or local licenses permitting the sale of alcoholic beverages at the Approved Location. Franchisee agrees to use its best efforts to obtain such licenses and maintain the same in good standing during the Term. In the event that Franchisee is prohibited by a governmental authority from offering alcoholic beverages at the Approved Location (other than routine occasions on which Franchisee is prohibited by applicable law from offering alcoholic beverages for sale from the Approved Location, such as a local prohibition on the sale of alcoholic beverages on Sundays), including, but not limited to, violations of federal, state or local liquor laws, then, at the option of Franchisor, this Agreement shall be immediately terminated upon receipt by Franchisee of written notice from Franchisor to such effect.

7.13 **Use of Approved Location.** Franchisee shall use the Approved Location solely for the operation of the Franchised Business and shall not use or allow the use of the premises for any other purpose or activity (including, without limitation, the promotion of any competing business) at any time without the prior written consent of Franchisor, which may be granted or withheld in Franchisor's sole discretion. Franchisee shall not sacrifice Gross Revenue to further any other business activity.

7.14 **Approved Location Maintenance.** The Franchised Business and everything located at the Approved Location shall be maintained by Franchisee in a clean, safe, orderly, and first-class condition in accordance with the standards specified in the Manual, and consistent with the image of a clean, sanitary, attractive, and efficiently operated sports bar. The Approved Location shall be constructed, maintained, and operated in compliance with all applicable fire, safety, health, and sanitation laws, ordinances, and regulations, and Franchisee shall maintain the highest health standards and ratings applicable to the Approved Location and otherwise maintain high moral and ethical standards at the Franchised Business.

7.15 **Upkeep and Maintenance.** Franchisee shall perform such maintenance of the Approved Location as is required by Franchisor to maintain the condition, appearance, and efficient operation of the Franchised Business, including, without limitation, (a) continuous and thorough cleaning and sanitation of the interior and exterior of the Approved Location, (b) interior and exterior repair of the Approved Location, (c) maintenance of equipment at peak performance, (d) replacement of worn out or obsolete improvements, fixtures, furnishings, equipment, computer systems, software, and signs with approved improvements, FF&E, computer systems, software, and signs, and (e) periodic painting and decorating. At Franchisor's request, Franchisee shall upgrade the Approved Location within the time specified by Franchisor at Franchisee's expense to conform to the building decor appearance and presentation of Proprietary Marks and trade dress

consistent with Franchisor's then-current public image, including, without limitation, such structural changes, remodeling, and redecoration and such modifications to existing improvements as may be deemed necessary by Franchisor, as long as those same upgrading requirements apply to a majority of System Locations operated by franchisees or by Franchisor or its affiliates, or are necessary to bring the Franchised Business into compliance with requirements already adopted or being adopted by a majority of System Locations. Except as described above, Franchisee shall make no additions, alterations, or replacements to the Franchised Business or anything located at the Approved Location without the prior written consent of Franchisor.

7.16 **Compliance with Law.** Franchisee shall, at Franchisee's expense, comply with all federal, state, and local laws, rules, ordinances, and regulations, and shall timely obtain, and keep in force as required throughout the Term, any and all permits, certificates, licenses, and approvals necessary for the full and proper conduct of the Franchised Business.

7.17 **Notification of Legal Action.** Franchisee shall notify Franchisor in writing within five (5) days of the commencement of any action, suit, or proceeding, and of the issuance of any inquiry, subpoena, order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, arising out of, concerning, or which may affect the operation or financial condition of the Franchised Business, including, without limitation, any criminal action or proceeding brought by Franchisee against employees, customers, or other persons.

7.18 **Payment of Taxes.** Franchisee shall pay when due all taxes levied or assessed in connection with the possession, ownership, or operation of the Franchised Business and all taxes payable on royalties and other payments made to Franchisor or to any of the affiliates (excluding income taxes payable by Franchisor or any of its affiliates). In the event of any bona fide dispute respecting any tax assessed against Franchisee, the Franchised Business, any personal property located therein, or any payments due to Franchisor or any of its affiliates, Franchisee may contest the validity or amount of the tax in accordance with procedures of the taxing authority; provided, however, that Franchisee shall act with all due diligence and shall in no event permit a tax sale or seizure against the Approved Location or any equipment, goods, or property located therein, or any impoundment of payments due to Franchisor. Franchisee must pay to Franchisor the amount of any state or local sales, use, gross receipts, or similar tax that Franchisor may be required to pay on payments which Franchisee make to Franchisor under this Agreement, regardless of whether the state or local tax is imposed directly on Franchisor, is required to be withheld by Franchisee from amounts due to Franchisor under this Agreement, or is otherwise required to be collected by Franchisee from Franchisor. Franchisee's obligations under this Section shall not be reduced or offset by any type of claim, credit or deduction of any kind. This provision does not apply to income taxes or comparable taxes measured by income to which Franchisor may be subject.

7.19 **Timely Payments.** Franchisee recognizes that Franchisee's failure or repeated delays in making prompt payment in accordance with the terms of any agreements, leases, invoices, or statements for purchase or lease of FF&E, inventories, supplies, travel agent services, or other goods and services will be detrimental to the reputation of Franchisee, Franchisor, and other System Franchisees. Franchisee shall timely pay when due all amounts owed by Franchisee in connection with the operation of the Franchised Business. In its sole discretion, Franchisor may collect all payments and amounts due or payable under this Article 7 by direct debit withdrawal from a bank account designated by Franchisee.

7.20 **Computer Systems.** Franchisee shall purchase, use and maintain such computer hardware and software as required in the Manual from time to time, including such point of sales system, including all related hardware and software, ("**POS System**") as is specified in

the Manual or otherwise by Franchisor in writing for use in connection with the Franchised Business. The POS System must be connected to the internet at all times (or other communications medium specified by Franchisor) for the purpose of implementing software, transmitting and receiving data, accessing the internet for ordering and maintaining the POS System. Franchisor may require Franchisee to upgrade its computer system, including the POS System hardware and/or software from time to time upon written notice. Franchisee shall accept gift cards, debit cards, credit cards, no contact payment options, such as mobile payment, and other non-cash systems existing or developed in the future to enable customers to purchase authorized products or services via such procedure, as specified by Franchisor, and shall obtain all necessary hardware and/or software used in connection with these systems. Franchisee must maintain, repair, upgrade and updated the computer system, including the POS System as Franchisor may require from time to time.

7.21 **Access to Data.** Franchisor will be given direct, administrative access to the POS System and such other software used by Franchisee, for the purpose of determining compliance with this Agreement and to allow for audits and inspections of Franchisee's financial statements, reports and all other data pertaining to the Franchised Business, whether maintained by Franchisee or by third parties.

7.22 **Privacy and Data Protection.** Franchisee must: (i) comply with all applicable international, national, federal, provincial, state, or local laws, codes or regulations that regulate the processing and maintenance of information that can be used (alone or when used in combination with other information Franchisee controls) to identify, locate or contact an individual or pertains in any way to an identified or identifiable individual ("**Personal Information**") in any way, including, but not limited to, national data protection laws, laws regulating marketing communications and/or electronic communications, information security regulations and security breach notification rules ("**Privacy Laws**"); (ii) comply with all standards, specifications, requirements, criteria, and policies that have been and are in the future developed and compiled by Franchisor that relate to Privacy Laws and the privacy and security of Personal Information; (iii) refrain from any action or inaction that could cause Franchisor to breach any Privacy Laws; (iv) do and execute, or arrange to be done and executed, each act, document and thing Franchisor deems necessary in our business judgment to keep Franchisee in compliance with the Privacy Laws; and (v) immediately report to us the theft or loss of Personal Information (other than the Personal Information of Franchisee's own officers, directors, owners, employees or service providers). Compliance with Privacy Law may include, amongst other things, implementing administrative, physical and technical safeguards necessary to protect Personal Information. Personal Information, as used herein includes, but is not limited to any information that can be used to identify an individual, including without limitation names, addresses, telephone numbers, e-mail addresses, employee identification numbers, signatures, passwords, financial information, credit card information, biometric or health data, government-issued identification numbers and credit report information. Without limiting the foregoing, Franchisee must comply with the Payment Card Industry Data Security Standard (commonly known as "PCI Compliance" or "PCI-DSS"), and any successor thereto. It is entirely Franchisee's responsibility (even if Franchisor provides Franchisee any assistance or guidance in that regard) to confirm that the safeguards Franchisee uses to protect Personal Information comply with Privacy Laws and industry best practices related to the collection, access, use, storage, disposal and disclosure of Personal Information. If Franchisee becomes aware of a suspected or actual breach of security or unauthorized access involving Personal Information, Franchisee will notify Franchisor immediately and specify the extent to which Personal Information was compromised or disclosed.

7.23 **Use of Customer Data.** Franchisee acknowledges and agrees that, in addition to the rights granted Franchisor under Article 10.6 hereof, Franchisor may use the names

of customers or guests of the Franchised Business for any purpose, and agrees that Franchisor may have access to Franchisee's sales and customer data base for that purpose.

7.24 **Website and Online Presence.** Franchisor has established internet a Website that provide information about the System and that facilitates reservations for all System Locations. Franchisor will have sole discretion and control over the Website and any other Online Presence (including timing, design, contents and continuation). Franchisor may use part of the Brand Development Fund Fees collected under Article 4.1.C to pay or reimburse the costs associated with the development, maintenance and update of their Online Presence and Websites. At Franchisee's expense, Franchisor will include a link to the Franchised Business specific pages from its Websites. Franchisor shall have the only The Sports Bra® Website. Franchisee may not have any individual website other than those accessed and linked through Franchisor's primary Website. Franchisor may require Franchisee to prepare all or a portion of such individual pages, at Franchisee's expense, using a template that Franchisor provides. All such information will be subject to Franchisor's prior written approval prior to posting. As of the Effective Date, except for this interior page, Franchisee may not maintain any Online Presence or other website in connection with Franchisee's ownership or operation of the Franchised Business. Franchisor may, however, in its sole discretion, require Franchisee to participate in its Online Presence in Franchisee's individual capacity by preparing and maintaining all or a portion of a profile or account for the Franchisee, at Franchisee's expense. If, during the Term, Franchisee is permitted or required by Franchisor to have an individual Online Presence, Franchisee must provide Franchisor with administrator-level access credentials, usernames, passwords, tokens and all other information and items required for complete access to, and control over, any online presence or social networking activities. Franchisor reserves the right to develop additional profiles or accounts in its Online Presence on websites designated for social networking, social media sites, or on websites otherwise commonly used by sports bars and restaurants, or by the franchise industry in general. If Franchisee fails to comply with the requirements set for Online Presence, Franchisor, or its designees may use the access credentials to access Franchisee's accounts and resources to correct them to comply with Franchisor's requirements, without being guilty of trespass, conversion, infringement, or any similar tort. Franchisee will pay Franchisor, upon demand, all charges Franchisor incurs by taking such corrective action.

7.25 **Inappropriate Online Presence or Content.** Franchisor reserves the right to require Franchisee to remove any content in its individual Online Presence, including videos, advertising or other material or content posted that Franchisor, in its sole discretion, deems inappropriate.

7.26 **Intranet.** Franchisor is developing an Intranet network through which confidential brand standards and other materials may be posted and where Franchisor and its Franchisees can communicate by e-mail, instant messaging, or similar electronic means. Franchisee agrees to use the facilities of the Intranet in strict compliance with the standards, protocols and restrictions that Franchisor includes in the Manual (including, without limitation, standards, protocols and restrictions relating to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements).

7.27 **Additional Administrative Services.** If Franchisee requests, Franchisor or its affiliates may provide additional administrative services to Franchisee, including, but not limited to: assistance with closings of financing transactions or other transactions relating to the Approved Location; negotiation of comfort letters, non-disturbance agreements, and other instruments, documents and agreements with Franchisee's lenders or prospective lenders, lender's counsel, Franchisee's counsel, any other Franchisee representative, or third party; conducting research related to the Approved Location and its operation; preparation of documents,

instruments or agreements; and other project-based tasks. Franchisor will notify Franchisee in advance if Franchisor anticipates that the administrative services will require a fee. Franchisee agrees to pay Franchisor's reasonable fees, as determined by Franchisor, for such services and to reimburse Franchisor and its affiliates for any costs (including attorney's fees) incurred in connection with the provision of such services.

7.28 **Other Marks.** Franchisor may determine from time to time to incorporate in the System programs, products or services which Franchisor either develops or otherwise obtains rights to, which are offered and sold under names, trademarks and/or service marks other than the Proprietary Marks and which Franchisee's Franchised Business, along with other businesses, will be required to offer and sell. This may involve changes to the Proprietary Marks and may require Franchisee to make modifications to fixtures, equipment, signs, and trade dress at the Approved Location. Franchisee agrees to promptly implement such programs at the Franchised Business at the earliest commercially reasonable time and to execute any and all instruments required to do so.

7.29 **Authority of Franchisee Representatives.** If Franchisee is at any time a corporation, limited liability company, partnership or other business entity, Franchisee agrees and represents that:

A. Franchisee has the authority to execute and deliver this Agreement and to perform its obligations thereunder and is duly organized or formed and validly existing in good standing under the laws of the state of its formation or organization.

B. Franchisee's organizational documents or partnership agreement will at all times state that the issuance and transfer of the ownership interests of Franchisee are restricted by the terms and conditions of this Agreement, and all certificates and other documents representing an ownership interest in Franchisee will bear a legend referring to the restrictions of this Agreement in form and language satisfactory to Franchisor.

C. **Schedule 2** to this Agreement will at all times completely and accurately describe all of the owners of Franchisee and their beneficial ownership interests in Franchisee.

D. Franchisee and its owners will sign and deliver to Franchisor such revised **Schedule 2** as may be necessary to reflect any permitted changes in the information contained therein within five (5) days following the occurrence thereof and to furnish such other information about Franchisee's organization or formation as Franchisor may request.

E. Franchisee shall furnish Franchisor with its articles or certificate of incorporation, bylaws, and partnership or limited liability documentation or similar organization documents, and any other documents Franchisor may reasonably request, and any amendments thereto or restatements thereof.

7.30 **Condemnation of Approved Location.** If the Approved Location is condemned or damaged by casualty, Franchisee agrees as follows:

A. Franchisee shall, within ten (10) days of receipt, provide Franchisor with a copy of any notice of any proposed taking of the Approved Location or surrounding premises by eminent domain or condemnation. If the Approved Location is condemned or so taken or such a substantial portion of the Approved Location is condemned or so taken as to render impractical the continued operation of the Franchised Business in accordance with System standards, then in such event, (i) this Agreement shall terminate upon notice by Franchisor to Franchisee, and

(ii) notwithstanding subsection (i), Franchisor shall be entitled to receive the payments due under Article 4 for as long as the Franchised Business remains open for business or for a period of 1 year from the date Franchisee notifies Franchisor of the condemnation, whichever is longer. If the Franchised Business ceases business operations prior to 1 year from the date Franchisor receives notice of the condemnation, Franchisor will be entitled to receive a payment from Franchisee for the balance of the one-year period based on the average monthly fees from the trailing twelve (12) months. If a non-substantial condemnation shall occur, then in such event, Franchisee shall promptly make whatever repairs and restoration may be necessary to make the Approved Location conform substantially to its former character and appearance according to plans and specifications approved by Franchisor, and the resumption of normal operation of the Franchised Business shall not be unreasonably delayed by Franchisee.

B. If the Approved Location is damaged or destroyed by fire or other casualty, Franchisee shall repair the damage without delay. If the casualty requires closing the Franchised Business, Franchisee shall (i) immediately notify Franchisor, (ii) commence reconstruction and repair as soon as practicable, but in any event within one hundred and eighty (180) days after the closing of the Franchised Business, (iii) repair or rebuild the Approved Location in accordance with the then-current System standards and specifications, and (iv) reopen the Franchised Business for continuous operations under the System as soon as practicable, but in any event within eighteen (18) months after closing the Franchised Business, provided that the Franchised Business may reopen only after Franchisor's express written approval of the same for opening. Franchisee shall give Franchisor at least ninety (90) days advance written notice of the date of such reopening.

C. The closing of the Franchised Business due to condemnation or casualty shall not extend the Term.

Article 8. Quality Control and Supervision.

8.1 **System Conformity.** Franchisee agrees that substantial uniformity of quality at all System Locations is necessary and desirable for purposes of establishing and protecting the shared identity, reputation, and goodwill associated with the System and the Proprietary Marks. In order to better accomplish these objectives, Franchisee agrees that:

A. The Franchised Business shall be operated in strict conformity with such mandatory standards, specifications, methods, and techniques as Franchisor may prescribe in the Manual (as opposed to best practices and suggestions), as updated, supplemented, and modified from time to time. Franchisee acknowledges that establishing, maintaining, and protecting the goodwill, reputation, and uniformity of the System requires strict adherence to this Agreement and the Manual in all respects, it being agreed that every detail is significant and material. Franchisee shall refrain from deviating from the mandatory standards, specifications, methods and techniques set forth in the Manual and from otherwise operating in any manner which adversely reflects on the System, the Proprietary Marks, the goodwill associated therewith, or Franchisor's rights therein. Franchisee is responsible for the day-to-day operation of the Approved Location. While Franchisor intends to impose the System, and any changes and modifications thereto generally uniformly among all System Locations, complete and detailed uniformity under many varying conditions may not be possible or practical, and Franchisor specifically reserve the right and privilege, in its sole discretion and as it may deem to be in the best interests of the System in any specific instance, to vary standards for any particular franchisee or region based upon the peculiarities of a particular territory, density of population, business potential, business practice, or other condition important to the successful operation of a particular Franchised Business. Franchisor may grant variations from standard specifications

and practices as Franchisor determines in its discretion, and Franchisor will have no obligation to grant Franchisee or any other franchisee like or similar variations and Franchisor's failure to require a change from any particular franchisee will not affect Franchisee's obligations under this paragraph.

B. Franchisee shall, at Franchisee's expense, purchase or lease and install at the Approved Location all FF&E, software systems, including point of sale systems, and other systems and technology programs specified by Franchisor. Without regard to the actual capabilities of any customer relationship management system or other computer hardware or software that Franchisee installs and that Franchisor has access to directly or indirectly, Franchisor does not have the right to use such technology or tools to direct or assert control over Franchisee's employees' working conditions, except to the extent the control relates to Franchisor's legitimate interest in protecting the quality of The Sports Bra® System (brand) or the products or services offered at the Franchised Business. Franchisee shall refrain from installing at the Approved Location, or permitting to be installed, without Franchisor's prior written consent, any FF&E, electronic or video games, or any other items or services not previously approved by Franchisor. The size, form, color scheme, content (except for prices or charges which are subject to Article 8.8 below), and location of all signs, advertisements and graphic materials displayed at the Approved Location shall be as prescribed in the Manual or otherwise approved in writing by Franchisor. Notwithstanding the foregoing, Franchisor does not have the right to direct or assert control over Franchisee's employees' working conditions, except to the extent the control relates to Franchisor's legitimate interest in protecting the quality of The Sports Bra® System (brand) or the products or services offered by the Franchised Business.

C. Franchisee is required to purchase products, services, ingredients, supplies, FF&E items, and materials required for the construction and operation of the Franchised Business, pursuant to specifications set forth in the Manual ("**Approved Products & Services**"). In some cases, Franchisee may be required to buy only specific Approved Products & Services. Franchisor may designate manufacturers, suppliers or distributors who meet Franchisor's specifications or subject to Franchisor's specifications ("**Approved Suppliers**") and if such Approved Suppliers have been designated as the only source for any Approved Products & Services, Franchisee agrees to only purchase such Approved Products & Services from the Approved Suppliers. In some cases, Franchisor or its affiliates may be the only Approved Supplier. Specification of a supplier may be conditioned on various requirements, including, but not limited to, those relating to quality and consistency of products, ingredients, and services, frequency of delivery, standards of services, prompt attention to complaints, payments, contributions, or other consideration paid to Franchisor, Franchisor's affiliates or the Brand Development Fund, and may be temporary. Franchisor may, from time to time withhold, condition and/or revoke Franchisor's approval of particular items or suppliers in Franchisor's reasonable discretion, and Franchisor's approvals may be temporary. Franchisor or Franchisor's affiliates may receive marketing allowances, rebates, commissions, and other benefits from suppliers in relation to items purchased by Franchisee and other franchisees. Such marketing allowances, rebates, commissions, and other benefits are based on System-wide purchases. Franchisee assigns to Franchisor or its designee all right, title and interest in any such marketing allowances, rebates, commissions, and other benefits and authorizes Franchisor or its designee to collect and retain any such allowances without restriction (unless otherwise instructed by the supplier), provided that Franchisor's current policy is to utilize such funds for purposes Franchisor believes may enhance the System and public awareness of the System. Franchisor has the right to condition or revoke Franchisee's right to participate in any supplier programs if Franchisee are in default under this Agreement.

D. Franchisee may propose alternative manufacturers, suppliers or distributors ("**Alternative Suppliers**") of Approved Products & Services, as well as alternative products, ingredients, services, supplies, materials and FF&E items to Approved Products & Services ("**Alternative Products & Services**"). If Franchisee would like to use Alternative Suppliers, or Alternative Products & Services, Franchisee must first request in writing that Franchisor approve the alternate. Franchisee must submit whatever information, specifications, or samples Franchisor requires and must pay to Franchisor a fee of $500 per product or service when the request is submitted. If the costs of Franchisor for the review and testing of the Alternative Products & Services, or reviewing the Alternative Supplier exceed $500, then Franchisee must reimburse Franchisor for such additional cost per the terms of invoice therefor. If, based on the review, Franchisor decides to approve the Alternative Products & Services, or Alternative Supplier, as the case may be, for all franchisees in the System, then Franchisor will reimburse Franchisee for the testing fee. Franchisor reserves the right to approve or disapprove proposed Alternative Products & Services or Alternative Supplier, as the case may be, in its sole discretion. Franchisor will notify Franchisee within a reasonable time of its approval or rejection of the Alternate Products & Services or Alternative Supplier. Franchisor may revoke an approval previously given at any time in its discretion, upon notice to the Franchisee. Notice will be given in a manner that Franchisor deems appropriate. Franchisor may require Franchisee's proposed Alternative Supplier to sign a confidentiality agreement acceptable to Franchisor, and Franchisor may require that samples of or from the proposed Alternative Products & Services (or of Approved Products & Services requested to be purchased from an Alternative Supplier) be delivered to Franchisor for testing prior to approval and use. Further, all proposed Alternative Suppliers must agree to permit Franchisor's agents or representatives to inspect their facilities regularly, both initially and from time to time as may reasonably be required by Franchisor to assure Franchisor of the proper production, processing, packaging, storing and transportation of the products, ingredients, services, supplies or FF&E items and materials to be purchased by Franchisee, and with respect to Alternative Products & Services, that they comply with Franchisor's standards and requirements. The foregoing will not be construed as an attempt to unreasonably limit the sources from which Franchisee may procure products, ingredients, services, supplies and materials. Rather, it is Franchisor's intention that such items conform to Franchisor's strict standards and strict specifications as to consistent quality, uniformity and reliability. Further, Franchisor will not be required to approve an inordinate number of Alternative Suppliers of a given item which in Franchisor's reasonable judgment would prevent Franchisor's effective supervision of suppliers. Notwithstanding the foregoing, Franchisor may designate certain Approved Products & Services as proprietary, and not permit Alternative Suppliers, or Alternative Products & Services for such items. Noting in this Section requires Franchisors to disclose any Trade Secrets to any third party.

E. FRANCHSOR AND ITS AFFILIATES MAKE NO WARRANTY WITH RESPECT TO ANY PRODUCTS, SERVICES, FF&E ITEMS, SUPPLIES OR OTHER ITEMS WE APPROVE AND WE EXPRESSLY DISCLAIM ALL WARRANTIES, EXPRESS AND IMPLIED, INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO ANY SUCH PRODUCTS, EQUIPMENT (INCLUDING, WITHOUT LIMITATION, ANY REQUIRED COMPUTER SYSTEMS), SUPPLIES, OR OTHER APPROVED ITEMS.

8.2 **Maintenance of Manual.** Franchisee shall at all times ensure that Franchisee's copy of the Manual is kept current and up-to-date, and in the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by Franchisor at Franchisor's home office shall be controlling. Franchisee shall maintain the Manual in a safe and secure location (including with appropriate password protection, if the Manual is kept electronically) and shall report the theft or loss of the Manual, or any portion thereof, immediately to Franchisor.

8.3 **Inspections.** Franchisee hereby grants to Franchisor and its agents the right to enter upon the premises of the Franchised Business at any reasonable time for the purpose of conducting inspections. Franchisee shall cooperate fully with Franchisor's agents during the inspections, and take such steps as may be reasonably necessary to correct any deficiencies detected during such an inspection, upon the written request of Franchisor or its agents, within such reasonable time as may be specified therein. Franchisee shall provide all information requested by Franchisor for the purpose of Franchisor's conducting customer satisfaction audits and surveys, and permit Franchisor and its agents access to test, sample, inspect and evaluate Franchisee's supplies, ingredients, and products, as well as the storage, preparation, and formulation and conditions of sanitation and cleanliness in the storage, production, handling, and serving. If Franchisor determines that any condition at the Franchised Business presents a threat to customers or public health and safety, Franchisor may take whatever measures it deems necessary, including requiring Franchisee to immediately close the Franchised Business until the situation is remedied to Franchisor's satisfaction. Franchisor will charge Franchisee for the actual expense of the audit, which expenses may include the hiring of a third party to perform the audit ("**Quality Audit Fee**"). Franchisee shall pay such Quality Audit Fee within fifteen (15) days of receipt of an invoice therefor. Franchisor may, in its sole discretion, collect any payments or amounts due or payable under this Article by direct debit withdrawal from a bank account designated by Franchisee. Franchisor, may, at its option, implement a quality assurance program to assist franchisees in compliance with System quality standards. Should a quality assurance program be implemented, Franchisee agrees to pay a fee, intended to off-set Franchisor's costs in implementing such program (the "**Quality Assurance Fee**"), but shall not exceed $250 per month. Such fee may be charged at such intervals as determined by Franchisor.

8.4 **Health Inspection Reports and Failure of Inspections.** Franchisee shall promptly provide Franchisor with a copy of any health or safety inspection performed of the Franchised Business. If Franchisee fails an inspection for any health or safety reason that Franchisor, in its discretion, deems to constitute a danger to the health or safety of the public, or employees of the Franchised Business, Franchisee shall, immediately upon Franchisor's request, take such action as required by Franchisor, including closing all or part of the Franchised Business, until the dangerous conditions have been remedied to Franchisor's satisfaction. Nothing in this Section 8.4 shall limit or restrict Franchisor's rights under Article 14, or any other Article of this Agreement.

8.5 **Franchisee Inventions.** If Franchisee or its affiliates, owners, or employees, develop any products, services, procedures, or inventions, or improvements on products, services, or procedures already part of the System, and whether or not protectable intellectual property ("**Inventions**"), such Inventions must be promptly disclosed to Franchisor, and if deemed by Franchisor to be appropriate for use in the Franchised Business and other System Locations, such Inventions will be deemed to be Franchisor's sole and exclusive property, part of the System and works made-for-hire for Franchisor. To the extent any such Invention does not qualify as work-made-for hire, it must be assigned to Franchisor. Franchisee agrees to take, or direct its affiliates, owners, or employees, to take all necessary steps and action such assignment may require.

8.6 **Integrity in Promotion and Business.** All marketing and promotion by Franchisee shall be factual, ethical, and in good taste in the judgment of Franchisor and shall be subject to Franchisor's approval as provided in Article 9.1 of this Agreement. Franchisee shall in all dealings with its customers, suppliers, Franchisor, and the public adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct. Franchisee agrees to refrain from any business or advertising practice which, in the subjective opinion of Franchisor, may be injurious

to the business of Franchisor and the goodwill associated with the Proprietary Marks and other System Locations.

8.7 **Notification of Agency Reports.** Immediately upon receipt by Franchisee of any report from any health department or other comparable agency, Franchisee shall send a complete copy of such report to Franchisor by email or overnight courier service. Franchisee shall notify Franchisor in writing within five (5) days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of Franchisee or the Franchised Business or of any notice of violation of any law, ordinance, or regulation relating to health or sanitation.

8.8 **Product Pricing and Discounts.** Franchisor and Franchisee recognize the value of pricing and marketing programs that facilitate the marketing of the System, the good will, reputation, and uniformity of the System and consumer acceptance and recognition of System Locations. Franchisee and Franchisor agree that, in order to better accomplish these objectives, Franchisor may, from time to time in its sole judgment, establish pricing policies to the extent permitted by applicable law, and Franchisee shall observe such pricing policies. Unless expressly permitted by Franchisor in prior writing, Franchisee will not offer coupons, discounts, gift cards, gift certificates, loyalty programs, or similar promotions.

Article 9. Advertising.

Franchisee and Franchisor recognize the value of advertising and the importance of the standardization of advertising programs to the furtherance of the goodwill and public image of the System. In order to better accomplish these objectives, the parties agree as follows:

9.1 **Conformance with System Standards.** All advertising, marketing, and sales materials used by Franchisee in any medium shall be conducted in such manner, and shall conform to such standards and requirements, as Franchisor may specify from time to time. Franchisee must submit to Franchisor for its prior written approval samples of all advertising, marketing, and sales plans and materials and all other materials displaying the Proprietary Marks that Franchisee desires to use which have not been prepared or previously approved by Franchisor; provided, however, that no such deemed approval shall relieve Franchisee from complying with the requirements of Article 8.7 of this Agreement.

9.2 **Grand Opening Advertising**. During the period beginning 60 days before the scheduled Opening Date and ending 60 days after the Opening Date, Franchisee shall spend at least five thousand dollars ($5,000) on advertising and marketing to promote the Franchised Business. Franchisee must submit its grand opening marketing plan to Franchisor for prior review and approval pursuant to Section 5.7 of this Agreement.

9.3 **Local Advertising Requirement.** Throughout the Term, Franchisee shall spend a minimum amount (the "**Local Advertising Amount**") on local marketing and advertising in the Protected Territory. Franchisor may from time specify in the Manual the types of expenses that will be counted towards the required minimum spend. As of the Effective Date, the Local Advertising Amount is five hundred dollars ($500) per month. During the term, Franchisor may, annually, increase the Local Advertising Amount by up to 10% of the then-current Local Advertising Amount. By way of example, if the Local Advertising Amount has previously been increased to $550 per month, the following year, the Local Advertising Amount could be increased by $55 per month to $605 per month.

9.4 **Brand Development Fund.** Franchisor has established a Brand Development Fund ("**Brand Development Fund**"). The Brand Development Fund will be administered by the Franchisor, provided that Franchisor may, in its sole discretion, consult with any Advisory Franchisee Council set up to advise on matters relating to marketing and advertising on matters relating to the Brand Development Fund. The Brand Development Fund may be used to meet any and all costs of researching, developing and preparing national, regional, point of sale, and local direct sales advertising and marketing strategy materials for use within the System, including, without limitation, costs associated with developing, preparing, directing, administering, maintaining, and disseminating advertising, marketing, promotional, and public relations materials; conducting marketing research and new product development; in-store promotions, point-of-sale advertising, menu and menu boards and other sales aids; maintaining a national sales and marketing staff and related expenses or hiring outside agencies; development, maintenance and updates to the Online Presence; joint promotional programs for all Franchisor brands; charitable, educational, or industry promoting activities; preparing, producing, broadcasting, and disseminating advertising and promotions, including, without limitation, radio, television, newspaper, magazine and Internet advertising, market surveys, public relations activities, and employment of advertising agencies. Franchisor shall choose and determine the nature, theme, and timing of advertising and the kind and quality of advertising materials to be provided to franchisees through the Brand Development Fund. All payments, plus income earned therefrom, shall be used exclusively for the above-stated purposes, shall be maintained in an account separate from Franchisor funds, and shall not be used to defray any of Franchisor's general operating expenses, except for reasonable salaries, administrative costs, travel expenses (including collections), overhead, and similar expenses Franchisor may incur in activities related to the administration of the Brand Development Fund and all costs of development and preparing national, regional, point of sale, and local advertising materials for use within the System. Franchisor shall, for each of its company-owned System Locations, make contributions to the Brand Development Fund at the same percentage of Gross Revenue required of Franchisees within the System. Franchisor, or its designee, shall direct all advertising, marketing, and direct sales promotional programs and activities, with sole discretion over the concepts, materials, and media used in such programs and activities and the placement and allocation thereof. Franchisee acknowledges that the intent of the Brand Development Fund shall be to maximize general public recognition, direct sales programs, and acceptance of the Proprietary Marks for the benefit of the System, and Franchisor shall have no obligation in administering the Brand Development Fund, to make expenditures for Franchisee which are equivalent or proportionate to any payments by Franchisee, or to ensure that any particular Franchisee or any particular franchised location benefits directly or pro rata from advertising or promotion conducted under the Brand Development Fund. The Brand Development Fund is not a trust or escrow account, and Franchisor has no fiduciary obligation to franchisees with respect to the Brand Development Fund; provided, however, that Franchisor will make a good faith effort to expend such fees in a manner that Franchisor determines is in the general best interests of the System. In any fiscal year Franchisor may spend more or less than the aggregate contribution to the Brand Development Fund in such fiscal year. Franchisor has the right to advance monies to the Brand Development Fund and subsequently obtain reimbursement of such advances out of Brand Development Fund fees collected. Except as expressly provided in this Section 9.4 Franchisor does not assume any direct or indirect liability to Franchisee with respect to the maintenance, direction, or administration of the Brand Development Fund.

9.5 **System Location Directory.** Franchisee agrees to list the Franchised Business in the System Location Directory and to furnish to Franchisor such information as Franchisor or its designee may request for that purpose. Franchisee understands and acknowledges that the success and utility of the System Location Directory may require that it contain information concerning menu prices and special offers; that Franchisee shall have sole

discretion in determining any menu prices and special offers for the Franchised Business which appears in each System Location Directory; and that Franchisor assumes no liability for, nor shall Franchisor be deemed liable by reason of, any failure by Franchisee or Franchisor's other franchisees to honor any System Location Directory prices for the period during which each System Location Directory is in effect.

9.6 **Online Ordering.** Franchisee shall participate in The Sports Bra® online ordering system, and shall observe all terms and conditions of participation specified by Franchisor. Franchisee shall purchase, install, and maintain at the Approved Location all equipment necessary for participation in the online ordering system required by Franchisor, including computer equipment and software and any future enhancements, additions, substitutions, or other modifications specified by Franchisor in the Manual or otherwise in writing. Franchisee shall also be responsible for other communication infrastructure charges for connecting Franchisee's online ordering equipment to the online ordering system and for the cost of supplies used in the operation of the equipment and for all other related expenses.

9.7 **Advertising Cooperative.** Franchisor has the right to establish and maintain local and regional advertising cooperatives for geographic areas (each an "**Advertising Cooperative**"). Each Advertising Cooperative will use the funds it receives only for the purposes set forth in this Agreement and shall operate pursuant to policies and procedures Franchisor establishes. All System Locations in the geographic area of the Advertising Cooperative will participate in the Advertising Cooperatives on the same basis. Franchisor will provide Franchisee written notice of the establishment of any Advertising Cooperative for the geographic area that the Franchised Business is located in, if and when an Advertising Cooperative for the geographic area is established. Franchisee may be required to contribute up to one percent (1%) of its Gross Revenue to the Advertising Cooperative. Franchisee will make those contributions either to Franchisor or directly to Franchisee's Advertising Cooperative, as Franchisor direct from time to time. For clarity, Franchisee's contributions to an Advertising Cooperative will not count toward, or be applied to reduce, the Local Advertising Amount that Franchisee must spend under Section 9.3 of this Agreement.

9.8 **Advisory Councils.** If Franchisor establishes any advisory committees or councils, Franchisee agrees to participate therein per the bylaws for such committees or councils that Franchisor may develop. Any committee or council will be advisory in nature, and may be set up by Franchisor to provide advice and assistance for such areas and topics as Franchisor may determine from time to time. Such committees and councils will be established and may also be terminated as determined by Franchisor.

Article 10. Financial Reporting.

10.1 **Maintenance of Books and Records.** Franchisee shall, in the manner and form specified by Franchisor in the Manual or otherwise in writing, prepare on a current basis (and preserve for at least five years from the date of preparation) complete and accurate books and records using such charts of accounts as Franchisor may require, and in accordance with generally accepted accounting principles concerning Gross Revenue and all financial, operating, marketing, and other aspects of the Franchised Business, and maintain an accounting system that fully and accurately reflects all financial aspects of the Franchised Business and Franchisee. Such books and records shall include, but not be limited to, books of account, tax returns, governmental reports, daily and other periodic reports, and complete quarterly and annual financial statements (profit and loss statements, balance sheets, and cash flow statements). Franchisee's obligation to preserve such books and records shall survive the termination or expiration of this Agreement.

10.2 **Weekly Income Statement.** Unless automatically generated by the Franchisee's point of sale system, on or before Wednesday of the following calendar week, Franchisee shall submit to Franchisor an income statement prepared in accordance with generally accepted accounting principles (in such form and detail as Franchisor may require) that will support the computation of all amounts then due under Article 4.1 of this Agreement, provided that, if fees will become due under this Agreement at a different frequency than weekly, upon notice to Franchisee, Franchisor may require reports to be submitted at such frequency as to coincide with the frequency of the payment due dates. The statement shall include information for the preceding month as to Gross Revenue, other revenues, expenses, and such other information as Franchisor may require. Any report required to be submitted hereunder shall be submitted electronically, unless another format for submission is specified by Franchisor.

10.3 **Annual Reports.** At Franchisor's request, Franchisee shall submit to Franchisor, as soon as available but not later than ninety (90) days after the end of Franchisee's fiscal year, at Franchisee's expense, a full and complete written financial statement setting forth the Gross Revenue and the computation of all amounts paid by Franchisee under Article 4.1 of this Agreement for such fiscal year. Such statement shall be presented in the format specified by Franchisor, and shall be accompanied by a certification by a certified public accountant that the financial statement was prepared in accordance with generally accepted accounting principles, consistently applied. In addition, at Franchisor's request, Franchisee shall submit to Franchisor true copies of all state sales tax returns relating to sales made at the Approved Location or otherwise through the Franchised Business at the same time the returns are filed with state authorities, and such other records as Franchisor may reasonably request, including, without limitation, state and federal income tax returns of Franchisee or any personal guarantor.

10.4 **Bookkeeping Services, Audits and Inspections of the Records.** For the first two (2) years of the Term, Franchisee will contract, under a separate agreement, with Franchisor's designated supplier for provision of bookkeeping services for the Franchised Business. If, after the initial two (2) year term, Franchisee wishes to use another bookkeeping service, Franchisee may do so, provided that Franchisee will keep its accounts in a format consistent with the System's standardized chart of accounts, income statement, and balance sheet format. Franchisor or its representatives, at Franchisor's expense, shall at all reasonable times have the right to inspect or audit the books, accounts, records, returns, and statements of Franchisee on the premises of Franchisee, such other location where they are kept, or to have such records sent to a separate location designated by Franchisor. The foregoing records may include, but are not limited to, state and federal income tax returns, credit card or any other third-party charge account statements, and any bank, savings and loan, brokerage, or other financial checking, money market, or savings account used for the Franchised Business. Franchisee shall fully cooperate with Franchisor and its representatives or agents conducting such inspections or audits and, upon request; Franchisee shall submit a written response to any issues raised in connection with said audits. In the event that an audit conducted under this Section reveals an understatement of Gross Revenue, Franchisee shall promptly pay the amount determined to be due and owing and, if the understatement exceeds 2% of reported Gross Revenue, Franchisee shall also reimburse Franchisor for all costs of the audit, including travel, lodging, and wages of personnel of Franchisor or third parties required to conduct such audit. Franchisee shall also promptly reimburse Franchisor for the cost of any audit (including salaries, travel, and living expenses) necessitated by Franchisee's failure to file any financial report due hereunder and any deficiency in royalties or Brand Development Fund contributions disclosed by such audit. At Franchisor's option, Franchisee shall also immediately pay to Franchisor a late charge on the understated or unreported amount due from the date such amount was due until paid at the lesser of 1.5% per month or the maximum rate permitted by applicable law. The foregoing remedies shall be in addition to any other remedies Franchisor may have. Submission by Franchisee of more

than 2 written statements of Gross Revenue that under-report Gross Revenue for any reporting period by 2% or more (regardless of any subsequent cure) shall constitute a material breach of this Agreement entitling Franchisor, at its option, the right to terminate this Agreement pursuant to Article 14.1.C. of this Agreement.

10.5 **Authorization of Financial Institutions and of Disclosure.** Franchisee hereby authorizes all banks and/or other financial institutions with which Franchisee does business to disclose to Franchisor any requested financial information in their possession relating to the Franchised Business. Franchisee further authorizes Franchisor to disclose such information to prospective franchisees and state regulatory agencies; provided that such information is not identified as relating to the Franchised Business unless required by law or regulation and then only if Franchisor requests that such identification be held in confidence.

10.6 **Use of Operations Data.** The Franchisee agrees that Franchisor or its affiliates may disclose to third parties data concerning and relating, directly or indirectly, to the Franchisee, the operations of Franchisee, and Franchisee's customers, including, but not limited to information about Gross Revenue ("**Operations Data**"). Franchisee waives any notice in connection with the disclosure of Operations Data. Franchisor agrees, that it, or its affiliates, will from time to time disclose to the Franchisee such operations data as it deems appropriate regarding other franchisees of Franchisor (Operations Data jointly with operations data of other franchisees, "**System Operations Data**"). Franchisor may, in its sole discretion, determine when and what System Operations Data will be disclosed, and may, without prior notice to, or consent from Franchisee, change the scope of the Systems Operations Data being disclosed to Franchisee or when it is disclosed. Systems Operations Data disclosed to Franchisee is disclosed solely for Franchisee's internal business purposes and to enable Franchisee to compare its results with those of other franchisees of Franchisor. The disclosed Operations Data and Systems Operations Data remains confidential information of Franchisor. Franchisee may not disclose Systems Operations Data to other franchisees of Franchisor, prospective franchisees of Franchisor, competitors of Franchisor, prospective purchasers of Franchisee or any of the Franchisee's assets, financial institutions, or any other third parties. The Systems Operations Data so disclosed will be based on information provided to Franchisor by its franchisees. Such information will not be verified by Franchisor or any of its affiliates. Franchisor has no obligation to correct Systems Operations Data disclosed after it learns that it was incorrect or incomplete, or to inform Franchisee thereof. For the avoidance of doubt, Franchisee may disclose its own Operations Data to Franchisee's lenders and third party advisors, as well as prospective franchisees, provided that the receiving party agrees to maintain the confidentiality of the Operations Data.

Article 11. Proprietary Marks and Trade Secrets; Competition.

11.1 **Ownership of Proprietary Marks and System.** Franchisor is either the owner or the licensee of all Proprietary Marks. Franchisee acknowledges that ownership of all right, title, and interest in the System and all parts thereof, including, without limitation, the Proprietary Marks and the design, decor, and image of all System Locations, is and shall remain vested solely in Franchisor and IP Owner. Franchisee expressly disclaims any right, title, or interest therein or in any goodwill derived therefrom.

11.2 **Franchisee's Use of Proprietary Marks and System.** The license granted hereby to use the Proprietary Marks is nonexclusive, and Franchisee agrees that such Proprietary Marks are and shall remain the property of IP Owner and shall not be contested as to ownership or validity by Franchisee. Franchisee understands and agrees that the grant of the license to use the Proprietary Marks is conditioned upon Franchisee's agreement that: (a) the Proprietary Marks shall be used only in connection with the Franchised Business and only in the

manner authorized by Franchisor; (b) Franchisee will not use the Proprietary Marks or parts thereof as part of its corporate or other legal name, will identify itself as a Franchisee, and will comply with all fictitious name and other statutes in connection with its use of the Proprietary Marks; (c) Franchisee will cooperate with Franchisor in protecting and defending the Proprietary Marks; and (d) Franchisee will comply with Franchisor's designations of additions, deletions, and changes in the Proprietary Marks. Franchisee's license to use the System, and any part thereof, is personal to Franchisee, and Franchisee shall not license, sublicense, or allow the System, or any part thereof, to be used by any other person, firm, or business association. All uses of the System by Franchisee inure to the benefit of Franchisor and with respect to the Proprietary Marks, to the benefit of IP Owner. Franchisee acknowledges and agrees that for purposes of protecting IP Owner's interest in the Proprietary Marks, IP Owner is a third-party beneficiary to this Agreement.

11.3 **Changes to the Proprietary Marks.** Franchisor reserves the right, in its sole discretion, to designate one or more new, modified or replacement Proprietary Marks for Franchisee's use and to require Franchisee's use of any such new, modified or replacement Proprietary Marks in addition to, or in lieu of any previously designated Proprietary Marks. Franchisee must, at its expense, comply with any such directive within sixty (60) days following its receipt of Franchisor's written notice. **Protection of Proprietary Marks and System.** Franchisee shall not, directly or indirectly, at any time during the Term or thereafter, do, cause, or suffer to be done any act or thing disputing, attacking, or in any way impairing or tending to impair the right, title, or interest of Franchisor or IP Owner (to the extent applicable) in the Proprietary Marks or the System. Franchisee shall immediately notify Franchisor in writing of all infringements or imitations of the Proprietary Marks of which Franchisee becomes aware, and Franchisor or IP Owner (to the extent applicable) shall exercise absolute discretion in deciding what action, if any, should be taken. Franchisee shall fully cooperate with Franchisor or IP Owner (to the extent applicable) in the prosecution of any action to prevent the infringement, imitation, or illegal use of the Proprietary Marks and agrees to be named as a party in any such action at Franchisor's request. Franchisor or IP Owner, as the case may be, shall bear any and all legal expenses incident to Franchisee's participation, at Franchisor's request, in any action to prevent the infringement or illegal use of the Proprietary Marks, except for the cost of any legal counsel separately retained by Franchisee. Except as expressly provided in this Article, Franchisor shall not be liable to Franchisee for any damages, costs, expenses, loss of profits or business opportunities, or incidental or consequential damages of any kind or nature whatsoever relating to any action involving the Proprietary Marks.

11.5 **Identification of Franchised Business.** Franchisee shall use the Proprietary Marks as the sole identification of the Franchised Business; provided, however, that in all public records and in its relationship with other persons, on stationery, business forms, checks, or as otherwise required by Franchisor, Franchisee shall indicate Franchisee's independent ownership of the Franchised Business. Franchisee shall identify the Franchised Business as being independently operated, such as "Independently owned and operated by [Franchisee] through a Franchise Agreement with The Sports Bra Franchise LLC" or "This The Sports Bra® Location is independently owned and operated by [Franchisee] through a Franchise Agreement with The Sports Bra Franchise LLC." Franchisee shall file so-called assumed name or doing business certificates with local or state authorities, as required by applicable law, showing its independent ownership of the Franchised Business. In no event shall Franchisee use the Proprietary Marks in connection with the sale of any product or service not authorized for sale by the Franchised Business. Franchisee shall not license, sublicense, or allow the Proprietary Marks to be used by any other person or business entity without Franchisor's prior written approval. In adopting any corporate, proprietorship, or partnership name, Franchisee shall not use the Proprietary Marks or any variation or abbreviation thereof, or any words confusingly similar thereto. Franchisee has no right to register any of the Proprietary Marks and shall not register any Proprietary Mark, or any abbreviation, acronym, or variation of any Proprietary Mark with the U.S. Patent and Trademark

Office, the Canadian Intellectual Property Office, or with state, provincial, or other authorities, or to register any URL or other internet address including any Proprietary Mark, or any abbreviation, acronym, or variation of any Proprietary Mark. If it becomes advisable at any time in Franchisor's sole discretion for Franchisor and/or Franchisee to modify or discontinue use of the Proprietary Marks, and/or use one or more additional or substitute trade or service Proprietary Marks, Franchisee agrees to comply therewith within a reasonable time after written notice thereof by Franchisor.

11.6 **Proprietary Marks in Electronic Commerce.** All use of the Proprietary Marks in electronic commerce, which includes all forms of electronic or computer communication, including all Online Presence, must comply with the requirements set forth in the Manual. Franchisor may require that various types of marketing or advertising utilize a specific template or format. Franchisee must provide Franchisor with copies of all proposed applications for registrations of any of the Proprietary Marks or any variation thereof for use in and for electronic commerce, including Franchisee's website address, domain name and any other individual franchisee Online Presence. Franchisee must obtain Franchisor's prior written approval to file any such application, which Franchisor may withhold in its sole discretion. Upon expiration or termination of this Agreement, Franchisee agrees to transfer its website addresses and domain names to Franchisor upon Franchisor's written request. Franchisee will not receive any compensation for such transfer.

11.7 **Trade Secrets.** Franchisee further acknowledges and agrees as follows:

A. Franchisor possesses certain Trade Secrets, and in general, recipes, methods, techniques, formats, specifications, programs, procedures, information systems, and knowledge, in the operation and franchising of Properties and other lodging concepts.

B. Franchisor will disclose Trade Secrets to Franchisee in furnishing Franchisee with standard plans for the Franchised Business, in the Manual and any other materials, by providing training to Franchisee hereunder, and in the performance of Franchisor's other obligations and the exercise of its other rights under this Agreement. Franchisee hereby agrees that all materials lent or otherwise made available to Franchisee by Franchisor and all disclosures made to Franchisee hereunder including, without limitation, the Manual and other confidential commercial information identified as such by Franchisor are Trade Secrets of Franchisor and shall be kept confidential and used by Franchisee only in the operation of the Franchised Business. Franchisee will not, nor permit anyone else to, reproduce, copy, access or exhibit any portion of the Manual or any other confidential or proprietary information received from Franchisor. Franchisee shall not divulge any such Trade Secrets to any person other than Franchisee's employees and then only to the extent necessary for the operation of the Franchised Business.

C. Franchisee shall acquire no interest in the Trade Secrets, other than the right to utilize them in the development and operation of the Franchised Business during the Term. The use or duplication of the Trade Secrets in any other business will constitute an unfair method of competition. The Trade Secrets are proprietary and are disclosed to Franchisee in confidence and solely on the condition that Franchisee agrees, and Franchisee hereby agrees that Franchisee (i) will not use the Trade Secrets in any other business or capacity; (ii) will maintain the absolute confidentiality of the Trade Secrets during and after the Term; (iii) will not make unauthorized copies of any portions of the Trade Secrets disclosed in written form, including, without limitation, any recipes, plans, the Manual, bulletins or supplements, and additions thereto; and (iv) will operate and implement all reasonable procedures prescribed by Franchisor to prevent the unauthorized use and disclosure of the Trade Secrets. Franchisee shall immediately notify

Franchisor of any unauthorized use of disclosure of the Manual or any of the Trade Secrets or if the Manual or any other materials containing any Trade Secrets are lost or stolen.

D. The foregoing restrictions on Franchisee's disclosure and use of Trade Secrets shall not apply to information, processes, or techniques that are or become generally known and used by other similar lodging concepts, other than through disclosure (whether deliberate or inadvertent) by Franchisee, and disclosure of Trade Secrets in judicial or administrative proceedings to the extent that Franchisee is legally compelled to disclose such information, provided, Franchisee shall have used Franchisee's best efforts, and shall have afforded Franchisor the opportunity, to obtain an appropriate protective order or other assurance satisfactory to Franchisor of confidential treatment for the information required to be so disclosed.

11.8 **Owners and Others Covered by Article 11.** Unless the context otherwise requires, the term "Franchisee" as used in this Article 11 shall include, individually and collectively, all partners, officers, directors, and managers of Franchisee, and owners or holders, directly or indirectly (and any partners, officers, directors, and managers of any such holder), of 5% or more of the beneficial interest in Franchisee.

11.9 **Confidentiality Agreements.** At Franchisor's request, Franchisee shall require and obtain execution of a Confidentiality Agreement in a form acceptable to Franchisor, (including a Confidentiality Agreement applicable upon the termination of a person's relationship with Franchisee) from any or all of the following persons: (a) all officers, directors, and holders of a beneficial interest of 5% or more of the securities of (i) Franchisee and (ii) any corporation directly or indirectly controlling Franchisee, if Franchisee is a corporation; (b) the general partners and any limited partners (including any corporation or other entity, and the officers, directors, and holders of a beneficial interest of 5% or more of the securities of such corporation or other entity which controls, directly or indirectly, any general or limited partner), if Franchisee is a partnership; (c) the managers and members (including any corporation or other entity, and the officers, directors, and holders of a beneficial interest of 5% or more of the securities of any corporation or other entity which controls, directly or indirectly, any member or manager), if Franchisee is a limited liability company; and (d) all of Franchisee's employees. Failure by Franchisee to obtain execution of the Confidentiality Agreement required by this Article, or to deliver such Confidentiality Agreement to Franchisor, shall constitute a material breach of this Agreement.

11.10 **General Manager Confidentiality Obligations.** Franchisee shall require every person employed as general manager of the Franchised Business to devote full time to such employment and to agree in writing to be bound by the restrictions set forth in this Article. Franchisee shall also take all reasonable steps to require other employees to be bound by the confidentiality provisions of this Article. Upon Franchisor's request, Franchisee shall promptly provide copies of all such agreements to Franchisor.

11.11 **Revisions of Article 11 and Injunctive Relief.** In the event any provision of this Article is deemed by a court of competent jurisdiction to be more restrictive than permissible at law or equity, then Franchisee agrees that the provisions hereof may be reformed and modified and enforced by such court to the maximum extent permissible under applicable law and principles of equity. Franchisee agrees that specific performance and injunctive relief are necessary and appropriate remedies for violations of this Article and agrees to the enforcement of such remedies, but without prejudice to the right of Franchisor to recover money damages, which are in no event a full and adequate remedy for such violations.

11.12 **Covenant Not to Compete.** Franchisee acknowledges the uniqueness of the System and that Franchisor is making its knowledge, know-how, and expertise available to

Franchise for the purpose of operating the Franchised Business only at the Approved Location in the Protected Territory. Franchisee agrees that it would be an unfair method of competition for Franchisee to duplicate, or to allow others to use or duplicate, any of the knowledge, know-how, or expertise for any reason other than the operation of the Franchised Business under this Agreement. Franchisee agrees to require all Covered Persons to execute its then-current form of Covenant Agreement. Franchisee further recognizes the importance of devoting substantial time and energy to the Franchised Business. Therefore, Franchisee agrees that:

A. During the Term of this Agreement and the term of any successor agreement, it shall be a breach of this Agreement for Franchisee, Franchisee's affiliates or any Covered Person, directly or indirectly, to own (either beneficially or of record), engage in or render services to, whether as an investor, partner, lender, director, officer, manager, employee, consultant, representative or agent, a Competing Business located anywhere in the world; provided, however, the restrictions stated in this paragraph shall not apply to any Covered Person for a period longer than two (2) years from the date the Covered Person (or the Covered Person's spouse or family member if the Covered Person is a Covered Person due to being the spouse or a family member of an officer, director, shareholder, member, manager, trustee or general partner of Franchisee, as applicable) ceases to be an officer, director, shareholder, member, manager, trustee, owner, general partner, employee or otherwise associated in any capacity with Franchisee. Notwithstanding the foregoing, Franchisee and Franchisor acknowledge and agree that Franchisee or any Covered Persons' passive ownership of less than 5% of the outstanding voting securities of a publicly held corporation (which for purposes of this Agreement means a corporation registered under the Securities Exchange Act of 1934) shall not be deemed a violation of this Section.

B. For a period of two (2) years after expiration or termination of the last Franchise Agreement between Franchisee and Franchisor or the effective date of a Transfer by Franchisee to a third party, it shall be a breach of this Agreement for Franchisee, Franchisee's affiliates or any Covered Person, directly or indirectly, to own (either beneficially or of record), engage in or render services to, either as an investor, partner, lender, director, officer, manager, employee, consultant, representative or agent, any Competing Business that is located anywhere within the Protected Territory or within 15 miles of any other System Location anywhere in the world that is open for business on or after the effective date of termination or expiration of this Agreement or the effective date of a Transfer by Franchisee; provided, however, the restrictions stated in this paragraph shall not apply to any Covered Person for longer than two (2) years from the date that the Covered Person ceases to be an officer, director, shareholder, member, manager, trustee, owner, general partner, employee or otherwise associated in any capacity with Franchisee. Notwithstanding the foregoing, Franchisee and Franchisor acknowledge and agree that Franchisee or any Covered Persons' passive ownership of less than 5% of the outstanding voting securities of a publicly held corporation (which for purposes of this Agreement means a corporation registered under the Securities Exchange Act of 1934) shall not be deemed a violation of this Section. If Franchisee and/or any Covered Person is in breach of this Section following the Transfer, expiration or termination of this Agreement (including by continuing to operate the Franchised Business as a System Location after the Agreement has expired or terminated), the period of duration for the obligation set forth herein will be tolled until the resolution of any enforcement action taken by Franchisor against Franchisee to enforce this Section. Franchisee covenants that it will not, for a period of two (2) years after the expiration, non-renewal or termination of this agreement, regardless of the cause of termination, or within two (2) years of the sale of the Franchised Business or any interest in the Franchisee, solicit business from customers of the Franchisee's former Franchised Business or from any national accounts, or contact any of Franchisor suppliers or vendors for any Competing Business purpose, or solicit any of its former Franchised Business' key or executive levels employees, or the key or executive-

level employees of any franchised business operated by another franchisee, Franchisor or its affiliates to discontinue employment.

11.13 Franchisee acknowledges that the restrictions set forth in this Section are reasonable and necessary to protect Franchisor's legitimate business interests, which include preventing Franchisee, Franchisee's affiliates and Covered Persons from using Franchisor's Trade Secrets to engage in activities that directly or indirectly benefit a Competing Business.

Article 12. Insurance and Indemnity.

12.1 **Insurance.** During the Term, Franchisee shall comply with all insurance requirements of any lease, mortgage, or deed of trust covering the Approved Location as well as all insurance requirements of Franchisor as set forth in the Manual or as otherwise communicated by Franchisor from time to time. All insurance shall be procured at the earliest possible time that Franchisee has an insurable interest with respect thereto, but in no event later than the Opening Date. All insurance shall be written by insurance companies with an A.M. Best rating of A-VI or greater. As of the Effective Date, at a minimum, Franchisee shall maintain the following:

(a) Commercial Property insurance on the Approved Location and all boilers, machinery, improvements, and/or betterments in, on, or to the Approved Location. Coverage shall be provided on a "Special Cause of Loss" form, not be subject to any coinsurance provisions, and be in an amount not less the full replacement cost of the Approved Location. Such coverage shall also include the following:

i. Equipment Breakdown, including spoilage damage coverage processing with a sublimit no less than $10,000 each occurrence;
ii. Business Income/Extra Expense coverage for loss of profits and necessary continuing expenses, including coverage for payments of royalty fees and the Brand Development Fund Fee, for any interruption in Franchisee's business operations, as well as the cost of conducting a pre-opening review before reopening of the business in the event of closure for repairs or rebuild, with a limit of at least 12 months actual loss sustained;
iii. Off premises utility services including overhead power lines;
iv. If the Approved Location is located in an "earthquake prone zone" as determined by the U.S. Geological Survey, earthquake coverage with a limit equal to the full replacement cost of the Approved Location or with a sublimit no less than such amount as agreed upon between Franchisor and Franchisee, or if not specified by the parties, as may be required by the Manual; and
v. If the Approved Location is located in whole or in part within an area identified by the Federal Government as having a special flood hazard, flood coverage with a limit equal to the full replacement cost of the Approved Location or with a sublimit no less than such amount as agreed upon between Franchisor and Franchisee, or if not specified by the parties, as may be required by the Manual.

(b) Commercial General Liability (CGL) insurance with coverage for bodily injury, personal injury, property damage, contractual liability, products liability, completed operations, and independent contractors, written on the latest ISO CG 00 01 occurrence form or equivalent. The policy shall have minimum limits of (i) $1,000,000 each occurrence for bodily injury and property damage, (ii) $1,000,000 each occurrence for personal and advertising injury, (iii) $2,000,000

general aggregate, and (iv) $2,000,000 products-completed operations aggregate. The general aggregate limit shall apply separately to the Franchised Business.

(c) Business Automobile Liability insurance covering all of Franchisee's owned, non-owned, and hired automobiles with a minimum combined single limit of $1,000,000 per accident for bodily injury and property damage.

(d) Workers' Compensation and Employer's Liability insurance for all employees that work in the Franchised Business, regardless of whether Franchisee is able to exempt itself under applicable state law from the Workers' Compensation requirement, or whether the employees are full-time, part-time, temporary, seasonal, leased, or borrowed. The Workers' Compensation coverage provided shall be in accordance with the laws of the state where the Approved Location is located, and with a minimum limit of at least $1,000,000, and the Employer's Liability coverage shall have limits of $1,000,000 each accident for bodily injury by disease; $1,000,000 each employee for bodily injury by disease; and $1,000,000 policy limit for bodily injury by disease.

(e) Excess or Umbrella Liability insurance which provides excess coverage over the underlying CGL policy with minimum limits of $2,000,000 each occurrence and $2,000,000 general aggregate.

(f) Environmental Liability insurance with minimum limits of $5,000,000 per occurrence and $5,000,000 aggregate.

(g) Cyber Liability insurance with minimum limits of $25,000 per occurrence and $25,000 aggregate.

(h) Liquor Liability insurance with minimum limits of $1,000,000 per occurrence and $1,000,000 aggregate.

(i) Food Borne Illness/Trade Name Restoration insurance with a minimum limit of $500,000 per occurrence and $500,000 aggregate to cover lost income from an actual or alleged contamination event.

(j) Commercial Crime insurance for losses arising out of or in connection with any fraudulent or dishonest act committed by employees of Franchisee with a minimum limit of $25,000 per occurrence and $25,000 aggregate.

During any construction work at the Approved Location, Franchisee shall maintain or cause its general contractor or design-builder to maintain Builder's Risk insurance or equivalent property insurance to cover that portion of the work to be constructed, installed, altered, or repaired. Such coverage shall include the interests of Franchisor, Franchisee, any mortgagee, the general contractor or design-builder, any subcontractors, and any other party having an interest in the work. Franchisee shall also flow down the requirements of subparts (b) of this Section 12.1 to all contractors or design-builders performing such work, to the extent applicable, except that that the minimum aggregate limit shall be $1,000,000.

12.2 **Waiver of Subrogation and Additional Insureds.** All policies of insurance specified herein shall contain a provision or endorsement whereby the insurers waive any rights of subrogation against the Indemnitees. The insurance policies required by subparts (b), (c), and (e) of Section 12.1 shall name the Indemnitees as additional insureds and such policies

shall apply on a primary and non-contributory basis to any insurance maintained by the Indemnitees. Promptly upon obtaining coverage and in any event before the Opening Date, Franchisee shall deliver to Franchisor Certificates of Insurance evidencing Franchisee's compliance with the insurance requirements in this Article 12. An updated Certificate of Insurance shall be provided any time a policy required herein is renewed or a carrier is changed. Franchisee shall provide Franchisor with notice of cancellation of any insurance policy required herein promptly after receiving such notice from its respective insurance carrier(s). Franchisor shall have the option, at any time during the Term, to request and examine complete policies of insurance from Franchisee.

12.3 **Sufficiency of Insurance Not Guaranteed.** Franchisee acknowledges and understands that Franchisor makes no representation or warranty with respect to the adequacy or sufficiency of the insurance required under this Article, and that Franchisee shall have the sole responsibility to determine whether additional insurance or higher limits are appropriate. Franchisee should consult with its own insurance agents, brokers, attorneys or other insurance advisors to determine the level of insurance protection it needs and desires, in addition to the coverage and limits required herein. Franchisor's review and verification of certain elements of the franchisee's insurance does not in any way reduce or eliminate Franchisee's obligations to fully comply with all insurance requirements. It is Franchisee's sole obligation to fully comply with these insurance requirements and it is Franchisee's sole obligation to confirm with its insurance providers that its policies are in compliance.

12.4 **Franchisor's Right to Obtain Insurance.** If Franchisee does not obtain and maintain the insurance coverage required by this Agreement, as revised by the Manual or otherwise in writing, Franchisor may, but shall not be obligated to, procure such insurance, and the cost or expense thereof, together with a reasonable fee for Franchisor's expenses in so acting, shall be payable by Franchisee immediately upon demand.

12.5 **Indemnity and Reimbursement Obligations.** Franchisee shall release, defend, indemnify, and hold the Indemnitees harmless from and against any and all fines, damages, legal fees, costs, expenses, and other liabilities suffered or incurred by the Indemnitees by reason of any actual or threatened claim, demand, actions for injunctive relief, lawsuit, tax, penalty, investigation, or other proceeding ("**Claim**") (even where Indemnitee's negligence or other wrongful conduct is alleged) arising directly or indirectly from, as a result of, or in connection with (a) any application submitted to Franchisor, (b) the development, construction, operation, condition, use, occupancy, or sale of the Approved Location or Franchised Business, (c) any occurrence at or on the Approved Location or any other place where the Franchised Business is operated, permanently or temporarily, (d) any environmental matters of any kind pertaining to the Franchised Business, (e) any breach of any terms or provisions of this Agreement by Franchisee, (f) any offering of securities, units, or other ownership interests of Franchisee, including, without limitation, the violation of any federal and/or state securities laws, and/or (g) any other legal action in which Franchisee, its affiliates, or their respective owners, directors, officers or managers is a named party. Notwithstanding the foregoing, Franchisor shall have the right, through counsel of its choice, to control the defense of any matter to the extent Franchisor reasonably determines that such matter may have a significantly adverse effect on any of the Indemnitees. Franchisee further acknowledges and agrees that Franchisee shall reimburse Franchisor for costs and expenses incurred in connection with Franchisor's counsel entering an appearance, responding to discovery requests in matters involving Franchisee, and preparation by Franchisor and its counsel for actions involving Franchisee and its affiliates, or their respective owners, directors, officers or managers. Franchisee's indemnity obligations and reimbursement obligations under this Agreement shall survive the expiration or other termination of this Agreement and shall be in addition to all other rights and remedies of Franchisor. Franchisee's obligations to indemnify or reimburse Franchisor

under this Article shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of its obligation to maintain insurance relieve Franchisee of liability under this indemnity provision or be construed to be a limitation on the amount of Franchisee's indemnity obligations. The right of the Indemnitees to indemnity under this Agreement shall arise notwithstanding that joint or concurrent liability may be imposed on the Indemnitees by statute, ordinance, regulation, or other law; provided, however, that Franchisee shall not be required to indemnify the Indemnitees from any Claim to the extent proven or agreed between the parties to have been caused by the sole or gross negligence or willful misconduct of the Indemnitees.

Article 13. Transfer of Interest or Management.

13.1 **Transfer by Franchisor.** Franchisor shall have the right to transfer or assign all or any part of this Agreement, or all or any of its rights or obligations herein to any person or legal entity and any assignee of Franchisor shall become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment.

13.2 **Transfer by Franchisee.** This Agreement is not transferable by Franchisee except as permitted herein. The rights and duties set forth in this Agreement are personal to Franchisee and are granted in reliance on the individual and collective business skill, financial capacity, and personal character of Franchisee and its owners. Accordingly, neither this Agreement or the license granted hereunder, any part or all of any owner's direct or indirect ownership interest in Franchisee, the Franchised Business, nor a substantial portion of the Franchised Business's assets (collectively, the "**Franchised Interests**"), may be transferred by Franchisee without Franchisor's prior written approval, and then only in accordance with the provisions of this Agreement. Any purported Transfer by Franchisee, by operation of law or otherwise, which is not permitted hereunder, shall be null and void and shall constitute a material breach of this Agreement, for which Franchisor may then terminate in accordance with Article 14.1.C. without opportunity to cure.

13.3 **Grant of Security Interests.** Franchisee shall grant no security interest, lien, mortgage, or deed of trust on any or all of the real estate or fixtures of the Franchised Business without the prior written consent of Franchisor and then only if the secured party, lien holder, mortgagee or beneficiary of the deed of trust provides Franchisor with a non-disturbance agreement or comfort letter as to such real estate and/or fixtures of the Franchised Business in form and substance reasonably acceptable to Franchisor.

13.4 **Right of First Refusal.** Any transfer of any or all ownership interest, control, or voting rights in Franchisee or of any or all of the assets of Franchisee, which assets include this Agreement, except for a transfer made under Article 13.4, shall be subject to Franchisor's right of first refusal to such interest or assets (each a "**Right of First Refusal Transfer**"). Except in the event of a transfer pursuant to Article 13.4, if Franchisee or any of its owners intend to accept a bona fide offer for the sale of any or all ownership interest in Franchisee or of any or all of the assets of Franchisee, which assets include this Agreement, they shall notify Franchisor of the offer. If the transfer is a Right of First Refusal Transfer, Franchisor shall have the right for a period of thirty (30) days after the notice is submitted together with all other information requested by Franchisor to exercise a right of first refusal and substitute itself for the proposed transferee in the transaction. If Franchisor declines to do so and there is any change in the terms and conditions of the proposed transaction or the proposed transferee, Franchisee shall promptly notify Franchisor, and Franchisor shall have the further right to exercise its right of first refusal over the revised transaction for a period of thirty (30) days. Should Franchisor exercise its right of first refusal, Franchisor shall have not less than an additional sixty (60) days to close the transaction,

and Franchisor shall have the right to substitute cash for any alternative form of consideration contemplated by the proposed transaction. If Franchisor does not exercise its right of first refusal, Franchisee or the transferring owners may make a transfer on the terms and conditions of the offer considered by Franchisor, if Franchisee and its owners have complied with all of the provisions of this Article.

13.5 **Death or Incapacity.** Upon Franchisee's death or Incapacity, or, if Franchisee is a corporation, partnership, or limited liability company, upon the death of an owner of a Controlling Interest or upon the determination by Franchisor that the owner of a Controlling Interest is Incapacitated, Franchisee's or such owner's executor, administrator, conservator, guardian, or other legally appointed personal representative must transfer Franchisee's interest in this Agreement or the owner's interest in Franchisee to a third party. Such disposition of this Agreement or the interest in Franchisee of an owner of a Controlling Interest (including, without limitation, transfer by bequest or inheritance) must be completed within a reasonable time, not to exceed 1 year from the date of death or Incapacity, and will be subject to all of the terms and conditions applicable to transfers contained in this Article 13. A failure to transfer Franchisee's interest in this Agreement or the interest of an owner of a Controlling Interest in Franchisee within this period of time constitutes a breach of this Agreement. Adequate provision must be made, in the sole discretion of Franchisor, for management of the Franchised Business during such period. Franchisee's interest in this Agreement or any owner's interest in Franchisee (as applicable) may, with Franchisor's consent, which will not be unreasonably withheld, be transferred to the decedent's spouse, parent, sibling, or direct descendant, or to spouse's direct descendant. In that event, (i) the transferee must complete Franchisor's initial training program; (ii) Franchisor's right of first refusal will not apply; and (iii) in lieu of paying the standard Transfer Fee, Franchisee or the transferee will reimburse Franchisor for Franchisor's reasonable costs incurred in connection with the Transfer, including its attorneys' fees.

13.6 **Temporary Management in Case of Death or Incapacity.** Upon Franchisee's death or Incapacity, or upon the death or Incapacity of an owner of a Controlling Interest in Franchisee, Franchisee's or the owner's executor, administrator, conservator, guardian, or other legally appointed personal representative must within a reasonable time, not to exceed 30 days from the date of death or declaration of Incapacity, appoint one of the following to supervise the day-to-day operations of the Franchised Business: (i) an owner of Franchisee that has successfully completed Franchisor's initial training program; or (ii) an approved management company. Such an approved management company may be appointed only with Franchisor's prior written approval and will be required to complete training at Franchisee's expense. Pending the appointment of an approved management company as provided above or if, in Franchisor's judgment, the Franchised Business is not being managed properly at any time after Franchisee's death or declaration of Incapacity or after the death or declaration of Incapacity of an owner of a Controlling Interest in Franchisee, Franchisor has the right, but not the obligation, to appoint a general manager or management company for the Franchised Business. All funds from the operation of the Franchised Business during the management by Franchisor's appointed general manager or management company will be kept in a separate account, and all expenses of the Franchised Business, including compensation, other costs, and travel and living expenses incurred by the management company, will be charged to this account. Franchisor also has the right to charge a reasonable management fee (in addition to the Royalty Fee and Brand Development Fund Fee payable under this Agreement) during the period that Franchisor's appointed general manager or management company manages the Franchised Business. Operation of the Franchised Business during any such period will be on the transferee's behalf, provided that Franchisor only has a duty to utilize commercially reasonable efforts and will not be liable to Franchisee or its owners for any debts, losses or expenses, or obligations incurred by the Franchised Business or to any creditors for any products, materials, supplies, or services the

Franchised Business purchases during any period it is managed by Franchisor's appointed general manager or management company. The transferee will remain solely responsible for maintaining the Approved Location and Franchised Business during any period in which Franchisor's appointed general manager or management company is managing the Franchised Business on the transferee's behalf.

13.7 **Public and Private Offerings.** Securities, units, or other ownership interests in Franchisee may be offered by public or private offering, or otherwise, only with the prior written consent of Franchisor (whether or not Franchisor's consent is required under Article 13.2 of this Agreement). If Franchisee requests consent for a public offering Franchisor may grant or withhold its consent in its sole discretion based solely upon what Franchisor deems to be in its best interests. If Franchisee requests consent for a private offering, Franchisor will not unreasonably withhold its consent. All materials required for such offerings by federal or state law shall be submitted to Franchisor for review prior to their being filed with any governmental agency; and any materials to be used in any exempt offering shall be submitted to Franchisor for review prior to their use. No Franchisee offering shall imply (by use of the Proprietary Marks or otherwise) that Franchisor is participating in an underwriting, issuance, or offering of Franchisee or Franchisor securities, and Franchisor's review of any offering shall be limited solely to the subject of the relationship between Franchisee and Franchisor. Franchisee and the other participants in the offering must fully indemnify Franchisor in connection with the offering. For each proposed public offering, Franchisee shall pay to Franchisor a fee of $25,000, or such higher amount that covers Franchisor's reasonable costs and expenses associated with reviewing the proposed offering, including, without limitation, legal and accounting fees. Franchisor at its discretion may refund any unused portion of such fee. For each private offering of securities, Franchisee shall pay to Franchisor a fee of $10,000 or such higher amount that covers Franchisor's reasonable costs and expenses associated with reviewing the proposed private offering, including, without limitation, legal and accounting fees. Franchisee shall give Franchisor written notice at least ninety (90) days prior to the date of commencement of any public offering and at least thirty (30) business days prior to the date of commencement of any private offering or other transaction covered by this Article.

13.8 **Minority Transfers to Employees.** Notwithstanding any provision to the contrary contained in this Article, Franchisee may transfer not more than an aggregate of 25% of the outstanding voting shares, units, or ownership interests of a Franchisee operating as a corporation, partnership, or limited liability company to employees of Franchisee who are actively engaged in the Franchised Business's operations, if such transfers, alone or together with other previous, simultaneous, or proposed transfers, do not have the effect of transferring a Controlling Interest in Franchisee. The ownership of such shares, units, or ownership interests by such employees will be subject to all of the terms and conditions of this Agreement, including, without limitation, Article 11 and Article 13 of this Agreement. Franchisee shall provide Franchisor with written notice of any such proposed transfer and all pertinent information regarding the same not later than 30 days prior to the proposed date of transfer.

13.9 **Conditions to Transfers.** Franchisor shall not unreasonably withhold any consent required under this Article 13; provided, that Franchisor shall have the right to require any or all of the following as conditions of its approval of a Transfer:

A. except for a Transfer pursuant to Articles 13.3, 13.4, 13.7, 13.8 and 13.9, that each proposed transferee shall be required to submit an application for a new license. Franchisor will process such application in accordance with Franchisor's then-current procedures, criteria, and requirements regarding fees, upgrading of the Franchised Business and Approved

Location, credit, operational abilities and capabilities, prior business dealings, and other factors Franchisor deems reasonable.

B. that each transferor shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates, and their respective successors and assigns, including, without limitation, claims arising under this Agreement, and any other agreement between Franchisee and Franchisor or its affiliates;

C. that the transferee or its owners shall guarantee, in a form satisfactory to Franchisor, the performance of all obligations of the Franchisee from the date of Transfer;

D. if the proposed Transfer would result in a Change in Control of Franchisee, that the transferee shall execute the then-current form of Franchise Agreement being offered to new Franchisees for the full term, except that if the then-current form of franchise agreement grants the transferee any territorial protection reserved by Franchisor in Section 2.6 of this Agreement, such right will not apply. The transferee shall execute such other ancillary agreements required by Franchisor for the business franchised hereunder, which agreements shall supersede this Agreement and its ancillary documents in all respects, and the terms of which may differ from the terms of this Agreement including, without limitation, a higher royalty and/or advertising fee.

E. if the proposed Transfer does not result in a Change of Control of Franchisee and does not have the effect of transferring a Controlling Interest in Franchisee and the person responsible for daily operations does not change, Franchisee will pay a transfer fee of $1,500; Franchisee will pay a transfer fee equal to fifty percent (50%) of the then-current initial franchise fee if (a) the proposed Transfer results in a Change of Control of Franchisee and the transfer is to an existing The Sports Bra franchisee; or (b) the proposed Transfer does not result in a Change of Control of Franchisee and does not have the effect of transferring a Controlling Interest in Franchisee but the person responsible for daily operations changes. If the proposed Transfer results in a Change of Control of Franchisee and is to a party who is not an existing The Sports Bra franchisee, Franchisee will pay a transfer fee equal to 75% of the Initial Franchise Fee of the then-current franchise agreement. If Franchisor is not offering new franchises at the time of the Transfer, the transfer fee will be determined based on the applicable percentage of the initial franchise fee set forth in the most recent Franchise Disclosure Document issued by Franchisor or its successor. Such fee is in lieu of any application fee or Initial Franchise Fee normally required under a new Franchise Agreement, and is intended to reimburse Franchisor for reasonable fees and expenses incurred by Franchisor in facilitating the proposed Transfer;

F. if a proposed Transfer would result in a Change in Control of Franchisee, after Franchisor has conducted a property inspection, that Franchisee or transferee at its expense upgrades the Approved Location and Franchised Business to conform to the then-current System standards and specifications, and completes the upgrading and other requirements within the time specified by Franchisor;

G. that all monetary obligations of Franchisee hereunder shall be paid in full on a current basis, and Franchisee must not be otherwise in default of any of its obligations hereunder including, without limitation, its reporting obligations;

H. if a property inspection is conducted pursuant to Section 13.10.F., the transferor pays to Franchisor a property inspection fee of $10,000;

I. that the transferor shall continue to be bound by, and remain liable for all of the obligations to Franchisor in connection with the Franchised Business that arose prior to the effective date of the Transfer, and any covenants that survive the termination or expiration of this Agreement, and shall execute any and all instruments reasonably requested by Franchisor to evidence such liability;

J. if a proposed Transfer would result in a Change in Control of Franchisee, at Franchisee's expense, the transferee, or, if the transferee is a business entity, one of its owners, shall complete to Franchisor's satisfaction all training programs required by Franchisor upon such terms and conditions as Franchisor may reasonably require, including the payment of a fee for attendance at such training programs (The transferee shall be responsible for the salary and all expenses of the person who attends training);

K. If the proposed Transfer is not approved by Franchisor and Franchisee proceeds to transfer the Franchised Business or securities, units, or other ownership interests in Franchisee to any proposed new owner, then this Agreement shall terminate pursuant to Article 14.1.B hereof and Franchisor will be entitled to all of its remedies. Neither the Agreement, nor any rights hereunder shall be transferable in the event that the Franchisee is in default under the Agreement.

13.10 **No Waiver of Claims.** Franchisor's consent to a Transfer by Franchisee of any interest in the license granted herein shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee.

13.11 **General Manager Ownership.** Any person serving as the general manager of the Franchised Business is required to maintain at least five percent (5%) of the equity in Franchisee, or otherwise hold an equity-like ownership equal to five percent (5%) of the equity in Franchisee. Any Transfer of the equity ownership of such general manager upon termination of their position as general manager of Franchisee to Franchisee, Franchisee's other owners, or to another person appointed general manager of the Franchised Business in their stead, is hereby approved by Franchisor, and exempt from the other transfer provisions in this Article 13, provided that if the transfer is to a new general manager, such general manager must first have completed the initial training required under this Agreement.

Article 14. Default and Termination.

14.1 This Agreement may not be terminated prior to the expiration of its term except as provided in this Article. Termination of this Agreement shall not relieve Franchisee of any unfulfilled obligations to Franchisor created hereunder unless it is so agreed by Franchisor in writing. This Agreement may be terminated as follows:

A. Upon the mutual agreement of the parties in writing to a termination.

B. At Franchisor's option, effective immediately upon the giving of written notice to Franchisee, and without any opportunity to cure, based upon the occurrence of any of the following events:

(1) A substantial portion of the Approved Location is condemned in accordance with Section 7.30 of this Agreement;

(2) Franchisee fails to submit a site application, commence construction of the Approved Location, complete construction of the Approved Location, or open the Franchised Business and commence operations within the time schedule established under Article 5 of this Agreement;

(3) Franchisee ceases to operate the Franchised Business or otherwise abandons the business (including through the termination of the lease for the Franchised Business, or the non-renewal of said lease), or forfeits the legal right to do business in the jurisdiction where the Approved Location is located;

(4) Franchisee or any personal guarantor is convicted of a felony or other crime involving moral turpitude, consumer fraud, or crime or offense Franchisor believes is likely to have an adverse effect on Franchisee's ability to carry out the duties imposed by this Agreement or to have an adverse effect on the System and the goodwill associated therewith;

(5) Franchisee transfers of any rights or obligations in violation of the terms of Article 13 of this Agreement (including transfers following death or Incapacity);

(6) Franchisee misuses or discloses Trade Secrets in violation of Article 11 of this Agreement;

(7) Franchisee, or any duly authorized representative of Franchisee, knowingly makes any false statements in any report or document submitted to Franchisor;

(8) Franchisee submits more than two written statements of Gross Revenue which under-report Gross Revenue for any reporting period by 2% or more;

(9) Franchisee suffers a final judgment to remain unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed), or has execution levied against Franchisee's business or property, or any suit is filed to foreclose any lien or mortgage against the premises or equipment and not dismissed within thirty (30) days;

(10) Franchisee or any personal guarantor becomes insolvent or makes a general assignment for benefit of creditors, or a receiver is appointed to take possession of Franchisee's business or property or any part thereof;

(11) Franchisee engages in public conduct that reflects materially and unfavorably upon the operation of the System, the reputation of the System, or the goodwill associated with the Proprietary Marks; provided that engaging in legitimate political activity (including testifying, lobbying, or otherwise attempting to influence legislation) shall not be grounds for termination;

(12) Any owner of Franchisee fails or refuses to execute and deliver Franchisor's form of Personal Guaranty or to deliver true, correct, and current financial statements required by this Agreement for a period of 15 days after Franchisor's delivery to Franchisee of written notice of default; and

(13) Franchisee or any affiliate defaults under any franchise agreement or other agreement with Franchisor or any of its affiliates, which default is not curable, or if the default is curable, Franchisee or its affiliate has not cured such default within the applicable cure period.

C. At Franchisor's option, without notice, in the event Franchisee shall become bankrupt or become subject to a proceeding under any chapter of the United States Bankruptcy Code, unless Franchisee shall: (i) timely undertake to reaffirm the obligations under the Agreement, (ii) timely comply with all conditions as legally may be imposed by Franchisor upon such an undertaking to reaffirm the Agreement, and (iii) timely comply with such other conditions and provide such assurance as may be legally required in or under relevant provisions of the United States Bankruptcy Code; provided, however, that the parties acknowledge that this Agreement constitutes a personal services contract made in reliance on the qualifications and personal characteristics of Franchisee and its directors, officers, managers, shareholders, members, or partners, as the case may be, and in the expectation of a material degree of personal involvement in the management and operation of the Franchised Business, and consequently, the parties agree that any attempt by any other party, including a trustee in bankruptcy or any other third party, to assume or accept a transfer or assignment of this Agreement shall be void, and that in no event shall this Agreement or any rights or duties of Franchisee hereunder, be transferred to any individual or entity who does not comply with all requirements for transfer specified in this Agreement.

D. At the election of Franchisor, effective upon the expiration of thirty (30) days after giving of written notice (ten (10) days in the case of non-payment of any Payment or other financial obligation), in the event Franchisee defaults, and does not cure to Franchisor's reasonable satisfaction within the thirty (30) day (or ten (10) day) notice period, in the performance of any other covenant or provision of this Agreement, including without limitation, the obligation to pay when due any financial obligation to Franchisor, the obligation to make reports and provide information when due hereunder, or failure to maintain any of the standards or procedures prescribed for the Franchised Business in this Agreement, the Manual, or otherwise; provided, however, that Franchisee shall be entitled to notice and opportunity to cure any such default only once in any 6-month period, and any subsequent occurrence of the same or substantially similar default within such 6-month period shall entitle Franchisor, at its option, to terminate this Agreement effective immediately upon the giving of notice and without opportunity to cure.

14.2 **Forbearance is Not Waiver.** No forbearance of Franchisor from asserting any default or giving any permitted notice of termination shall constitute a waiver of such default or right to terminate or an estoppel against such right as to any continuing default or subsequent occurrence of a default, whether similar or dissimilar in nature to the prior default. The rights of Franchisor to terminate this Agreement are in addition to, and not in lieu of, other remedies available at law or equity for defaults by Franchisee in the payment and performance of its obligations hereunder.

14.3 **Purchase Option.** Upon termination or expiration of this Agreement for any reason after the Opening Date, Franchisor will have the option, exercisable by giving written notice to Franchisee within thirty (30) days from the effective date of termination or expiration, to purchase the Franchised Business and assume any or all of Franchisee's agreements relating to the Franchised Business. Assets of the Franchised Business will include without limitation, site agreements, leasehold improvements, equipment, fixtures, furniture, furnishings, signs, inventory and assignable licenses. Franchisor will have the right to assign this option. Franchisor or its assignee will be entitled to all customary warranties, representations and pro rations in connection with its asset purchase. Franchisee shall cooperate with Franchisor in obtaining any necessary lessor or other consents.

A. Once Franchisor gives notice that it will purchase the assets of the Franchised Business, it shall have the right immediately to take over the operation of the Franchised Business. From the date Franchisor takes over the Franchised Business to the date

of closing the purchase of such assets, Franchisor shall be entitled to use revenues of the Franchised Business to operate the Franchised Business and to retain as its management fee 5% of the balance of such gross sales.

B. The purchase price for the assets of the Franchised Business shall be determined as follows: each party shall appoint one appraiser within fifteen (15) days of Franchisor's notice, and each of the two appraisers shall independently of the other determine the purchase price. If the higher of the two prices does not exceed the lower by more than 10% of the lower price, the purchase price shall be 105% of the lower purchase price. If the higher of the two prices exceeds the lower by more than 10% of the lower price, the two appraisers shall select a third appraiser, who shall determine the purchase price. Each appraiser shall determine the purchase price within thirty (30) days of his or her appointment. All the appraisers must be members of the Appraisal Institute. If the purchase price is not acceptable to Franchisor, it may withdraw its offer to purchase by written notice to the Franchisee. Franchisor shall have ten (10) days from the determination of the final purchase price, to determine whether to purchase the Franchised Business assets.

C. The purchase price shall be paid in cash at the closing of the purchase, by means of check, wire transfer or electronic funds transfer, which shall take place no later than ninety (90) days after Franchisee's receipt of notice of Franchisor's exercise of the option to purchase, at which time Franchisee must deliver instruments transferring to Franchisor or its assignee: (1) good and marketable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to Franchisor or its assignee), with all sales and other transfer taxes paid by Franchisee; and (2) all licenses to the Franchised Business and/or permits which may be assigned or transferred. If Franchisee cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, the closing of the sale shall be accomplished through an escrow. Franchisor will have the right to set off against and reduce the purchase price by any and all amounts owed by Franchisee to Franchisor, the amount of any encumbrances or liens against the assets, and any liability of Franchisee assumed or paid for by Franchisor.

14.4 **Temporary Removal from Marketing and Sales Channels.** In addition to, and without limiting Franchisor's other rights and remedies under this Agreement, any other agreement or applicable law, if Franchisee's default is such that, in Franchisor's sole judgment, the Franchised Business does not fairly represent the quality and standards of the System, Franchisor may, temporarily in lieu of termination, either upon the occurrence of any default or upon Franchisee's failure to cure such default elect, in its sole discretion and upon written notice to Franchisee, take any or all of the following actions without terminating this Agreement until such time as Franchisor confirms in writing that such default has been cured: (1) temporarily remove information concerning the Franchised Business from any Online Presence for The Sports Bra® network, other marketing channels, and/or restrict Franchisee's participation in other programs or benefits offered on or through any such Online Presence; (2) temporarily suspend Franchisee's right to participate in any advertising, marketing, promotional, or public relations programs that Franchisor or the Brand Development Fund provides, authorizes, or administers; (3) withhold the provision of any services required to be performed by Franchisor under this Agreement for a period of time determined by Franchisor in its sole discretion; (4) assess a non-compliance fee in the amount of 1% of the Gross Revenue of the Franchised Business for each month in which that non-compliance has occurred or continued for one or more days, in order to compensate Franchisor for damage to the reputation of Proprietary Marks and the entire System; and (5) at Franchisee's expense, require Franchisee, Franchisee's owners and/or general manager to attend and successfully complete System training designated by Franchisor. Because fees charged by Franchisor for access to any Online Presence and other marketing channels are generally set to

cover the cost of the channels and charged on a pro rata basis, Franchisee shall continue to pay such fees, so that Franchisee's default does not negatively impact other franchisees of Franchisor. Franchisor's exercise of any of the alternatives to termination set forth in this Article will not constitute a waiver of Franchisor's right to terminate this Agreement due to the underlying default and Franchisor may at any point exercise such right, in spite of having exercised its rights under this Article.

14.5 **Temporary Management by Franchisor.** In the event of any default under this Agreement, in order to prevent any interruption of the Franchised Business, which Franchisee agrees would cause harm to the Franchised Business and the System, Franchisee authorizes Franchisor or its agents and affiliates to operate the Franchised Business for so long as Franchisor deems necessary and practical in its sole discretion. All income from the operation of the business will be kept in a separate account, and the expenses of the business, including reasonable compensation and expenses of Franchisor and its agents, in an amount equal to ten percent (10%) of Franchisee's Gross Revenue, will be charged to this separate account. Nothing in this Section is intended to require Franchisor to operate the business in the event of Franchisee's inability, and the rights described in this Section may be exercised or not exercised in Franchisor's sole and absolute discretion.

Article 15. Obligations Upon Termination.

15.1 Upon expiration or termination of this Agreement for any reason:

A. All rights granted hereunder to Franchisee shall terminate;

B. Franchisee shall immediately and permanently cease to operate the Franchised Business, and shall not thereafter, directly or indirectly, represent itself to the public or hold itself out as a Franchisee of Franchisor;

C. Franchisee shall immediately and permanently discontinue the use of all Proprietary Marks, all similar names and marks, or any other designation or mark indicating or tending to indicate that Franchisee is or was a Franchisee of Franchisor. Franchisee shall promptly amend or terminate any filings or registrations with any governmental authorities containing or pertaining to the use of Franchisor's name and Proprietary Marks. Franchisee shall not promote or advertise the fact that it was formerly a Franchisee of Franchisor;

D. Franchisee shall surrender and transfer to Franchisor or its designee any and all rights to use the telephone numbers, other business listings, and social media accounts and all other accounts and pages in any form of Online Presence used by Franchisee for the Franchised Business. Franchisee agrees to cooperate and execute any and all documents required to affect transfer of the telephone numbers and other business listings from Franchisee to Franchisor or its designee.

E. Franchisee shall immediately turn over to Franchisor all materials, including, without limitation, the Manual (in whatever form Franchisee may have) and all other manuals, all customer and supplier lists, marketing materials, recipes, instructions, any Online Presence references and brochures, and any and all other materials relating to the operation of the Franchised Business in Franchisee's possession, custody, or control, and all copies thereof (all of which are acknowledged to be Franchisor's property), and shall retain no copy or record of the foregoing, excepting only Franchisee's copy of this Agreement and of any correspondence between the parties, and any other documents which Franchisee reasonably needs for compliance with any provision of law;

F. Franchisee shall immediately and permanently discontinue all advertising as a Franchisee of Franchisor, including but not limited to removal of all signs and other identifying marks and colors, and shall destroy or surrender to Franchisor any letterheads, forms, printed matter, and advertising containing Franchisor's Proprietary Marks and any similar or related names marks or designations tending to indicate that Franchisee is or was an authorized Franchisee of Franchisor;

G. Franchisee shall, at its expense, immediately make such modifications or alterations as may be necessary to distinguish the Approved Location so clearly from its former appearance and from other System Locations as to prevent any possibility of confusion therewith by the public, and to prevent the operation of any business at the premises of the Approved Location by Franchisee or others in derogation of this Article (including, without limitation, removal of all distinctive physical and structural features identifying the Franchised Business in the System including, without limitation, removal of all signs and emblems, and changing of telephone numbers and other directory listings). Franchisee shall, at Franchisee's expense, immediately make such specific additional changes as Franchisor may reasonably request for this purpose. Franchisee agrees that for ninety (90) days following termination or expiration, Franchisor or its designated agents may enter the Approved Location and adjacent areas, and hereby grants Franchisor an irrevocable license and permit to go upon the Approved Location for such purposes, at any time to make such alterations, at Franchisee's sole risk and expense, without responsibility for any actual or consequential damages to the property of Franchisee or others. Franchisee acknowledges that such actions by Franchisor are authorized and permitted and shall not be deemed a violation of any civil or criminal law or any basis for an action under such laws by Franchisee or others. Franchisee expressly acknowledges that its failure to make such alterations will cause irreparable injury to Franchisor, and consents to entry, at Franchisee's expense, of an ex parte order by any court of competent jurisdiction authorizing Franchisor or its agents to take such action, if Franchisor seeks such an order;

H. Franchisee shall immediately and permanently cease using Franchisor's System, including, but not limited to the Manual, any other operating or training manuals or aids, intranet, advertising and promotional materials, and all confidential material delivered to Franchisee pursuant to this Agreement;

I. Within ten (10) days following termination of expiration, Franchisee shall provide Franchisor with an inventory of all items in the Approved Location or otherwise utilized by the Franchised Business. Franchisor shall have the right, at its sole option, for a period of sixty (60) days following receipt of such inventory list, to purchase at fair market value all usable materials owned by Franchisee bearing the Proprietary Marks, and/or to purchase Franchisee's supplies, FF&E and signage used for the Franchised Business or at the Approved Location at their fair market value. Franchisee shall not during such sixty (60) day period remove from the Franchised Business or the Approved Location, transfer, assign, hypothecate, pledge, or otherwise encumber such FF&E or moveable signs;

J. Franchisee shall within ten (10) days from termination or expiration pay all sums owing to Franchisor and its affiliates. In the event of termination for any default of Franchisee, such sums shall include payment of all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property (including, without limitation, signage, equipment, furnishings, furniture, and supplies) owned and used by Franchisee in connection with the Franchised Business at the time of default and

K. Franchisee shall pay to Franchisor all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor in connection with obtaining injunctive or other relief for the enforcement of any provisions of this Agreement.

L. Franchisee shall comply, and cause its Covered Persons to comply, with the covenants in this Agreement that by their terms apply after, or by their nature survive, the termination or expiration of this Agreement.

15.2 **Liquidated Damages.** The parties recognize the difficulty of ascertaining damages to Franchisor resulting from premature termination of this Agreement and have provided for Liquidated Damages, which Liquidated Damages represent the parties' best estimate as to the damages arising from the circumstances in which they are provided and which are the only damages for the premature termination of this Agreement and not as a penalty or as damages for breaching this Agreement or in lieu of any other payment. Accordingly, if this Agreement is terminated pursuant to Sections 14.1.C or 14.1.E, or by Franchisee without cause, Franchisee shall pay to Franchisor within ten (10) days of termination a lump sum payment (as Liquidated Damages and not as a penalty or in lieu of any other payments required under this Agreement) equal to the total of all amounts required under Article 4 of this Agreement (including Initial Franchise Fees, Royalty Fees and Brand Development Fund Fees, Technology and Intranet Fee, pro-rata marketing and advertising fees) for the twenty-four (24) calendar months of operation of the Franchised Business under the System immediately preceding Franchisee's default, or if there have not been twenty-four (24) full calendar months of actual operation under the System, then for the period of time the Franchised Business has been in actual operation under the System projected over a twenty-four (24) calendar months basis.

15.3 **Obligation to Preserve Records.** Termination of this Agreement shall not relieve Franchisee of the obligations under Article 10 hereof to maintain and preserve financial and other records and to make them available for inspection and audit by Franchisor.

15.4 **Survival of Certain Provisions.** All covenants, obligations, and agreements of Franchisee which by their terms or by reasonable implication are to be performed, in whole or in part, after the termination or expiration of the Term, including, without limitation, those set forth in Articles 14 and 15 of this Agreement shall survive such termination or expiration.

Article 16. Additional Covenants.

16.1 **Responsibility for Operation of Franchised Business.** Franchisee agrees and acknowledges that, prior to executing this Agreement, Franchisee has made such investigation of Franchisor and the System as Franchisee deems necessary, that Franchisee understands that the results of operations of the Franchised Business are dependent upon the efforts and management of Franchisee, and Franchisee hereby assumes full responsibility for such operations.

16.2 **No Fiduciary Relationship.** It is understood and agreed by all parties hereto that this Agreement does not create a fiduciary relationship between them; that Franchisee shall be an independent contractor; and, that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venture, partner, employee, or servant of the other for any purpose whatsoever. Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name or on Franchisor's behalf, and Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action, or by reason of any act or omission of Franchisee in its conduct of the Franchised Business, or any claim or

judgment arising therefrom against Franchisor. Franchisee agrees that Franchisor is not in a position to, and does not undertake to, exercise control over the employment, supervision, or discharge of Franchisee's employees and except as is necessary to protect the quality of the System (brand) and of the products and services rendered at the Franchised Business has no right to do so; Approved Location maintenance; guest safety and health; or other matters arising out of or affecting the Franchised Business's operations, which are within the responsibility of Franchisee as a qualified independent business operator. Franchisee shall hold itself out to the public as an independent contractor operating the business pursuant to a license from Franchisor. Franchisee agrees to take such affirmative action as may be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place on the premises of the Franchised Business, and, as directed by Franchisor, in Franchisee's advertising and on Franchisee's agreements, forms, stationery, and promotional materials.

16.3 **Method and Application of Payments.** All payments to Franchisor hereunder shall be made payable to The Sports Bra Franchise LLC and, except as provided in the next sentence, shall be tendered to Franchisor in person at the address set forth in Article 18 below, or by making such Payment by mail, postage prepaid, to that address. At Franchisor's option, Franchisee shall make payments to Franchisor hereunder by wire transfer, electronic funds transfer, or such other payment method as directed by Franchisor, to an account or accounts specified by Franchisor. All Payments received by Franchisor from Franchisee shall be applied to the oldest obligation, regardless of any contrary designation by Franchisee. Franchisee agrees that Franchisee will not, on grounds of the alleged non-performance by Franchisor of any of its obligations hereunder, withhold payment of any royalties, marketing and advertising contributions, amounts due to Franchisor for purchases by Franchisee, or any other amounts due Franchisor.

16.4 **Economic Sanctions and Anti-Terrorism Laws.** Franchisee and its owners understand the requirements of, and will abide by, all United States government economic sanctions requirements. Franchisee represents and warrants that neither it nor any of its direct or indirect owners, directors, officers, employees or agents is a person subject to trade restrictions under United States law, including (without limitation) the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701 et seq., The Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., or any Executive Orders or regulations promulgated thereunder (including Executive Order 13224 of September 24, 2001 Blocking Location and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism, and the Specially Designated Nationals and Blocked Persons List) ("**Anti-Terrorism Laws**"). Franchisee and its owners may not engage in any activity that would expose us to a risk of criminal or civil penalties under applicable United States law. Any violation of the Anti-Terrorism Laws by Franchisee or its owners, or any blocking of Franchisee's or its owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement.

Article 17. Approvals and Waivers.

17.1 **Requests for Approval.** Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefor, and such approval or consent shall be obtained in writing. Except as otherwise expressly provided herein, Franchisor may withhold any consent or approval herein at its discretion.

17.2 **Franchisor's Discretion.** Franchisor shall have no liability for withholding any consent or approval or for any delay or inaction in connection therewith, and the granting of any approval or consent shall not imply or constitute any representation, warranty, guaranty, or endorsement of the matter approved or consented to or an assumption of any liability in connection therewith.

17.3 **No Waiver.** No delay, waiver, omission, or forbearance on the part of Franchisor to exercise any right, option, duty, or power arising out of any breach or default by Franchisee, or any other Franchisee, of any of the terms, provisions, covenants, or conditions hereof shall constitute a waiver by Franchisor to enforce any such right, option, duty, or power as against Franchisee, or as to subsequent breach or default by Franchisee. Subsequent acceptance by Franchisor of any obligations due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, provisions, covenants, or conditions of this Agreement.

Article 18. Notices.

Unless otherwise specifically stated elsewhere in this Agreement, all notices required or permitted to be given under this Agreement shall be in writing and shall, if properly addressed, be deemed given on the earliest of: (a) the date when delivered by hand; (b) the date when delivered by fax or email if confirmation of transmission is received or can be established by the sender; (c) one business day after delivery to a reputable national overnight delivery service providing delivery confirmation; or (d) three business days after being sent by U.S. certified or registered mail, postage prepaid, return receipt requested. A "business day" means weekdays only, excluding Saturdays, Sundays and holidays. Notices shall be directed to the address shown in **Schedule 3** for the party and its representative. Either party may change its address for receiving notices by giving appropriate written notice to the other.

Article 19. Dispute Resolution.

19.1 **Mediation.** In the event of any unsettled claims, disputes, or controversies between Franchisor and Franchisee, and other matters arising between them relating to this Agreement, the dealings or relationship between them, or Franchisee's development or operation of the Franchised Business ("**Dispute**"), either party has the option of initiating a mediation procedure by submitting a written request for mediation to the American Arbitration Association in accordance with the Commercial Mediation Rules.

A. The mediation process shall begin promptly, but in no event later than thirty (30) days after cessation of negotiations between the parties, and shall be concluded within thirty (30) days of the day the request for mediation is made, unless the parties mutually agree otherwise.

B. Mediation shall be private, voluntary, and nonbinding. Any party may withdraw from the mediation at any time before signing a settlement agreement upon written notice to each other party and to the mediator. The mediator shall be neutral and impartial. The mediator's fees shall be shared equally by the parties. The mediator shall be disqualified as a witness, consultant, expert, or counsel for either party with respect to the matters in Dispute and any related matters.

C. Unless the parties agree otherwise, the entire mediation process shall be confidential and without prejudice. The parties and the mediator shall not disclose any information, documents, statements, positions, or terms of settlement. Nothing said or done or provided by the parties in the course of mediation shall be reported or recorded or, except as ordered by a court of competent jurisdiction, placed in any legal proceeding or construed for any purpose as an admission against interest. Nevertheless, evidence otherwise discoverable or admissible is not excluded from discovery or admission as a result of its use in mediation.

D. All mediation proceedings shall take place where Franchisor maintains its principal place of business at the time of the mediation.

E. The commencement of any mediation shall not act to prevent either party from instituting or proceeding with any action which may be the subject of the Dispute.

19.2 **Temporary Restraining Orders and Injunctive Relief.** Notwithstanding anything to the contrary contained in this Article, Franchisee and Franchisor each have the right in a proper case to obtain temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction. Franchisee acknowledges that a proper case to obtain temporary restraining orders and temporary or permanent injunctive relief from a court of competent jurisdiction shall include, but not be limited to, the following:

A. Any Dispute involving actual or threatened disclosure or misuse of the contents of the Manual or any other confidential information or Trade Secrets of Franchisor;

B. Any Dispute involving the ownership, validity, use of, or right to use or license the Proprietary Marks;

C. Any action by Franchisor to enforce the covenants set forth in Article 11 and Article 13 of this Agreement; and

D. Any action by Franchisor to stop or prevent any threat or danger to public health or safety resulting from the construction, maintenance, or operation of the Franchised Business. The provisions of this Article are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

19.3 **Litigation.** The parties acknowledge that Franchisor operates, or intends to operate, a nationwide franchise system, with franchisees located in numerous different states and in numerous counties and cities within such states. Accordingly, the parties hereby agree that in view of the fact that the books, records, and business personnel of Franchisor are located, for the most part, in Multnomah County, Oregon, and in order to minimize disruption or interference with operation of the franchise system as a whole, the parties agree as follows:

A. Any and all court proceedings arising from or relating in any manner to any dispute between Franchisor and Franchisee arising out of, relating to or referencing this Franchise Agreement or its breach in any way, shall be brought in, and only in, a state court of general jurisdiction sitting in the county and state, or in the United States District Court for the District in which Franchisor has its principal place of business at the time any such action is instituted, and Franchisee irrevocably submits to the jurisdiction of such courts and waive any objection Franchisee may have to either the jurisdiction or venue of such court. No individual shall be joined as a party to such proceedings if such joinder has the effect of destroying federal court jurisdiction unless that individual or entity is a necessary party to the proceeding as a matter of law.

B. THE PARTIES AGREE THAT ALL DISPUTES ADMITTED TO THE COURT PURSUANT TO THIS PROVISION SHALL BE TRIED TO THE COURT SITTING WITHOUT A JURY, NOTWITHSTANDING ANY STATE OR FEDERAL CONSTITUTIONAL OR STATUTORY RIGHTS OR PROVISIONS.

C. NO PUNITIVE OR EXEMPLARY DAMAGES SHALL BE AWARDED AGAINST EITHER FRANCHISOR OR FRANCHISEE OR ANY AFFILIATES OF EITHER OF

THEM, IN ANY PROCEEDING, AND ALL CLAIMS TO SUCH DAMAGES ARE HEREBY WAIVED.

19.4 **Statute of Limitations.** Franchisor and Franchisee agree that no form of action or proceeding permitted hereby will be maintained by any party to enforce any liability or obligation of the other party, whether arising from this Agreement or otherwise, unless the proceeding is brought before the expiration of the earlier of (i) one year after the date of discovery of the facts resulting in such alleged liability or obligation; or (ii) two years after the date of the first act or omission giving rise to such alleged liability or obligation. Notwithstanding the foregoing, where state or federal law mandates or makes possible by notice or otherwise a shorter period, such shorter period shall apply in all cases, in lieu of the time specified in (i) or (ii) above.

19.5 **Franchisor's Business Judgment.** The parties hereto recognize, and any mediator or judge is affirmatively advised, that certain provisions of this Agreement describe the right of Franchisor to take (or refrain from taking) certain actions in the exercise of its discretion based on its assessment of the overall best interest of the network and/or franchise program. Where such discretion has been exercised, and is supported by the business judgment of Franchisor, neither a mediator nor a judge shall substitute his or her judgment for the judgment so exercised by Franchisor.

19.6 **Legal Fees.** In the event Franchisor incurs legal fees or costs or other expenses to enforce any obligation of Franchisee hereunder, or to defend against any claim, demand, action or proceeding by reason of Franchisee's failure to perform or observe any obligation imposed upon Franchisee by this Agreement, then Franchisor shall be entitled to recover from Franchisee the amount of all legal fees, costs and expenses, including reasonable attorneys' fees, whether incurred prior to, or in preparation for or contemplation of the filing of any claim, demand, action, or proceeding to enforce any obligation of Franchisee hereunder or thereafter or otherwise. Except as expressly provided in this Agreement, in any action or proceeding brought to enforce any provision of this Agreement or arising out of or in connection with the relationship of the parties hereunder, the prevailing party shall be entitled to recover against the other its reasonable attorneys' fees and court costs in addition to any other relief awarded by the court. As used in this Agreement, the "prevailing party" is the party who recovers greater relief in the action.

19.7 **No Class Action.** Any disagreement between Franchisee and Franchisor (and Franchisor's affiliates) will be considered unique as to its facts and must not be brought as a class action, and Franchisee waives any right to proceed by way of class action, or by way of a multi-plaintiff, consolidated or collective action against Franchisor, its Affiliates, and their respective officers, directors, shareholders, LLC managers and members, employees, agents, attorneys, accountants, associates, successors and assigns.

Article 20. Construction and Modification.

20.1 **Entire Agreement and Amendment.** Franchisor and Franchisee each acknowledge and warrant to each other that they wish to have all terms of their business relationship defined in this written Agreement. Neither Franchisor nor Franchisee wishes to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein. Accordingly, Franchisor and Franchisee agree that this Agreement, together with any other documents or agreement executed by the parties contemporaneously hereto, supersede and cancel any prior and/or contemporaneous discussions (whether described as presentations, inducements, promises, agreements, or any other term), between Franchisor or anyone acting on

its behalf and Franchisee or anyone acting on his or her behalf, which might be taken to constitute agreements, representations, inducements, promises, or understandings (or any equivalent to such terms) with respect to the relationship between the parties, and Franchisor and Franchisee each agree that they have placed, and will place, no reliance on any such discussions, provided, however, that nothing in this Agreement or any related document is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document furnished to Franchisee. This Agreement, together with any other documents or agreements executed by the parties contemporaneously hereto, constitutes the entire agreement between the parties and contains all of the terms, conditions, rights, and obligations of the parties with respect to any aspect of the relationship between the parties. No future franchise license rights or offer of franchise license rights have been promised to Franchisee and no such franchise license rights or offer of franchise license rights shall come into existence, except by means of a separate writing, executed by an officer of Franchisor or such other entity granting the Franchise Agreement and specifically identified as a modification of this Agreement. No change, modification amendment or waiver of any of the provisions hereof, including by custom or usage of trade or course of dealing or performance, shall be effective and binding upon either party unless it is in writing, specifically identified as an amendment hereto, and signed by the party to be charged.

20.2 **Governing Law.** Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §1051 et seq.), this Agreement and the relationship between Franchisor and Franchisee will be interpreted and construed in accordance with the substantive laws of the State of Oregon, without giving effect to its conflicts of law provisions, provided that any nothing in this Section is intended by the parties to subject this Agreement to any franchise of similar law, rule or regulation of such state to which this Agreement would not otherwise be subject. If applicable law provides Franchisee with additional rights as to notices, opportunities to cure or otherwise than as are provided by this Agreement as to termination, renewal, transfers or otherwise, Franchisor will comply with the requirements of such laws to the extent they exceed Franchisor's obligations under this Agreement.

20.3 **Survival.** Should any one or more parts of this Agreement be declared invalid for any reason by a court of competent jurisdiction, such decision shall not affect the validity of any remaining portions of the Agreement, which shall remain in full force and effect as if the Agreement had been executed without such invalid parts, except to the extent the absence of the provisions invalidated would frustrate or make it impossible to achieve the purposes for which the Agreement was made. Should the requirements of any applicable law or regulation change or modify the terms of this Agreement or conflict with its provisions, such change or modification shall not be applicable to this Agreement unless such change is lawfully mandated by the authority making the same, in which case only the provisions affected by such law or regulation shall be affected, and the Agreement shall otherwise remain in full force and effect, as modified to be consistent with such law or regulation.

20.4 **Third Party Beneficiaries.** This Agreement is made solely for the benefit of the parties hereto and their respective successors and permitted assigns, and nothing herein shall create any right to rely upon the terms hereof in favor of any third party nor confer any right or remedy upon any third party, except as specifically provided in Section 11.2 of this Agreement.

20.5 **Captions.** All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provisions hereof.

20.6 **Gender.** All terms and words used in this Agreement, regardless of numbers and genders in which they are used, shall be deemed to include singular or plural and all genders as the context or sense of this Agreement or any paragraph or clause herein may require.

20.7 **Joint and Several.** All acknowledgments, promises, covenants, agreements, and obligations herein made or undertaken by Franchisee shall be deemed jointly and severally undertaken by all those executing this Agreement on behalf of Franchisee.

20.8 **Time is of the Essence.** Time is of the essence of this Agreement and all provisions hereof shall be so interpreted. Any provision of this Agreement which imposes an obligation after termination or expiration of this Agreement shall survive such termination or expiration.

20.9 **Remedies Not Exclusive.** No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

20.10 **Force Majeure**. Neither party is responsible for any failure to perform its obligations under this Agreement if and to the extent that its performance is prevented or delayed due to any of the following events not caused by Franchisee or its owners or agents (each an event of "**Force Majeure**"): (1) a fire, earthquake, natural disaster, or act of god; (2) any act of declared or undeclared war, terrorism, riot, or insurrection, or any nuclear, biological, chemical, or similar attack; (3) an epidemic, pandemic, or other public health or safety emergency; (4) material shortages or rationing; (5) failure or disturbance in transportation, communication, or similar vital infrastructure; (6) a strike, lockout or other labor dispute or action; (7) any action by a civil or military authority in response to any of the foregoing; or (8) any other similar cause that is not within the control of the party whose performance is required. The party whose performance is prevented or delayed shall use its reasonable efforts to mitigate the effect of the event of Force Majeure on its performance. Upon completion of the event of Force Majeure, the party whose performance was affected must resume the performance of its obligations under this Agreement as soon as reasonably practicable. An event of Force Majeure does not relieve a party from liability for an obligation that arose before the onset of the event of Force Majeure nor from the prompt payment of any fee or other payment due to Franchisor pursuant to this Agreement.

Article 21. Execution of Agreement.

21.1 **Multiple Counterparts.** This Agreement may be executed in counterparts, including both counterparts that are executed on paper and counterparts that are in the form of electronic records and are executed electronically, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

21.2 **Representations of Franchisor.** In all of their dealings with Franchisee, the members, managers, officers, employees, directors, and/or agents of Franchisor act only in a representative capacity, not in an individual capacity, and that this Agreement and all business dealings between Franchisee and such individuals as a result of this Agreement are solely between Franchisee and Franchisor.

[Remainder of page intentionally left blank. Signature page follows]

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Agreement as of the day and year first above written.

"**Franchisor**"	"**Franchisee**"
The Sports Bra Franchise LLC A Delaware limited liability company	**[FRANCHISEE],** **A** _____
_____	_____
By: _____	By: _____
Its: _____	Its: _____

OWNER'S ACKNOWLEDGMENT

Each following party is an owner of Franchisee. Each following party is signing this Acknowledgment, not as a party, but only to the extent necessary to indicate its, his or her acceptance of, and agreement to be bound by, the specific rights and duties of an owner of Franchisee mentioned in this Agreement, including rights and obligations relating to confidentiality, competition, and transfers.

sign here if the owner is an entity

_____

By: _____

Name: _____

Its: _____

Percentage Ownership: _____

sign here if the owner is an individual

_____

Print name: _____

Percentage Ownership: _____

sign here if the owner is an entity

_____

By: _____

Name: _____

Its: _____

Percentage Ownership: _____

sign here if the owner is an individual

_____

Print name: _____

Percentage Ownership: _____

sign here if the owner is an entity

_____

By: _____

Name: _____

Its: _____

Percentage Ownership: _____

sign here if the owner is an individual

_____

Print name: _____

Percentage Ownership: _____

Schedule 1

FRANCHISE-SPECIFIC INFORMATION

Effective Date: The Effective Date of the Agreement is _____, 20___.

Site Selection Area: _____

_____

OR

Approved Location: _____

Protected Territory: ___ The area within a 2-mile radius from the main entrance of the Approved Location.

OR

___ [Major metropolitan areas only] The area within a ½-mile radius from the main entrance of the Approved Location

The site of the Approved Location and the boundaries of the Site Selection Area and Protected Territory are based on the location of the references used as of the Effective Date or such later date when the references are inserted into this Schedule. The Approved Location or Protected Territory will not be altered by a subsequent movement of the references originally used to describe them. For all calculations based upon a distance, the measurement will be made in a straight line between the nearest points; if any portion of an object is within the stated distance from a point, the entire object is considered to be within that distance.

Franchisor	**Franchisee**
The Sports Bra Franchise LLC a Delaware limited liability company	**[FRANCHISEE]** a _____
_____	_____
By: _____	By: _____
Its: _____	Its: _____

Schedule 2

FRANCHISEE'S OWNERS

NAME OF OWNER	VOTING RIGHTS IN FRANCHISEE	BENEFICIAL INTEREST IN FRANCHISEE
TOTAL	100%	100%

Schedule 3

ADDRESSES FOR NOTICE

NOTICES TO FRANCHISOR:	The Sports Bra Franchise LLC Attn: _____ [address] Portland, OR 97____ Email: [insert]
NOTICES TO FRANCHISEE:	[Franchisee] Attn: _____ [address] [city/state/ZIP] Email: [insert]

Schedule 4

PERSONAL GUARANTY

In consideration of, and as an inducement to The Sports Bra Franchise LLC ("**Franchisor**") to enter into the foregoing Franchise Agreement with _____ ("**Franchisee**") dated _____ ("**Franchise Agreement**"), the undersigned individually and, if more than one guarantor, jointly and severally, guarantee the punctual payment and performance of all obligations of the Franchisee under the Franchise Agreement and any documents, agreements, instruments and promissory notes executed pursuant to or in connection with the Franchise Agreement ("**Franchise Documents**"). This Personal Guaranty ("**Guaranty**") shall be an unconditional, irrevocable, and continuing guaranty for the entire term of the Franchise Agreement.

The undersigned agree that they are willing to remain fully bound by this Guaranty notwithstanding any action or inaction of Franchisor and Franchisee in connection with the Franchise Agreement, and that their obligation shall not be modified, waived, or released by any modification, amendment, or departure from the terms of the Franchise Agreement, or by any forbearance, extension of time, waiver, or release granted by Franchisor to Franchisee or any guarantor or with respect to any security held by Franchisor. The undersigned expressly waive any and agree to pay and perform the obligations of Franchisee without notice or demand from Franchisor and without any requirement that Franchisor first proceed against Franchisee or any other guarantor.

The undersigned waives:

(i) acceptance and notice of acceptance by Franchisor of the foregoing undertakings;

(ii) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guarantied;

(iii) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guarantied;

(iv) any right the undersigned may have to require that an action be brought against Franchisee or any other person as a condition of liability; and

(v) any and all other notices (including, without limitation, notice of amendment or modification of the Franchise Agreement, notice of default or termination, and any other notices required by the Franchise Agreement) and legal or equitable defenses to which the undersigned may be entitled.

The undersigned consents and agrees that:

(i) the undersigned's direct and immediate liability under this Guaranty shall be joint and several with all signatories to this and similar guaranties of Franchisee's obligations;

(ii) the undersigned will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so;

(iii) this Guaranty will apply to any claims Franchisor may have due to return of any payments or property Franchisor may have received from Franchisee as a preference, fraudulent transfer or conveyance or the like in any legal proceeding;

(iv) such liability will not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and

(v) such liability will not be diminished, relieved or otherwise affected by any extension of time, creditor or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person, including without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during and after the terms of the Franchise Documents, as the same may be amended or renewed, until Franchisee's duties and obligations to Franchisor are fully discharged and satisfied; and

(vi) will pay Franchisor's court costs and reasonable attorney's fees in enforcing or collecting on this Guaranty.

All capitalized terms when used herein will have the meaning ascribed to them in the Franchise Agreement.

This Guaranty will be governed, construed and interpreted in accordance with the substantive laws of the State of Oregon, without giving effect to its conflicts of law principles.

IN WITNESS WHEREOF, each of the undersigned has affixed his signature on the _____ day of _____, 20 ___.

GUARANTOR(S):

_____
Print or Type Name

_____
Signature

_____
Print or Type Name

_____
Signature

Schedule 5

SPOUSAL CONSENT

The undersigned represents the following in order to induce The Sports Bra Franchise LLC ("**Franchisor**") to enter into the Franchise Agreement with Franchisee:

(1) The undersigned is married to the person identified in Row A below ("**Spouse**").

(2) Spouse, either alone or with the undersigned, owns 10% or more of the ownership interests of the business entity identified in Row B below ("**Franchisee**").

(3) Franchisee has entered into a Franchise Agreement with Franchisor on the date shown in Row C below.

(4) In accordance with the terms of the Franchise Agreement, Spouse has executed a Personal Guaranty of the obligations of Franchisee in favor of Franchisor.

(5) The undersigned consents to Spouse's execution of a Personal Guaranty in favor of Franchisor as required by the Franchise Agreement, and agrees that the actions and the obligations undertaken by Spouse in the Personal Guaranty are binding on the marital community.

The undersigned declares that he or she: (a) has had the opportunity to read the Franchise Agreement that is the subject of the Personal Guaranty; (b) has had the opportunity to seek the advice of independent counsel before executing this Spousal Consent; and (c) executes this Spousal Consent freely with full understanding of its significance.

Row A – Name of Spouse
Row B – Name of Franchisee and State of Incorporation or Organization
Row C – Effective Date of Franchise Agreement

Dated: _____

Signature: _____

Print Name: _____

Schedule 6

DIRECT DEBIT AUTHORIZATION AGREEMENT

_____ (Name of Person or Legal Entity)
_____ (ID Number)

The undersigned depositor ("**Depositor**") ("**Franchisee**") hereby authorizes The Sports Bra Franchise LLC ("Franchisor") or any of its affiliates to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account(s) indicated below and the depository designated below ("Depository") ("Bank") to debit or credit such account(s) pursuant to Franchisor's instructions.

Depository	Branch	
City	State	Zip Code
Bank Transit/ABA Number	Account Number	

This authority is to remain in full and force and effect until sixty (60) days after Franchisor has received written notification from Franchisee of its termination.

Depositor	Depository
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

Schedule 7

CONFIDENTIALITY AGREEMENT

THIS CONFIDENTIALITY AGREEMENT ("Agreement"), dated _____, _____, is made by and between SPORTS BRA FRANCHISE LLC, a Delaware limited liability company ("Franchisor"), and [INSERT RECIPIENT'S NAME] ("Recipient").

Recitals

On _____, _____, Franchisor and _____ (**"Franchisee"**) entered into a Franchise Agreement to operate a sports bar under The Sports Bra® brand (the "Franchised Business") at _____ (**"Franchise Agreement"**). Recipient is either an owner of Franchisee (each, an **"Owner"**), or one of Franchisee's owners, shareholders, partners, members, officers, directors, managers, employees, or agents.

Under the Franchise Agreement, Franchisor has agreed to provide Confidential Information, as that term is defined in the Franchise Agreement and below, to Franchisee solely on the condition that Franchisee and the Owners of Franchise agree that Franchisee (if an individual), its Owners (if an entity), officers, directors, members, partners, managers, employees and agents who have access to such Confidential Information sign a Confidentiality Agreement. Recipient agrees that the Confidential Information is being disclosed to him or her under the terms and conditions of this Agreement.

The Franchise Agreement also requires each of Franchisee's shareholders, partners, members, officers, directors, managers, employees and agents to sign a covenant not to compete.

Terms and Conditions

NOW, THEREFORE, in consideration of the covenants and the promises herein contained, the parties agree as follows:

1. Recipient acknowledges and agrees that all Confidential Information he or she receives from Franchisor is confidential and proprietary information and trade secrets in which Franchisor has a proprietary interest. "Confidential Information" includes, by way of example, but not limitation, certain information relating to the operation of the Franchised Business including, without limitation, the recipes, standards, methods, procedures and specifications of the System, including the System Standards and the contents of the Operations Manual. Recipient will not acquire any interest in the Confidential Information learned by Recipient other than the right for Recipient to utilize the same in connection with ownership and/or operation of the its Franchised Business during term of the Franchise Agreement, including any renewal term or the term of any subsequent Franchise Agreement entered into between Franchisor and Franchisee, and the use or duplication of the Confidential Information in any other business or capacity will constitute an unfair method of competition with Franchisor, its affiliates, and Franchisor's other franchisees.

2. Franchisor is disclosing the Confidential Information to Recipient solely on the condition that Recipient agree, and Recipient hereby agrees, that any Confidential Information received from Franchisor (a) shall only be used by Recipient for purposes of performing the Franchise Agreement, (b) will not be used by Recipient in any other business, manner or capacity, (c) will have its absolute confidentiality maintained by Recipient both during and after the term of the Franchise Agreement, including any renewal term, (d) will not be copied by Recipient without

written authorization, and (e) will not be disclosed by Recipient to any third party without the prior written consent of Franchisor. Recipient agrees to use reasonable care to prevent the disclosure of the Confidential Information to any third party, and further agrees to limit the dissemination of the Confidential Information within its own organization to individuals whose duties justify the need to know such Confidential Information, and then only provided that there is a clear understanding by such individuals of their obligation to maintain the confidential status of the Confidential Information and to restrict its use solely to the purposes specified herein. Each other person receiving the Confidential Information must also sign a copy of this Agreement.

3. Recipient acknowledges that no other right or license to use the Confidential Information is granted by this Agreement, and agrees that the amount of the Confidential Information to be disclosed to Recipient is completely within the discretion of Franchisor.

4. Recipient hereby agrees that any addition, modification, adaptation, improvement, refinement, discovery, invention or innovation of the System or any Proprietary Mark (collectively, a **"Business Improvement"**) made by Franchisee or its employees or Owners shall be the sole and exclusive property of Franchisor, regardless of Franchisee's, its employee's or the Owners' participation or sole participation in its development, and shall be deemed assigned to Franchisor. Upon Franchisor's request, Recipient shall, and shall cause his/her employees and all owners to, execute any instruments and documents that Franchisor requests and shall assist Franchisor to perfect or protect all intellectual property rights in such Business Improvement. Recipient shall not be entitled to any compensation for the use or licensing of any Business Improvement.

5. Upon termination or expiration of the Franchise Agreement, or earlier if requested by Franchisor, Recipient will return all Confidential Information and the Operations Manual (including any copies thereof that Franchisor may have permitted Recipient to make) to Franchisor.

6. Recipient shall be under no obligation under this Agreement with respect to any information (a) which is, at the time of the disclosure, available to the general public; (b) which becomes at a later date available to the general public through no fault of the Recipient and then only after said date; or (c) which Recipient can demonstrate was in its possession before receipt.

7. Recipient acknowledges and agrees that Franchisor will suffer irreparable injury not capable of precise measurement in monetary damages if Recipient discloses or misuses any Confidential Information. Accordingly, in the event of a breach of this Agreement by Recipient, Recipient consents to entry of interim relief, including, without limitation, the entry of a temporary restraining order, preliminary injunction, permanent injunction, writ of attachment, appointment of a receiver, and any other equitable relief which the court deems necessary in order to prevent irreparable injury, all without the requirement that bond be posted. Recipient agrees that the award of equitable remedies to Franchisor in the event of such breach is reasonable and necessary for the protection of the business and goodwill of Franchisor.

8. Recipient hereby agrees to indemnify, hold harmless and, upon request, defend Franchisor and its affiliates, and their respective members, owners, shareholders, directors, officers, managers, employees and agents (the **"Indemnified Parties"**), from and against all suits, proceedings, assessments, losses, claims, demands or actions of any nature or kind whatsoever (**"Claims"**), directly or indirectly arising out of, or in any manner whatsoever associated or connected with the failure of Recipient to observe and perform his or her duties and obligations under this Agreement, and against any and all damages, costs, expenses and fees (including, without limitation, reasonable legal expenses and fees), losses, fines or penalties

incurred by or on behalf of any of the Indemnified Parties in the investigation or defense of any and all Claims.

9. All terms not otherwise defined in this Agreement shall have the same meanings as the defined terms in the Franchise Agreement.

10. This Agreement shall be governed, construed and interpreted in accordance with the substantive laws of the State of Oregon, without giving effect to its conflicts of law principles.

11. This Agreement together with the Franchise Agreement constitutes the entire agreement and understanding among the parties hereto with respect to the disclosure of Confidential Information to Recipient and Recipient's non-competition obligations, and shall not be amended except under a written agreement executed by each of the parties hereto. This Agreement shall be binding upon the parties hereto and their respective heirs, administrators, successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day, month, and year first above written.

Recipient:	Franchisor:
	SPORTS BRA FRANCHISE LLC
_____	By: _____
Print Name: _____	Name: _____
Position with Franchisee: _____	Its: _____

Schedule 8

COVENANT AGREEMENT

THIS COVENANT AGREEMENT (this "Agreement") is entered into as of _____, by and among The Sports Bra Franchise LLC ("Franchisor") and _____, _____, and _____ (whether one or more "Covenantors").

W I T N E S S E T H:

WHEREAS, Covenantors have agreed to enter into this Agreement to induce Franchisor to enter into that certain Franchise Agreement ("Franchise Agreement") dated _____, 20__, between Franchisor and _____ ("Franchisee"); and

WHEREAS, Covenantors and its affiliates have entered into, or may in the future enter into other franchise agreements with Franchisor ("Other Agreements");

WHEREAS, Covenantors are deemed Covered Person(s) under the Franchise Agreement (as such term therein) and/or Other Agreements;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the Covenantors covenant and agree as follows:

1. Capitalized terms used herein and not otherwise defined shall have the same meaning as defined in the Franchise Agreement.

2. The Covenantors shall not, either directly or indirectly, individually, or through, or on behalf of, or in conjunction with any person, persons, or entity:

   a. During the term of the Franchise Agreement, the Other Agreements and thereafter, except as otherwise approved in writing by Franchisor, copy or disclose to any person other than Franchisee's employees (and then only to employees who have a need to know) (i) any Trade Secrets, (ii) any knowledge, information or know-how concerning the System, or (iii) all or any portion of the Manual or any other confidential materials, including without limitation, the design of the System Locations, methods of operation and service at System Locations, intranet, knowledge of sales and profit performance at any one or more System Locations, and advertising and promotional programs, advertising, promotion and marketing techniques, the selection and training of the Franchised Business's managers and, in general, methods, techniques, formulas, formats, specifications, procedures, information systems and knowledge, in the operation and licensing of System Locations, or other materials deemed confidential by Franchisor. Covenantors shall at all times treat the Trade Secrets and Manual and the information contained therein as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential and shall use the same only in the operation of the Franchised Business. The Trade Secrets and Manual shall at all times remain the sole property of Franchisor, and shall be returned to Franchisor immediately upon expiration or termination of this Agreement. Any and all information, knowledge, know-how, and other data, that Franchisor designates as confidential shall be deemed confidential for purposes of this Agreement, except information which Covenantors can demonstrate came to their attention prior to

disclosure thereof by Franchisor; or which, at or after the time of disclosure by Franchisor to Covenantors, had become a part of the public domain, through publication or communication by others.

b. During the term of the Franchise Agreement or any Other Agreement, compete, or be associated, directly or indirectly as an owner, officer, director, employee, consultant, or otherwise, in any Competing Business, and, for a period of two (2) years after any transfer of Covenantors' interest in the Franchise Agreement (or Covenantors if applicable) or termination of any Franchise Agreement or any Other Agreement for any reason, Covenantors shall not compete, or be associated, directly or indirectly as an owner, officer, director, employee, consultant, or otherwise, in any Competing Business that is located within the continental United States. For purpose of this Section 2, the term "Competing Business" means any sports-related bar or restaurant (except a System Location, as such term is defined in the Franchise Agreement) and any business franchising, licensing, or otherwise providing consulting services to such businesses; provided, however, that passive ownership of less than 5% of the outstanding voting securities of a publicly held corporation (which for purposes of this Agreement means a corporation registered under the Securities Exchange Act of 1934) shall not be deemed a violation of this Section.

c. During the term of the Franchise Agreement or any Other Agreement, employ or seek to employ any person who is or was within the immediate past six (6) months employed in a management capacity by Franchisor, any other System franchisee (except for System franchisees who are Covered Persons under the Franchise Agreement), or induce or seek to induce any such person to leave his or her employment. Franchisor shall not employ or seek to employ any person who is or was within the immediate past six (6) months employed by Franchisee or induce or seek to induce any such person to leave his or her employment. Any party violating the provisions of this Section 2.c shall pay to the former employer as liquidated damages (which the parties agree are difficult of ascertainment) an amount equal to two (2) times the annual salary of the employee involved, plus all costs and attorneys' fees incurred by the former employer in connection with such default. The parties hereto agree that each current and future Franchisee in the System shall be a third party beneficiary of the provisions of this Section 2.c, and shall be entitled to enforce the provisions hereof. Franchisor shall have no obligation to enforce the provisions of this Section 2.c for the benefit of any current or future franchisee in the System.

3. In the event any provision of this Agreement is deemed by a court of competent jurisdiction to be more restrictive than permissible at law or equity, the Covenantors agree that the provisions hereof may be reformed and modified and enforced by such court to the maximum extent permissible under applicable law and principles of equity. Covenantors agree that specific performance and injunctive relief are necessary and appropriate remedies for violations of this Agreement and agrees to enforcement of such remedies, but without prejudice to the right of Franchisor to recover money damages, which are in no event a full and adequate remedy for such violations.

4. The Covenantors agree that the existence of any claim that any of them may have against Franchisor shall not constitute a defense to the enforcement by Franchisor of this Agreement or the covenants contained in Article 11 of the Franchise Agreement. In the event that Covenantors

commence any action against Franchisor arising out of or related to this Agreement, or the dealings or relationship of the parties hereunder or otherwise, such action shall be brought only in any state court of general jurisdiction sitting in the county and state, or in the United States District Court for the district, in which Franchisor has its principal place of business at the time any such action is instituted. Covenantors consent to the exercise of jurisdiction by such courts over any claims or counterclaims against Covenantors. In the event Franchisor incurs legal fees or costs or other expenses to enforce any obligation of Covenantors hereunder, or to defend against any claim, demand, action or proceeding by reason of Covenantors' failure to perform or observe any obligation imposed upon Covenantors by this Agreement, then Franchisor shall be entitled to recover from Covenantors the amount of all legal fees, costs and expenses, including reasonable attorneys' fees, whether incurred prior to, or in preparation for or contemplation of the filing of any claim, demand, action, or proceeding to enforce any obligation of Covenantors hereunder or thereafter or otherwise.

5. This Agreement and the documents provided for herein contain the entire agreement of the parties hereto with respect to the subject matter hereof and supersede all prior negotiations, agreements, and understandings with respect thereto, provided, however, that nothing in this Agreement or any related document is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document furnished to Franchisee. This Agreement may only be amended by a written document duly executed by all parties hereto. This Agreement shall be governed by and construed in accordance with the laws of the State of Oregon, without reference to the rules governing conflicts of law. This Agreement shall inure to the benefit of and shall be binding upon the respective successors, heirs, administrators, executors, personal representatives, trustees, and assigns of the parties hereto. This Agreement may be executed in multiple counterparts, each considered an original, but all of which shall constitute but one Agreement. Capitalized used herein but not defined shall have the meaning set forth in the Franchise Agreement between Franchisor and Franchisee.

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

"**Franchisor**"	"**Recipient**" (each in their individual capacity)
The Sports Bra Franchise LLC A Delaware limited liability company	
_____	_____
BY: _____	NAME: _____
ITS: _____	
	_____
	NAME: _____

Schedule 9

ADDENDUM TO LEASE

This Addendum to Lease ("Addendum") entered into this _____ day of _____, 20__, by and between _____ ("Franchisee") and _____ ("Landlord") for the premises located at _____;

WHEREAS, Franchisee has executed a Franchise Agreement ("Franchise Agreement") with THE SPORTS BRA FRANCHISE LLC ("Franchisor"), and as part of said Franchise Agreement, the lease ("Lease") for the franchised The Sports Bra® bar and restaurant ("Restaurant") must contain certain provisions; and

WHEREAS, Landlord and Franchisee agree that the terms contained herein will be applicable to the Lease, notwithstanding anything contained in the Lease to the contrary;

NOW, therefore, in consideration of the mutual promises contained herein and the execution of the Lease, which execution is made simultaneously with this Addendum, Landlord and Franchisee hereby agree as follows:

1. Landlord agrees that Franchisee will not otherwise assign the Lease or renew, amend or extend the term of the Lease without the prior written consent of Franchisor.

2. Landlord agrees to furnish Franchisor with copies of any and all letters and notices sent to Franchisee pertaining to the Lease at the same time that such letters and notices are sent to Franchisee. Landlord further agrees that, if it intends to terminate the Lease, the Landlord will give Franchisor 30 days' advance written notice of such intent, specifying in such notice all defaults that are the case of the proposed termination. Franchisor will have after the expiration of the period during which Franchisee may cure such default, an additional 15 days (or if there is no cure period, at least 15 days) to cure, at its sole option, any such defaults. Franchisor, or an affiliate of Franchisor, will have the right, but not obligation, upon giving written notice of its election to Franchisee and Landlord, to cure the breach and succeed to Franchisee's rights under the Lease, and any renewals or extensions thereof.

3. Upon default, expiration or termination of the Franchise Agreement or the Lease, and upon notice to Landlord, Franchisor or its designee will have the option, without however any obligation, to assume the Franchisee's obligations under the Lease, on the same terms and conditions available to the Franchisee. Further, if Franchisee or any other party with an interest in Franchisee transfers to Franchisor or another party all of its or their interest in the Franchise Agreement, the Franchisee or the Restaurant, the transferee will have the right to assume the Lease on the same terms and conditions as are contained in the Lease.

4. Franchisor will have the right to enter the premises to make any reasonable modification or reasonable alteration necessary to protect Franchisor's interest in its proprietary marks. Landlord agrees that in such event Franchisor will not be liable for trespass or any other crime or tort. Further, Franchisor or its designated agents will be permitted to enter the leased premises for purposes of making inspections in accordance with the terms of the Franchise Agreement.

5. Franchisee may assign to Franchisor all of its rights of further assignment at any time if the Landlord is given reasonable notice thereof. Such an assignment will be effective only if accepted in writing by Franchisor.

6. Upon request of Franchisor, the Landlord will provide Franchisor with copies of all reports, information, or data in Landlord's possession with respect to sales made from the leased premises.

7. Upon termination, expiration, or non-renewal of the Lease, Franchisee shall de-identify the premises as a The Sports Bra business. In the event that Franchisee fails to do so, Landlord gives Franchisor the express right to de-identify the Premises. De-identification consists of removal of all signs; modification or remodeling of all identifying architectural features; repainting as necessary to no longer use the color scheme used by Franchisor; and any other steps Franchisor reasonably believes necessary to effectively distinguish the premises from Franchisor's proprietary marks, designs, and trade dress.

7. Copies of any and all notices pertaining to the Lease will also be sent to Franchisor at the following address, or at such other address as may be designated by Franchisor in writing:

The Sports Bra Franchise LLC
2512 NE Broadway Street
Portland, Oregon 97232
E-mail: hello@thesportsbraofficial.com
ATTN: President

8. Franchisor will be a third-party beneficiary of this Addendum and has the right independently of Franchisee to enforce all of its rights hereunder.

9. To the extent of any conflict between the terms and conditions of this Addendum to Lease and the Lease, this Addendum will govern.

FRANCHISEE:	LANDLORD
_____	_____
By:_____	By:_____
Its:_____	Its:_____

SCHEDULE 10

SBA LOAN ADDENDUM

ADDENDUM TO FRANCHISE[1] AGREEMENT

THIS ADDENDUM ("**Addendum**") is made and entered into on _____, by and between The Sports Bra Franchise LLC ("**Franchisor**"), located at 2512 NE Broadway Street Portland, Oregon 97232, and _____ ("**Franchisee**"), located at _____.

Franchisor and Franchisee entered into a Franchise Agreement on _____, (such Agreement, together with any amendments, the "**Franchise Agreement**"). Franchisee is applying for financing(s) from a lender in which funding is provided with the assistance of the U.S. Small Business Administration ("**SBA**"). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree that notwithstanding any other terms in the Franchise Agreement or any other document Franchisor requires Franchisee to sign:

CHANGE OF OWNERSHIP

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor's consent is required for any transfer (full or partial). Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the franchise interest or any portion thereof the transferor will not be liable for the actions of the transferee Franchisee.

FORCED SALE OF ASSETS

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of die assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the Franchisee location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the (enter type of) term (excluding additional renewals) for fair market value.

COVENANTS

- If the Franchisee owns the real estate where the Franchisee location is operating. Franchisor has not and will not during the term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding

[1] While relationships established under license, jobber, dealer and similar agreements are not generally described as "franchise" relationships, if such relationships meet the Federal Trade Commission's (FTC's) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).

covenants or environmental use restrictions. If any such restrictions are currently recorded against the Franchisee's real estate, they must be removed in order for the Franchisee to obtain SBA-assisted financing.

EMPLOYMENT

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees. For temporary personnel franchises, the temporary employees will be employed by the Franchisee not the Franchisor.
-

As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act. 31 U.S.C. §§ 3729 - 3733.

Authorized Representative of FRANCHISOR:

By: _____

[Name/Title]

Authorized Representative of FRANCHISEE:

By: _____

[Name/Title]

By: _____

[Name/Title]

Note to Parties: This Addendum only addresses 'affiliation' between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements.

SBA Form 2462 (01-2018)

EXHIBIT E

STATE-REQUIRED ADDENDA

MULTI-STATE ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
(FOR CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI)

For franchises that we sell for locations in CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON and WISCONSIN, applicable state law requires us to disclose additional information. Please refer to the separate state addendum pages in this Exhibit for the additional disclosures that may apply to you.

The following statement applies only to prospective franchisees who are residents of, or are entering a franchise agreement for a location in, the above-listed states.

> "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."

MULTI-STATE AMENDMENT TO FRANCHISE AGREEMENT
(FOR CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI)

This Amendment pertains to franchises sold in the state that have adopted as law the NASAA Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgements (the "SOP") and is for the purpose of complying with the statutes and regulations of such states. Signing this Amendment where the SOP does not apply because applicable jurisdictional requirements are not met does not subject the parties to the provisions of the SOP.

Notwithstanding anything to the contrary that may be contained in the Franchise Agreement, the Agreement is amended to include the following:

Franchisor and Franchisee hereby agree that the Franchise Agreement dated _____, 20__, will be amended as follows:

1. The following language is added immediately before the signature block of the Franchise Agreement:

> "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."

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed and delivered this Amendment as of the date set forth above.

Franchisor:	Franchisee:
_____	_____
By:	By: _____
Its:	Its: _____
Date of signature: _____	Date of signature: _____

CALIFORNIA ADDENDUM TO FDD

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.

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

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.).

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.

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

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

Before the franchisor can ask you to materially modify your existing franchise agreement, Section 31125 of the California Corporations Code requires the franchisor to file a material modification application with the Department that includes a disclosure document showing the existing terms and the proposed new terms of your franchise agreement. Once the application is registered, the franchisor must provide you with that disclosure document with an explanation that the changes are voluntary.

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

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

Section 19.4 of the Franchise Agreement limits the statute of limitations to the earlier of one year after the date of discovery of the facts resulting in the alleged liability or obligation or two years after the date of the first act or omission giving rise to the alleged liability or obligation. This provision is void to the extent it is inconsistent with the provisions of Corporations Code 31303-31304. Corporations Code Section 31512 provides that “Any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this law or any rule or order is void.”

Any interest rate charged to a California franchisee shall comply with the California Constitution. The interest rate shall not exceed either (a) 10% annually or (b) 5% annually plus the prevailing interest rate charged to banks by the Federal Reserve Bank of San Francisco, whichever is higher.

The Department of Financial Protection and Innovation requires that Franchisor defer the collection of all initial fees from California franchisees until Franchisor has completed all its pre-opening obligations and Franchisee is open for business. For any development agreement, the payment of the development and initial fee attributable to a specific unit is deferred until that unit is open.

OUR WEBSITE IS WWW.THESPORTSBRAFRANCHISE.COM OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

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

FIRST ADDENDUM TO FRANCHISE CONTRACTS
FOR THE STATE OF CALIFORNIA

This **FIRST ADDENDUM TO FRANCHISE CONTRACTS** ("Addendum") is made and entered into on _____, _____ by and between THE SPORTS BRA FRANCHISE LLC, a Delaware limited liability company ("Franchisor") and _____ ("Franchisee"), subject to the following recitals:

R E C I T A L S

A. Franchisee is a resident of the State of California or a non-resident who is acquiring area development or franchise rights permitting use of the The Sports Bra® System in operating one or more The Sports Bra Franchised Businesses in the State of California.

B. The "Franchise Contracts" covered by this Addendum include all of the following contracts, copies of which are attached as exhibits to the Disclosure Document that Franchisor has delivered to Franchisee, i.e., the Franchise Agreement, Area Development Agreement and each contract that is an exhibit to the Franchise Agreement or Area Development Agreement (collectively referred to as the "Franchise Contracts").

C. To the extent that the parties enter into any of the Franchise Contracts now or in the future, they desire to amend the Franchise Contracts in order to conform them to the requirements of California law.

D. All capitalized terms in this Addendum shall have the same meaning assigned to them in the Franchise Contracts.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged by the parties, the parties agree as follows:

1. The above recitals are incorporated by the parties as part of their covenants and undertakings.

2. No statement, questionnaire, or acknowledgment signed or agreed to by 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 Franchisor, any franchise seller, or any other person acting on behalf of Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Notwithstanding anything to the contrary in the Franchise Contracts, and to the extent required by California Corporations Code Section 31512.1, any provision in the Franchise Contracts, the franchise disclosure document, and any other acknowledgement, questionnaire, or other writing, disclaiming or denying: (a) representations made by Franchisor or its personnel or agents to Franchisee before entering into the Franchise Agreement; (b) reliance by Franchisee on any representations made by Franchisor, or its personnel or agents; (c) reliance by Franchisee on the franchise disclosure document; or (d) violations of any other provision of the California Franchise Investment Law is void and will not be enforced by Franchisor.

4. For franchisees operating outlets located in California, the California Franchise Investment Law and the Act will apply regardless of the choice of law or dispute

resolution venue stated elsewhere. Any language in the Franchise Agreement or any amendment thereto or any agreement to the contrary is superseded by this condition.

5. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.

6. The Department of Financial Protection and Innovation requires that Franchisor defer the collection of all initial fees from California franchisees until Franchisor has completed all its pre-opening obligations and Franchisee is open for business. For any development agreement, the payment of the development and initial fee attributable to a specific unit is deferred until that unit is open.

7. This Addendum shall be effective only to the extent that jurisdictional requirements of the Act are met independently of and without reference to this Addendum. This Addendum shall have no effect if the jurisdictional requirements of the Act are not met.

IN WITNESS WHEREOF parties have executed this Addendum on the date first above written.

FRANCHISOR:	**FRANCHISEE:**
THE SPORTS BRA FRANCHISE LLC, a Delaware limited liability company	**[NAME]**
By: _____	By: _____
Its: _____	

HAWAII ADDENDUM TO FDD

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

No release language set forth in the Franchise Agreement shall relieve the franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising in the State of Hawaii.

ILLINOIS ADDENDUM TO FDD

Notwithstanding anything to the contrary in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Illinois:

1. Illinois law will supersede any provisions of the Franchise Agreement or Oregon law that are in conflict with Illinois law.

2. In accordance with Section 4 of the Illinois Franchise Disclosure Act (the "Act"), any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois. For clarity, the Franchise Agreement does not provide for arbitration.

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

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

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

6. By reading this disclosure document, you are <u>not</u> agreeing to, acknowledging or making any representations whatsoever to the Franchisor and its affiliates.

FIRST ADDENDUM TO FRANCHISE CONTRACTS
FOR THE STATE OF ILLINOIS

This **FIRST ADDENDUM TO FRANCHISE CONTRACTS** ("Addendum") is made and entered into on _____, _____ by and between THE SPORTS BRA FRANCHISE LLC, a Delaware limited liability company ("Franchisor") and _____ ("Franchisee"), subject to the following recitals:

R E C I T A L S

A. Franchisee is a resident of the State of Illinois or a non-resident who is acquiring area development or franchise rights to operate a The Sports Bra® System Franchised Businesses in the State of Illinois.

B. The "Franchise Contracts" covered by this Addendum include all of the following contracts, copies of which are attached as exhibits to the Disclosure Document that Franchisor has delivered to Franchisee, i.e., the Franchise Agreement, Area Development Agreement and each contract that is an exhibit to the Franchise Agreement or Area Development Agreement (collectively referred to as the "Franchise Contracts").

C. To the extent that the parties enter into any of the Franchise Contracts now or in the future, they desire to amend the Franchise Contracts in order to conform them to the requirements of Illinois law.

D. All capitalized terms in this Addendum shall have the same meaning assigned to them in the Franchise Contracts.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged by the parties, the parties agree as follows:

1. The above recitals are incorporated by the parties as part of their covenants and undertakings.

2. The provisions of the Illinois Franchise Disclosure Act of 1987 (the "Act") shall supersede any provisions of the Franchise Contracts or Oregon law that are in conflict with Illinois law.

3. In accordance with Section 4 of the Act, any provision in the Franchise Contracts that designates jurisdiction or venue in a forum outside of Illinois is void.

4. Franchisee's rights upon Termination and Non-Renewal of a Franchise Contract are set forth in section 19 and 20 of the Act.

5. In accordance with section 41 of the Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Act or any other law of Illinois is void. This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of the Act.

6. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the

effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. This Addendum shall be effective only to the extent that jurisdictional requirements of the Act are met independently of and without reference to this Addendum. This Addendum shall have no effect if the jurisdictional requirements of the Act are not met.

IN WITNESS WHEREOF parties have executed this Addendum on the date first above written.

FRANCHISOR:	**FRANCHISEE:**
THE SPORTS BRA FRANCHISE LLC, a Delaware limited liability company	**[NAME]**
By: _____	By: _____
Its: _____	

INDIANA ADDENDUM TO FDD

The Indiana Securities Division requires the following specific disclosures to be made to prospective Indiana franchisees:

1. Indiana has a statute, the Indiana Deceptive Practices Act (the "Act"), which makes it unlawful for a franchise agreement with an Indiana resident or nonresident who will operate a franchise in Indiana to contain any of the following provisions:

a. Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where the goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or service or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute the improper designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute an improper designation. This paragraph does not apply to goods, supplies, inventories, or services that are manufactured or trademarked by, or for, the franchisor.

b. Allowing the franchisor to establish a franchisor-owned business that is substantially identical to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement, or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.

c. Allowing substantial modification of the Franchise Agreement by the franchisor without the consent in writing of the franchisee.

d. Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for and transmitted to the franchisee.

e. Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by Indiana law or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This paragraph does not apply to arbitration before an independent arbitrator.

f. Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers before the franchisee's receipt of an official price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this paragraph.

g. Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this paragraph includes any material violation of the Franchise Agreement.

h. Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This paragraph shall not prohibit a franchise agreement from providing that the agreement is not renewable meets certain conditions specified in the agreement.

i. Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three (3) years or in an area greater than the exclusive area granted by the Franchise Agreement or, in the absence of an exclusive area provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

j. Limiting litigation brought for breach of the agreement in any manner whatsoever.

k. Requiring the franchisee to participate in any (i) advertising campaign or contest; (ii) promotional campaigns; (iii) promotional materials; or (iv) display decorations or materials, in each case at any expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

l. Requiring a franchisee to enter into an agreement providing the franchisor with any indemnification for liability caused by the franchisee's proper reliance on or use of procedures or materials provided by the franchisor or by the franchisor's negligence.

m. Requiring a franchisee to enter into an agreement reserving the right to injunctive relief and any specific damages to the franchisor, limiting the remedies available to either party without benefit of appropriate process or recognizing the adequacy or inadequacy of any remedy under the agreement.

2. It is unlawful for any franchisor who has entered into any franchise agreement with a franchisee who is either a resident of Indiana or a nonresident operating a franchise in Indiana to engage in any of the following acts and practices in relation to the agreement:

a. Coercing the franchisee to:

(1) Order or accept delivery of any goods, supplies, inventories, or services which are neither necessary to the operation of the franchise, required by the franchise agreement, required by law, nor voluntarily ordered by the franchisee.

(2) Order or accept delivery of any goods offered for sale by the franchisee which includes modifications or accessories which are not included in the base price of those goods as publicly advertised by the franchisor.

(3) Participate in an advertising campaign or contest, any promotional campaign, promotional materials, display decorations, or materials at an expense to the franchisee over and above the maximum percentage of gross monthly sales or the maximum absolute sum required to be spent by the franchisee provided for in the Franchise Agreement; and absent a maximum expenditure provision in the Franchise Agreement, no such participation may be required; or

(4) Enter into any agreement with the franchisor or any designee of the franchisor, or do any other act prejudicial to the franchisee, by threatening to cancel or fail to

renew any agreement between the franchisee and the franchisor. Notice in good faith to any franchisee of the franchisee's violation of the terms or provisions of a franchise or agreement does not constitute a violation of this paragraph.

b. Refusing or failing to deliver in reasonable quantities and within a reasonable time after receipt of an order from a franchisee for any goods, supplies, inventories, or services which the franchisor has agreed to supply to the franchisee, unless the failure is caused by acts or caused beyond the control of the franchisor.

c. Denying the surviving spouse, heirs, or estate of a deceased franchisee the opportunity to participate in the ownership of the franchise under a valid franchise agreement for a reasonable time after the death of the franchisee, provided that the surviving spouse, heirs, or estate maintains all standards and obligations of the franchise.

d. Establishing a franchisor-owned business that is substantially identical to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement, or if no exclusive territory is designated, competing unfairly with the franchisee within a reasonable area. However, a franchisor shall not be considered to be competing when operating a business either temporarily for a reasonable period of time, or in a bona fide retail operation which is for sale to any qualified independent person at a fair and reasonable price, or in a bona fide relationship in which an independent person has made a significant investment subject to loss in the business operation and can reasonably expect to acquire full ownership of such business on reasonable terms and conditions.

e. Discriminating unfairly among its franchisees or unreasonably failing or refusing to comply with any terms of a franchise agreement.

f. Obtaining money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than compensation for services rendered by the franchisor, unless the benefit is promptly accounted for and transmitted to the franchisee.

g. Increasing prices of goods provided by the franchisor which the franchisee had ordered for retail consumers before the franchisee's receipt of a written official price increase notification. Price increases caused by conformity to a state or federal law, the revaluation of the United States dollar in the case of foreign-made goods or pursuant to the Franchise Agreement are not subject to this paragraph.

h. Using deceptive advertising or engaging in deceptive acts in connection with the franchise or the franchisor's business.

3. Regardless of anything set forth in the Franchise Agreement, you do not waive any right under Indiana statutes with regard to prior representations made in the Franchise Disclosure Document.

4. The Franchise Agreement is amended to provide that it will be governed and construed in accordance with the laws of the State of Indiana.

5. Each provision of the Franchise Agreement which is unlawful pursuant to the Act is deemed to be amended by the parties to conform with the Act.

6. Indiana residents and non-residents who own a franchise located in the State of Indiana will enter into the Indiana Addendum to Franchise Agreement in the form attached to this Exhibit.

FIRST ADDENDUM TO FRANCHISE CONTRACTS
FOR THE STATE OF INDIANA

This **FIRST ADDENDUM TO FRANCHISE CONTRACTS** ("Addendum") is made and entered into on _____, _____ by and between THE SPORTS BRA FRANCHISE LLC, a Delaware limited liability company ("Franchisor") and _____ ("Franchisee"), subject to the following recitals:

R E C I T A L S

A. Franchisee is a resident of the State of Indiana or a non-resident who is acquiring area development or franchise rights permitting use of the The Sports Bra® System in operating one or more The Sports Bra Franchised Businesses in the State of Indiana.

B. The "Franchise Contracts" covered by this Addendum include all of the following contracts, copies of which are attached as exhibits to the Disclosure Document that Franchisor has delivered to Franchisee, i.e., the Franchise Agreement, Area Development Agreement and each contract that is an exhibit to the Franchise Agreement or Area Development Agreement (collectively referred to as the "Franchise Contracts").

C. To the extent that the parties enter into any of the Franchise Contracts now or in the future, they desire to amend the Franchise Contracts in order to conform them to the requirements of Indiana law.

D. All capitalized terms in this Addendum shall have the same meaning assigned to them in the Franchise Contracts.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged by the parties, the parties agree as follows:

1. The above recitals are incorporated by the parties as part of their covenants and undertakings.

2. The parties expressly agree that to the extent any provision in any of the Franchise Contracts conflicts with the Indiana Deceptive Practices Act (the "Act"), the parties hereby amend the Franchise Contracts to the extent necessary to cause the Franchise Contracts to conform with the Act.

3. The parties expressly agree that (i) no general release given by Franchisee under any of the Franchise Contracts shall operate to release, assign, waive or extinguish any liability arising under the Act; (ii) no provision in any of the Franchise Contracts shall limit Franchisee's right to sue in court for violations of the Act; (iii) no provision in any of the Franchise Contracts which is intended to prevent Franchisee from relying on any statement or representation made before Franchisee signs any of the Franchise Contracts shall be applied or extend to statements contained in the Franchise Disclosure Document delivered to Franchisee before Franchisee's execution of the Franchise Contracts; and (iv) no provision which is found to be a liquidated damages provision under Indiana law shall be enforceable against Franchisee.

4. Notwithstanding anything to the contrary contained in any of the Franchise Contracts, Franchisee shall have no duty to indemnify Franchisor for any liability that Franchisor

may sustain as a result of Franchisee's proper reliance on or use of any of the procedures or materials furnished by Franchisor or for liability solely attributable to Franchisor's negligence.

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

6. This Addendum shall be effective only to the extent that jurisdictional requirements of the Act are met independently of and without reference to this Amendment. This Addendum shall have no effect if the jurisdictional requirements of the Act are not met.

IN WITNESS WHEREOF parties have executed this Addendum on the date first above written.

FRANCHISOR:	**FRANCHISEE:**
THE SPORTS BRA FRANCHISE LLC, a Delaware limited liability company	**[NAME]**
By: _____	By: _____
Its: _____	

MARYLAND ADDENDUM TO FDD

1. Item 17.c ("Requirements for franchisee to renew or extend") and Item 17.m ("Conditions for franchisor approval of transfer") of the Franchise Disclosure Document are amended to provide that "The requirement that you provide a general release of all claims against us in order to renew or transfer your franchise shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

2. Item 17.g ("Cause defined – curable defaults") of the Franchise Disclosure Document is amended to provide that "Termination upon filing of a bankruptcy petition against you or any shareholder may not be enforceable under federal bankruptcy law."

3. Item 17.v ("Choice of forum") in the Franchise Disclosure Document is amended to provide that "Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law."

4. Nothing in the Franchise Disclosure Document or in the Franchise Agreement is intended to nor shall act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Act.

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

6. Item 17 ("Integration/merger clause"), summary column, is amended by deleting the last sentence and substituting the following:

   "However, nothing in the Franchise Agreement or any related agreement is intended to disclaim, or require you to waive reliance on, any representations we made in the Franchise Disclosure Documents or its exhibits that we furnished to you."

FIRST ADDENDUM TO FRANCHISE CONTRACTS
FOR THE STATE OF MARYLAND

This **FIRST ADDENDUM TO FRANCHISE CONTRACTS** ("Addendum") is made and entered into on _____, _____ by and THE SPORTS BRA FRANCHISE LLC, a Delaware limited liability company ("Franchisor") and _____ ("Franchisee"), subject to the following recitals:

R E C I T A L S

A. Franchisee is a resident of the State of Maryland or a non-resident who is acquiring area development or franchise rights permitting use of the The Sports Bra® System in operating one or more The Sports Bra Franchised Businesses in the State of Maryland.

B. The "Franchise Contracts" covered by this Addendum include all of the following contracts, copies of which are attached as exhibits to the Disclosure Document that Franchisor has delivered to Franchisee, i.e., the Franchise Agreement, Area Development Agreement and each contract that is an exhibit to the Franchise Agreement or Area Development Agreement (collectively referred to as the "Franchise Contracts").

C. To the extent that the parties enter into any of the Franchise Contracts now or in the future, they desire to amend the Franchise Contracts in order to conform them to the requirements of the Maryland Franchise Registration and Disclosure Law (the "Law").

D. All capitalized terms in this Addendum shall have the same meaning assigned to them in the Franchise Contracts.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged by the parties, the parties agree as follows:

1. The above recitals are incorporated by the parties as part of their covenants and undertakings.

2. A general release that is required as a condition of renewal, sale and/or assignment/transfer of the franchise shall not apply to any liability under the Law.

3. All representations requiring a prospective franchisee to assent to a release, estoppel or waiver of any liability are not intended to, nor shall they act as, a release, estoppel or waiver of any liability uncured under the Law.

4. Franchisee may bring a lawsuit in Maryland for claims arising under the Law.

5. The parties amend any statute of limitations period in the Franchise Contracts to provide that any claims arising under the Law must be brought within 3 years after the effective date of the Franchise Agreement.

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

or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. This Addendum shall be effective only to the extent that jurisdictional requirements of the Law are met independently of and without reference to this Amendment. This Addendum shall have no effect if the jurisdictional requirements of the Law are not met.

IN WITNESS WHEREOF parties have executed this Addendum on the date first above written.

FRANCHISOR:	**FRANCHISEE:**
THE SPORTS BRA FRANCHISE LLC, a Delaware limited liability company	**[NAME]**
By: _____	By: _____
Its: _____	

MINNESOTA ADDENDUM TO FDD

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document and/or Franchise Agreement, as applicable, the following provisions shall supersede and apply to all franchises offered and sold in the State of Minnesota:

1. The Minnesota cover page is amended to add the following statements:

> **"THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**
>
> **"THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE LICENSE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE."**

2. The following language is added to Item 13 of the Franchise Disclosure Document and Section 12.5 of the Franchise Agreement:

> "The Minnesota Department of Commerce requires the Franchisor to indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the Franchisee's use of the tradename infringes trademark rights of the third party. Franchisor indemnifies Franchisee against the consequences of Franchisee's use of the tradename in accordance with the requirements of the license, and, as a condition to indemnification, Franchisee must provide notice to Franchisor of any such claims within ten (10) days and tender the defense of the claim to Franchisor. If Franchisor accepts the tender of defense, Franchisor has the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim."

3. Item 17 of the Franchise Disclosure Document and Section 14.1 of the Franchise Agreement are amended as follows:

> "With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain

specified cases, that a Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement."

4. No release language set forth in the Franchise Agreement shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Minnesota.

5. Item 17 of the Franchise Disclosure Document is amended to add the following and the following language will appear at the end of Section 19.3 of any Franchise Agreement issued in the State of Minnesota:

"Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by laws of the jurisdiction."

6. Minn. Rule 2860.4400J prohibits waiver of a jury trial. Accordingly, Item 17 of the Franchise Disclosure Document and Section 19.3 of the Franchise Agreement are amended as follows:

"Nothing contained herein shall limited Franchisee's right to submit matters to the jurisdiction of the courts of Minnesota to the full extent required by Minn. Rule 2860.4400J."

7. Item 17 of the Franchise Disclosure Document and Section 19.3 of the Franchise Agreement are amended as follows:

"Nothing contained herein shall limited Franchisee's right to submit matters to the jurisdiction of the courts of Minnesota to the full extent required by Minn. Rule 2860.4407J."

8. These states have statutes which limit the franchisor's ability to restrict your activity after the Franchise Agreement has ended: California Business and Professions Code Section 16,600, Florida Statutes Section 542.33, Michigan Compiled Laws Section 445.771 *et seq*., Montana Codes Section 30-14-201, North Dakota Century Code Section 9-08-06, Oklahoma Statutes Section 15-217-19, Washington Code Section 19.86.030. Other states have court decisions limiting the franchisor's ability to restrict your activity after the Franchise Agreement has ended.

9. A provision in the Franchise Agreement that terminates the franchise upon bankruptcy of the franchise may not be enforceable under Title 11, United States Code Section 101.

10. Franchisor will protect the Franchisee's right granted hereby to use the Proprietary Marks or will indemnify Franchisee from any loss, costs or expenses arising out of any claim, suit, or demand regarding the use of the Proprietary Marks.

11. Section 19.4 of the Franchise Agreement is amended by adding the following:

"Any claims pursuant to Minn. Stat. Sec. 80C.17 may be commenced within the time period provided in Minn. Stat. Sec. 80C.17, subd. 5."

FIRST ADDENDUM TO FRANCHISE CONTRACTS
FOR THE STATE OF MINNESOTA

This **FIRST ADDENDUM TO FRANCHISE CONTRACTS** ("Addendum") is made and entered into on _____, _____ by and between THE SPORTS BRA FRANCHISE LLC, a Delaware limited liability company ("Franchisor") and _____ ("Franchisee"), subject to the following recitals:

R E C I T A L S

A. Franchisee is a resident of the State of Minnesota or a non-resident who is acquiring area development or franchise rights permitting use of the The Sports Bra® System in operating one or more The Sports Bra Franchised Businesses in the State of Minnesota.

B. The "Franchise Contracts" covered by this Addendum include all of the following contracts, copies of which are attached as exhibits to the Disclosure Document that Franchisor has delivered to Franchisee, i.e., the Franchise Agreement, Area Development Agreement and each contract that is an exhibit to the Franchise Agreement or Area Development Agreement (collectively referred to as the "Franchise Contracts").

C. To the extent that the parties enter into any of the Franchise Contracts now or in the future, they desire to amend the Franchise Contracts in order to conform them to the requirements of Minnesota law.

D. All capitalized terms in this Addendum shall have the same meaning assigned to them in the Franchise Contracts.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged by the parties, the parties agree as follows:

1. The above recitals are incorporated by the parties as part of their covenants and undertakings.

2. The parties agree that any provision in any of the Franchise Contracts that requires Franchisee to provide Franchisor with a general release in violation of the Minnesota Act is illegal and of no force or effect.

3. The parties agree that if any provision in any of the Franchise Contracts requires venue to be in a state other than Minnesota, declares that the laws of a state other than Minnesota shall govern the Franchise Contracts, or requires Franchisee to waive its right to a jury trial, the applicable provision shall be amended to add the following:

> "Pursuant to Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, nothing in this Agreement shall in any way abrogate or reduce any rights of Franchisee under Minnesota Statutes, Chapter 80C, or require Franchisee to waive his or her right to a jury trial, or require Franchisee to waive any other rights to any procedure, forum or remedies provided for by Minnesota law."

4. The parties agree that if provision in any of the Franchise Contracts contains procedures for terminating the particular Franchise Contract which are inconsistent with the Minnesota Act, the applicable provision shall be amended to add the following:

> "Provided, however, with respect to franchises governed by Minnesota law, Franchisor agrees to comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which, as of the date of this Agreement, require, except in certain specified cases, that Franchisor give Franchisee a minimum of 90 days' notice of termination (with a minimum of 60 days to cure) and a minimum of 180 days' notice for non-renewal of the Franchise Agreement."

5. The parties agree that any provision in any of the Franchise Contracts that requires Franchisee to consent to Franchisor's obtaining injunctive relief is hereby modified to provide that, pursuant to Minn. Rule 2860.4400J, Franchisee cannot give such consent; provided, however, nothing herein shall prevent Franchisor from applying to a forum for injunctive relief.

6. Notwithstanding anything to the contrary in any of the Franchise Contracts, Franchisor agrees to defend and indemnify Franchisee against liability or claims in connection with Franchisee's authorized use of the Proprietary Marks. Franchisee shall not be responsible for the costs of any litigation to protect or defend the Proprietary Marks unless Franchisee's unauthorized use of the Proprietary Marks is the proximate cause of the litigation.

7. If any provision in any of the Franchise Contracts contains a limitations period for bringing claims against Franchisor which is shorter than the limitations period provided under the Minnesota Act, the applicable provision is amended to conform to the Minnesota Act.

8. With respect to any provision contained in (a) the Franchise Contracts; (b) an amendment thereto; or (c) a related document required to be signed by Franchisee to obtain the franchise, if and to the extent that the provision constitutes a representation by Franchisee that is inconsistent with the requirements of the Minnesota Act, the provision will be deleted and will be of no force or effect.

9. 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.

10. This Addendum shall be effective only to the extent that jurisdictional requirements of the Minnesota Act are met independently of and without reference to this Amendment. This Addendum shall have no effect if the jurisdictional requirements of the Minnesota Act are not met.

11. The parties agree that the Franchise Contracts, whether now existing or hereinafter entered into by the parties, shall be enforced in accordance with their terms, subject, however, to the terms of this Addendum.

IN WITNESS WHEREOF parties have executed this Addendum on the date first above written.

FRANCHISOR:	**FRANCHISEE:**
THE SPORTS BRA FRANCHISE LLC, a Delaware limited liability company	**[NAME]**
By: _____	By: _____
Its: _____	

NEW YORK ADDENDUM TO FDD

1. The cover page of the Franchise Disclosure Document is amended to add the following statement:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR RESOURCES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. Item 3 of the Franchise Disclosure Document is amended by deleting the last paragraph and substituting the following:

Except as provided above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions other than routine litigation incidental to the business that is significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten years immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of

1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent."

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for a franchisee to renew or extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer":

   However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; this proviso intends that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "Termination by a franchisee": "You may terminate the agreement on any grounds available by law."

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of forum," and Item 17(w), titled "Choice of law":

   The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or the franchisee by Article 33 of the General Business Law of the State of New York.

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

7. Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

NORTH DAKOTA ADDENDUM TO FDD

The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17 (1995). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

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

2. Covenants not to compete during the term of and upon termination or expiration of the Agreement are enforceable only under certain conditions according to North Dakota Law. If the Agreement contains a covenant not to compete which is inconsistent with North Dakota Law, the covenant may be unenforceable.

3. If the Agreement requires litigation to be conducted in a forum other than the State of North Dakota, the requirement is void with respect to claims under the North Dakota Franchise Investment Law.

4. If the Agreement requires that it be governed by a state's law, other than the State of North Dakota, to the extent that such law conflicts with North Dakota Law, North Dakota Law will control.

5. If the Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under the North Dakota Franchise Investment Law. Arbitration involving a franchise purchased in the State of North Dakota must be held either in a location mutually agreed upon prior the arbitration or if the parties cannot agree on a location, the location will be determined by the arbitrator.

6. If the Agreement requires payment of a termination penalty, the requirement may be unenforceable under the North Dakota Franchise Investment Law.

FIRST ADDENDUM TO FRANCHISE CONTRACTS
FOR THE STATE OF NORTH DAKOTA

This **FIRST ADDENDUM TO FRANCHISE CONTRACTS** ("Addendum") is made and entered into on _____, _____ by and between THE SPORTS BRA FRANCHISE LLC, a Delaware limited liability company ("Franchisor") and _____ ("Franchisee"), subject to the following recitals:

R E C I T A L S

A. Franchisee is a resident of the State of North Dakota or a non-resident who is acquiring area development or franchise rights permitting use of the The Sports Bra® System in operating one or more The Sports Bra Franchised Businesses in the State of North Dakota.

B. The "Franchise Contracts" covered by this Addendum include all of the following contracts, copies of which are attached as exhibits to the Disclosure Document that Franchisor has delivered to Franchisee, i.e., the Franchise Agreement, Area Development Agreement and each contract that is an exhibit to the Franchise Agreement or Area Development Agreement (collectively referred to as the "Franchise Contracts").

C. To the extent that the parties enter into any of the Franchise Contracts now or in the future, they desire to amend the Franchise Contracts in order to conform them to the requirements of North Dakota law.

D. All capitalized terms in this Addendum shall have the same meaning assigned to them in the Franchise Contracts.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged by the parties, the parties agree as follows:

1. The above recitals are incorporated by the parties as part of their covenants and undertakings.

2. The North Dakota Franchise Investment Law (the "Law") identifies certain franchisor practices to violate the Law as being unfair, unjust, or inequitable to franchisees. In order to conform the Franchise Contracts with the requirements of the Law, the parties agree as follows:

a. To the extent that the covenants in the Franchise Contracts pertaining to Competitive Businesses restrict competition in a manner contrary to the North Dakota Century Code Section 9-08-06, they may not be enforceable. A covenant not to compete may only apply during the term of a Franchise Agreement and may not apply after the Franchise Agreement ends for any reason. A covenant not to compete that applies after an agreement ends may be unenforceable in the State of North Dakota.

b. Any provision requiring Franchisee to agree to the mediation or arbitration of disputes at a location that is remote from the site of Franchisee's business is not enforceable. As the Franchise Contracts require mediation, but not arbitration, for the resolution of disputes, the parties shall mutually agree upon a site in North Dakota for any mediation required by any of the Franchise Contracts.

c. Any provision requiring Franchisee to consent to the jurisdiction of courts outside of North Dakota is not enforceable. All litigation involving Franchisee shall be conducted in North Dakota.

d. Each of the Franchise Contracts shall be governed by, and construed in accordance with, the laws of the State of North Dakota to the extent required by the Law.

e. Any provision requiring Franchisee to waive the right to a jury trial or the right to collect exemplary or punitive damages is not enforceable.

f. Any provision requiring Franchisee to pay all costs and expenses incurred by Franchisor in enforcing a Franchise Contract is not enforceable. However, the prevailing party in any enforcement action shall be entitled to recover all costs and expenses, including attorneys' fees allowed by the mediator or court in the enforcement action.

g. Any provision requiring Franchisee to consent to a limitations of claims is not enforceable. The parties agree that the statute of limitations under North Dakota law shall apply to claims arising under the Franchise Contracts.

h. Any provision in any of the Franchise Contracts that requires Franchisee to provide Franchisor with a general release in violation of North Dakota law shall not apply to Franchisee.

i. Any provision requiring Franchisee to consent to liquidated damages or termination penalties is not enforceable.

3. With respect to any provision contained in (a) the Franchise Contracts; (b) an amendment thereto; or (c) a related document required to be signed by Franchisee to obtain the franchise, if and to the extent that the provision constitutes a representation by Franchisee that is inconsistent with the requirements of the Law, the provision will be deleted and will be of no force or effect.

4. 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.

5. This Addendum shall be effective only to the extent that jurisdictional requirements of North Dakota law are met independently of and without reference to this Amendment. This Addendum shall have no effect if the jurisdictional requirements of North Dakota law are not met.

6. The parties agree that the Franchise Contracts, whether now existing or hereinafter entered into by the parties, shall be enforced in accordance with their terms, subject, however, to the terms of this Addendum.

IN WITNESS WHEREOF parties have executed this Addendum on the date first above written.

COMPANY:	**FRANCHISEE:**
THE SPORTS BRA FRANCHISE LLC, a Delaware limited liability company	**[NAME]**
By: _____	By: _____
Its: _____	

RHODE ISLAND ADDENDUM TO FDD

Section 19-28.1-14 of the Rhode Island Franchise Investment Act, as amended by the laws of 1991, provides that "A provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

FIRST ADDENDUM TO FRANCHISE CONTRACTS
FOR THE STATE OF RHODE ISLAND

This **FIRST ADDENDUM TO FRANCHISE CONTRACTS** ("Addendum") is made and entered into on _____, _____ by and between THE SPORTS BRA FRANCHISE LLC, a Delaware limited liability company ("Franchisor") and _____ ("Franchisee"), subject to the following recitals:

R E C I T A L S

A. Franchisee is a resident of the State of Rhode Island or a non-resident who is acquiring area development or franchise rights permitting use of the The Sports Bra® System in operating one or more The Sports Bra Franchised Businesses in the State of Rhode Island.

B. The "Franchise Contracts" covered by this Addendum include all of the following contracts, copies of which are attached as exhibits to the Disclosure Document that Franchisor has delivered to Franchisee, i.e., the Franchise Agreement, Area Development Agreement and each contract that is an exhibit to the Franchise Agreement or Area Development Agreement (collectively referred to as the "Franchise Contracts").

C. To the extent that the parties enter into any of the Franchise Contracts now or in the future, they desire to amend the Franchise Contracts in order to conform them to the requirements of Rhode Island law.

D. All capitalized terms in this Addendum shall have the same meaning assigned to them in the Franchise Contracts.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged by the parties, the parties agree as follows:

1. The above recitals are incorporated by the parties as part of their covenants and undertakings.

2. The Rhode Island Franchise Investment Act (the "Act") at Section 19-28.1-14 provides that "a provision in a franchise agreement restricting jurisdiction or venue for litigation to a forum outside of this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." The parties agree that to the extent that any provision in any of the Franchise Contracts entered into by the parties are inconsistent with the Act, the provisions of the Act shall control. This provision shall not change the parties' agreement that any mediation proceedings required by the Franchise Agreement take place in the city where Franchisor maintains its headquarters at the time.

3. Rhode Island law shall be applied to, and govern, any claim between the parties that alleges violation of the Act.

4. With respect to any provision contained in (a) the Franchise Contracts; (b) an amendment thereto; or (c) a related document required to be signed by Franchisee to obtain the franchise, if and to the extent that the provision constitutes a representation by Franchisee that is inconsistent with the requirements of the Act, the provision will be deleted and will be of no force or effect

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

6. This Addendum shall be effective only to the extent that jurisdictional requirements of the Act are met independently of and without reference to this Addendum. This Addendum shall have no effect if the jurisdictional requirements of the Act are not met.

7. The parties agree that the Franchise Contracts, whether now existing or hereinafter entered into by the parties, shall be enforced in accordance with their terms, subject, however, to the terms of this Addendum.

IN WITNESS WHEREOF parties have executed this Addendum on the date first above written.

COMPANY:	**FRANCHISEE:**
THE SPORTS BRA FRANCHISE LLC, a Delaware limited liability company	**[NAME]**
By: _____	By: _____
Its: _____	

VIRGINIA ADDENDUM TO FDD

Additional Risk Factor:

Estimated Initial Investment. The franchisee will be required to make an estimated initial investment ranging from $304,400 to $889,050. This amount exceeds the franchisor's stockholder's equity as of December 31, 2024, which is -$18,710.

The following paragraph is added at the end of Item 17:

Virginia has a statute which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise: Virginia [Code 13.1-557 to 574]. Under §13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause.

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE WASHINGTON FRANCHISE INVESTMENT LAW

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. Conflict of Laws. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

2. Franchisee Bill of Rights. RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. Site of Arbitration, Mediation, and/or Litigation. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. General Release. A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. Statute of Limitations and Waiver of Jury Trial. Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. Transfer Fees. Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. Termination by Franchisee. The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. Certain Buy-Back Provisions. Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. Fair and Reasonable Pricing. Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. Waiver of Exemplary & Punitive Damages. RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. Franchisor's Business Judgement. Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. Indemnification. Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. Attorneys' Fees. If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. Noncompetition Covenants. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. Nonsolicitation Agreements. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

16. Questionnaires and Acknowledgments. 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.

17. Prohibitions on Communicating with Regulators. Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. Advisory Regarding Franchise Brokers. Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

FIRST ADDENDUM TO FRANCHISE CONTRACTS
FOR THE STATE OF WASHINGTON

This **FIRST ADDENDUM TO FRANCHISE CONTRACTS** ("Addendum") is made and entered into on _____, _____ by and between THE SPORTS BRA FRANCHISE LLC, a Delaware limited liability company ("Franchisor") and _____ ("Franchisee"), subject to the following recitals:

R E C I T A L S

A. Franchisee is a resident of the State of Washington or a non-resident who is acquiring area development or franchise rights permitting use of the The Sports Bra® System in operating one or more The Sports Bra Franchised Businesses in the State of Washington.

B. The "Franchise Contracts" covered by this Addendum include all of the following contracts, copies of which are attached as exhibits to the Disclosure Document that Franchisor has delivered to Franchisee, i.e., the Franchise Agreement, Area Development Agreement and each contract that is an exhibit to the Franchise Agreement or Area Development Agreement (collectively referred to as the "Franchise Contracts").

C. To the extent that the parties enter into any of the Franchise Contracts now or in the future, they desire to amend the Franchise Contracts in order to conform them to the requirements of Washington law.

D. All capitalized terms in this Addendum shall have the same meaning assigned to them in the Franchise Contracts.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged by the parties, the parties agree as follows:

1. The above recitals are incorporated by the parties as part of their covenants and undertakings.

2. Conflict of Laws. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

3. Franchisee Bill of Rights. RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

4. Site of Arbitration, Mediation, and/or Litigation. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

5. General Release. A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

6. Statute of Limitations and Waiver of Jury Trial. Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

7. Transfer Fees. Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

8. Termination by Franchisee. The franchisee may terminate the franchise agreement under any grounds permitted under state law.

9. Certain Buy-Back Provisions. Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

10. Fair and Reasonable Pricing. Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

11. Waiver of Exemplary & Punitive Damages. RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

12. Franchisor's Business Judgement. Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

13. Indemnification. Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

14. Attorneys' Fees. If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

15. Noncompetition Covenants. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

16. Nonsolicitation Agreements. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

17. Questionnaires and Acknowledgments. 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.

18. Prohibitions on Communicating with Regulators. Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

19. Advisory Regarding Franchise Brokers. Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

20. Section 19.5 of the Franchise Agreement does not modify Franchisor's duty to deal with Franchisee in good faith under RCW 19.100.180(1).

21. 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.

22. This Addendum shall be effective only to the extent that jurisdictional requirements of the Act are met independently of and without reference to this Amendment. This Addendum shall have no effect if the jurisdictional requirements of the Act are not met.

IN WITNESS WHEREOF parties have executed this Addendum on the date first above written.

COMPANY:	**FRANCHISEE:**
THE SPORTS BRA FRANCHISE LLC, a Delaware limited liability company	**[NAME]**
By: _____	By: _____
Its: _____	

EXHIBIT F

CONFIDENTIALITY AGREEMENT

(for receiving confidential information before signing a Franchise Agreement)

CONFIDENTIALITY AGREEMENT

THIS CONFIDENTIALITY AGREEMENT ("Agreement") is made and entered into as of _____ ("Effective Date") by and between _____ ("Recipient"), and THE SPORTS BRA FRANCHISE LLC, a Delaware limited liability company ("Franchisor").

A. Recipient desires to review certain confidential and proprietary information regarding Franchisor, its affiliates, and/or its franchisees (collectively the "Disclosing Parties"), for the purpose of evaluating whether to directly or indirectly enter into a business relationship with Franchisor (the "Contemplated Relationship"); and

B. Franchisor desires to disclose certain confidential and proprietary information to Recipient, but only pursuant to the terms of this Agreement.

In consideration of the covenants and premises herein contained, and for other good and valuable consideration received, it is hereby agreed as follows:

1. Recipient acknowledges and agrees that all Covered Information (defined below) it receives from Franchisor, its affiliates, or franchisees is confidential and proprietary information. For purposes of this Agreement, "Covered Information" includes, by way of example, but without limitation, data, know-how, processes, designs, sketches, photographs, plans, drawings, specifications, reports, financial information, customer lists, pricing information, other information about advertising, marketing, designs and methods of operation, studies, findings, inventions, and ideas. Recipient agrees that any information received from Franchisor, its subsidiaries, affiliates, or franchisees (a) shall only be used for purposes of evaluating whether Recipient desires to directly or indirectly enter into a business relationship with Franchisor, and (b) shall not be disclosed to any third party without the prior written consent of Franchisor. Recipient agrees to use reasonable care to prevent the disclosure of the Covered Information to any third party, and further agrees to limit the dissemination of the Covered Information within its own organization to individuals whose duties justify the need to know such information, and then only provided that there is a clear understanding by such individuals of their obligation to maintain the confidential status of the Covered Information and to restrict its use solely to the purposes specified herein.

2. All Covered Information remains the exclusive property of Franchisor or the Disclosing Parties, and nothing contained in this Agreement may be construed as a grant, express or implied or by estoppel, of a transfer, assignment, license, or lease of any right, title, or interest in the Covered Information, other than as the limited right of use stated herein. Recipient agrees that the amount of Covered Information to be disclosed to Recipient is completely within the discretion of Franchisor. Nothing in this Agreement requires either party or its owners to enter into the Contemplated Relationship or to negotiate a Contemplated Relationship for any specified period of time or otherwise.

3. The Parties agree that notwithstanding the termination of this Agreement, the Recipient's obligations hereunder will survive for five (5) years after the Effective Date. If either party determines that it does not wish to proceed with a Contemplated Relationship or if either party notifies the other party of a termination of this Agreement, then Recipient will destroy or return all written materials, documents, or other Covered Information received from Franchisor, its affiliates, subsidiaries, or franchisees, or any notes, photos, or derivatives

works thereof. Additionally, the Recipient will certify to Franchisor in writing that it has complied with the obligations of this Section.

4. Recipient shall be under no obligation under this Agreement with respect to any information (a) which is, at the time of the disclosure, available to the general public; (b) which becomes at a later date available to the general public through no fault of the Recipient and then only after said date; or (c) which Recipient can demonstrate was in its possession before receipt.

5. The definition in Section 1 of Covered Information is for illustrative purposes only. The Recipient of the Cover Information must perform its own due diligence when evaluating the Contemplated Relationship, and Franchisor or other Disclosing Parties will not be liable for the Recipient's failure to do so. Recipient must rely solely on its own investigation and not on information provided by Franchisor.

6. Franchisor does not guarantee or warranty the accuracy or completeness of the Covered Information. Some Covered Information may have been obtained or gathered by third parties and Franchisor has not performed any independent investigation or verification of such Covered Information. The Covered Information is being provided on an "AS IS" "WHERE IS" basis and Franchisor does not make and specifically disclaims any representations, warranties, promises, covenants, agreements or guaranties of any kind or character whatsoever, whether express or implied, oral or written, past, present or future, including, without limitation, warranties of merchantability, fitness for a particular purpose, non-infringement or intellectual property rights or other warranties, conditions, guarantees or representations, whether express or implied.

   Any financial information included in the Covered Information is not a guarantee or otherwise indicative of potential success, profitability, or any particular level of return from the Contemplated Relationship, if consummated. Many factors would impact the success and profitability of the Contemplated Relationship, including without limitation site selection, local economic conditions (which conditions may change over time), and the Recipient's business acumen, management skill, and experience.

   The Covered Information does not constitute an offer to become a franchisee or to sign any agreement or an offer to enter the Contemplated Relationship. Entering the Contemplated Relationship will be subject to, among other things, the execution of a franchise agreement and certain other collateral agreements and the payment of certain fees. Franchisor's provision of the Covered Information, and the Recipient's acceptance of it, does not obligate either party to enter into the Contemplated Relationship.

7. This Agreement will be governed and construed in accordance with the laws of the State of Oregon, excluding its conflicts of law principles. Any legal action or proceeding arising out of or related to this Agreement must be brought in a state or federal court in Portland, Oregon. Each party submits itself to the jurisdiction of such courts. However, a party may seek to enforce an order or judgment of any such court in any other court of competent jurisdiction.

8. This Agreement constitutes the entire agreement and understanding among the parties hereto and shall not be amended except pursuant to a written agreement executed by each of the parties hereto. This agreement shall be binding upon the parties hereto and their respective heirs, administrators, successors, and assigns. This Agreement may be

signed in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first shown above.

Recipient:

_____

Print Name: _____

Position with Franchisee: _____

Franchisor:

THE SPORTS BRA FRANCHISE LLC

By: _____

Name: _____

Its: _____

EXHIBIT K

GENERAL RELEASE

[If only the Franchisee is signing the Release, the language in bold and brackets referring to the Owner(s) should be deleted. If both Franchisee and its Owner(s) are signing the Release, the above referenced language should be left in the release, but should be taken out of the brackets and the bold type should be replaced by normal type.]

GENERAL RELEASE

This GENERAL RELEASE ("Release") is made this _____ day of _____, ____, by **[Name of franchisee]** ("Franchisee"), [and **[Name of owner(s)]**, **("Owner(s))"]**, with reference to the following facts:

The undersigned Franchisee is a signatory to that certain Franchise Agreement dated _____, ____ ("Franchise Agreement") by and between **[Franchisor]**("Franchisor") and Franchisee granting Franchisee the right to use the Franchisor's System and trademarks to operate the Franchised Business at a specific location.

[The undersigned Owner is an owner of the Franchisee.]

Franchisee **[and Owner each]** agrees that all capitalized terms in this Release shall have the meaning that is ascribed to them in the Franchise Agreement. This Release is being executed by the Franchisee **[and the Owner]** pursuant to the requirements of the Franchise Agreement. Franchisee **[and Owner each]** understands and agrees that execution of this Release is a condition of Franchisee's rights under the Franchise Agreement **[to renew the Franchise Agreement] [to transfer the Franchise Agreement]** and that Franchisee's **[or Owner's]** failure or refusal to execute this Release would result in Franchisee's breach of the Franchise Agreement. In consideration of the rights granted by the Franchise Agreement, Franchisee **[and Owner each]** executes this Release for the benefit of Franchisor.

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT OF WHICH IS ACKNOWLEDGED, FRANCHISEE **[AND OWNER EACH]** AGREES AS FOLLOWS:

1. General Release. Franchisee **[and Owner each]** hereby releases and forever discharges Franchisor and its members, managers, officers, directors, owners, principals, managers, employees, affiliates, successors and assigns (collectively the "Released Parties"), from any and all claims, demands, obligations, liabilities, actions, causes of action, suits, proceedings, controversies, disputes, agreements, promises, allegations, costs and expenses, at law or in equity, of every nature, character or description whatsoever, whether known or unknown, suspected or unsuspected or anticipated or unanticipated, which Franchisee **[or Owner]** ever had, now has, or may, shall or can hereafter have or acquire (collectively referred to as "Claims"). This Release includes, but is not limited to, all Claims arising out of, concerning, pertaining to or connected with the Franchise Agreement, any other agreement, tort, statutory violation, representation, nondisclosure, act, omission to act, fact, matter or thing whatsoever, occurring as of or prior to the date of this Release, so that after the date of this Release, **[neither]** Franchisee **[nor Owner]** shall have any Claim of any kind or nature whatsoever against the Released Parties, directly or indirectly, or by reason of any matter, cause, action, transaction or thing whatsoever done, said or omitted to have been done or said at any time prior to the date of this Release.

2. Waiver of Rights. This Release is intended by Franchisee [and Owner] to be a full and unconditional general release and to constitute a full, unconditional and final accord and satisfaction, extending to all Claims of any nature, whether or not known, expected or anticipated to exist in favor of Franchisee [or Owner] against the Released Parties regardless of whether any unknown, unsuspected or unanticipated Claim would materially affect settlement and compromise of any matter mentioned herein. Franchisee [and

Owner each], for itself, himself or herself, hereby expressly, voluntarily and knowingly waives, relinquishes and abandons each and every right, protection and benefit to which Franchisee [or Owner, as the case may be] would be entitled, now or at any time hereafter under the statutory or common law of the state where the Franchised Business is located, whether now or hereinafter existing under the laws of the state where the Franchised Business is located, or any other applicable federal and state law with jurisdiction over the parties relationship.

[ALTERNATE PROVISION FOR CALIFORNIA FRANCHISEES ONLY]

3. Waiver of Civil Code Section 1542. This Release is intended by Franchisee **[and Owner]** to be a full and unconditional general release and to constitute a full, unconditional and final accord and satisfaction, extending to all Claims of any nature, whether or not known, expected or anticipated to exist in favor of Franchisee **[and Owner]** against the Released Parties regardless of whether any unknown, unsuspected or unanticipated Claim would materially affect settlement and compromise of any matter mentioned herein. Franchisee **[and Owner each]** hereby expressly, voluntarily and knowingly waives, relinquishes and abandons each and every right, protection and benefit to which Franchisee **[or Owner, as the case may be]** would be entitled, now or at any time hereafter under Section 1542 of the Civil Code of the State of California, as well as under any other statutes or common law principles of similar effect to Section 1542, whether now or hereinafter existing under the laws of California, or any other applicable federal and state law with jurisdiction over the parties' relationship. Franchisee **[and Owner each]** acknowledges that Section 1542 of the Civil Code of the State of California provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially effected his settlement with the debtor."

In making this voluntary express waiver, Franchisee **[and Owner each]** acknowledges that Claims or facts in addition to or different from those which are now known or believed to exist with respect to the matters mentioned herein may later be discovered and that it is the intention of Franchisee **[and Owner, respectively]** to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered Claims or facts. This Release is and shall be and remain a full, complete and unconditional general release. Franchisee **[and Owner each]** acknowledges and agrees that the foregoing waiver of Section 1542 is an essential, integral and material term of this Release.

4. Release Not Admission. Franchisee **[and Owner each]** understands and agrees that the giving or acceptance of this Release and the agreements contained herein shall not constitute or be construed as an admission of any liability by Franchisor or an admission of the validity of any Claims made by or against Franchisor.

5. Authority of Parties. Each person executing this Release on behalf of a party hereto warrants and represents that he or she is duly authorized to execute this Release on behalf of such party.

6. No Prior Assignments. Franchisee **[and Owner each]** represents and warrants that Franchisee **[and Owner]** has not previously assigned or transferred, or attempted to assign or transfer, to any third party any of the Claims which are the subject of this Release, all of such Claims being released.

7. Incorporation by Reference. The parties hereby incorporate the recitals of this Release as part of the substantive provisions of this Agreement.

8. **Controlling Law. This Release shall be governed, construed and interpreted in accordance with the substantive laws of the state where the Franchised Business is located.**

IN WITNESS WHEREOF, Franchisee **[and Owner each]** has executed this Release on the date first shown above.

Franchisee:	**Owner:**
_____	_____
By: _____	By: _____
Its: _____	

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EXHIBIT I

LIST OF FRANCHISEES

There were no franchisees as of the issuance date of this FDD.

EXHIBIT J

FORMER FRANCHISEES

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

The following franchisees left our system in our last fiscal year, or did not communicate with us within 10 weeks of the issuance date of this disclosure document:

NONE

EXHIBIT K

FINANCIAL STATEMENTS

Audited Financial Statements

THE SPORTS BRA FRANCHISE, LLC

Financial Statements
As of December 31, 2024
And for the period June 1, 2024 through December 31, 2024
With Independent Auditor's Report

Perkins & Co

THE SPORTS BRA FRANCHISE, LLC

AS OF DECEMBER 31, 2024

AND FOR THE PERIOD JUNE 1, 2024 THROUCH DECEMBER 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Member of
The Sports Bra Franchise, LLC
Portland, Oregon

Opinion

We have audited the financial statements of The Sports Bra Franchise, LLC (the Company) which comprise the balance sheet as of December 31, 2024, and the related statements of operations and changes in member's (deficit) equity, and cash flows for the period then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements presents fairly, in all material respects, the financial position of The Sports Bra Franchise, LLC as of December 31, 2024, and the results of its operations and its cash flows for the period from June 1, 2024 through December 31, 2024, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 the 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 the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Perkins & Company, P.C.

Portland, OR
March 31, 2025

THE SPORTS BRA FRANCHISE, LLC
BALANCE SHEET
DECEMBER 31, 2024

ASSETS

CURRENT ASSETS:		
Cash	$	43,202
Due from The Sports Bra, LLC		267
Inventories		18,444
Prepaid expenses		5,801
Total current assets		67,714
INTANGIBLE ASSETS, NET		6,667
Total assets	$	74,381

LIABILITIES AND MEMBER'S DEFICIT

CURRENT LIABILITIES:		
Accounts payable	$	44,764
Accrued liabilities		1,209
Due to related parties		47,118
Total current liabilities		93,091
MEMBER'S DEFICIT		(18,710)
Total liabilities and member's deficit	$	74,381

See notes to financial statements.

THE SPORTS BRA FRANCHISE, LLC

STATEMENT OF OPERATIONS AND CHANGE IN MEMBER'S (DEFICIT) EQUITY

FOR THE PERIOD JUNE 1, 2024 THROUGH DECEMBER 31, 2024

REVENUES:		
Brand development fund fees	$	12,643
Merchandise sales		3,145
Other revenue		460
		16,248
COSTS AND EXPENSES:		
Cost of sales		2,749
Operating expenses		273,775
NET LOSS		(260,276)
MEMBER'S EQUITY, BEGINNING OF PERIOD		111,912
CONTRIBUTIONS		129,654
MEMBER'S DEFICIT, END OF PERIOD	$	(18,710)

See notes to financial statements.

THE SPORTS BRA FRANCHISE, LLC
STATEMENT OF CASH FLOWS
FOR THE PERIOD JUNE 1, 2024 THROUGH DECEMBER 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	$ (260,276)
Adjustments to reconcile net loss to net cash used in operating activities:	
Amortization	833
Change in:	
Due from The Sport Bra, LLC	1,917
Inventories	(18,444)
Prepaid expenses	(5,801)
Accounts payable and accrued liabilities	(29,690)
Due to related parties	31,706
Net cash used in operating activities	(279,755)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of intangible asset	(7,500)
Net cash used in investing activities	(7,500)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Contributions	156,483
Net cash provided by financing activities	156,483
NET DECREASE IN CASH	(130,772)
CASH, BEGINNING OF PERIOD	173,974
CASH, END OF PERIOD	$ 43,202
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Non-cash investing and financing transactions:	
Contributions from The Sports Bra Hold Co. in exchange for trademarks	$ 26,829

See notes to financial statements.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations - The Sports Bra Franchise, LLC ("the Company") franchises ownership and operations of women's sports bars in the United States through which it engages in the promotion of women and girls in sports. There is one flagship bar in Portland, Oregon, operated by the Company's affiliate The Sports Bra, LLC, which serves as a model for future franchises. There are no current franchise bars in operation. Headquartered in Portland, Oregon, the Company is governed by its operating agreement dated April 18, 2024. Under the agreement, member liability is limited to capital in the Company. The Company is a wholly owned subsidiary of The Sports Bra Hold Co.

Concentrations of Credit Risk - The Company maintains cash balances on deposit with financial institutions. At times, the Company's cash balances may exceed federally insured limits. The Company has not experienced any losses on such accounts. The Company believes they are not exposed to any significant credit risk on cash.

Income Taxes - The Company is not a tax paying entity for federal or state income tax purposes, therefore no provision for federal or state income taxes has been recorded in the financial statement. Taxable income from the Company is taxable to the member and is reportable in the member's income tax returns.

Management believes it has no material uncertain tax positions and, accordingly, it has not recorded a liability for unrecognized tax benefits.

Allowance for Credit Losses - Receivables are stated at their estimated collectible amounts and comprise amounts billed and currently due from related parties. The Company extends credit to related parties in the normal course of business. In the future as franchises are established, the Company will extend credit to franchises during the normal course of business, and collections from franchises will be continuously monitored and an allowance for credit losses maintained based on current conditions and reasonable forecasts, taking into account geographical and industry-specific economic factors. The Company will also consider any specific collection issues. Since the Company's receivables will largely be similar, the Company will evaluate its allowance for credit losses as one portfolio segment. At origination, the Company will evaluate credit risk based on a variety of factors including franchise financial information, credit ratings, probabilities of default, industry trends, and other internal metrics. On a continuing basis, data for each major franchise will be regularly reviewed based on past-due status to evaluate the adequacy of the allowance for credit losses. The Company determined that the allowance for credit losses was not material as of December 31, 2024.

Inventories - Inventories consist of finished goods, mainly merchandised apparel. Inventories are stated at average cost, and the basis for stating inventory is the lower of cost or market.

Revenue Recognition - The Company recognizes revenue under Accounting Standards Codification ("ASC") 606, *Revenue from contracts with Customer*. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied to achieve the core principle that a company should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

The Company mainly generates revenue from brand development fund fees received by the Company from the flagship bar (see Note 2) and online merchandise sales. Brand development fund fees are recognized over time as the fees are earned, and are calculated as a percentage of the underlying sales.

Revenue is recognized for all merchandise sales at the point in time when the performance obligation has been satisfied or control of the product has been transferred to the customer, which in the case of merchandise sales occurs upon shipment of the goods.

Shipping and Handling Costs - Costs incurred to ship the Company's product are included in cost of goods sold in the accompanying statement of operations and changes in member's (deficit) equity.

Advertising - The Company expenses advertising costs as incurred. Advertising expense amounted to $60,069 for the period ended December 31, 2024.

Intangible Assets, Net - Intangible assets consist of the Company's website and are stated at cost net of accumulated amortization. Amortization is recorded using the straight-line method of the estimated useful lives of assets. The website is amortized over the estimated useful life of three years. Intangible assets are reviewed for impairment in accordance with ASC 350-30, *General Intangibles Other than Goodwill.* The Company determined that there was no impairment of intangible assets as of December 31, 2024.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

NOTE 2 – RELATED-PARTY TRANSACTIONS

From time to time, The Sports Bra, LLC or The Sports Bra Hold Co. may pay for expenses on behalf of the Company. These costs are then passed on to the Company for reimbursement. At December 31, 2024, the related party balance due to The Sports Bra, LLC was $47,118.

On a weekly basis, brand development fund fees are calculated as a percentage on the gross receipts of The Sports Bra, LLC and recognized in the period in which the location earns the revenue upon which the fees are based. While The Sports Bra, LLC, is not a franchise, it calculates the brand development fund fee consistent with future franchises, as it benefits from the franchise marketing. Brand development fund fees of $12,643 were earned from The Sports Bra, LLC during the period June 1, 2024 through December 31, 2024. Receivables related to the brand development fund fees are $267 as of December 31, 2024.

During the period June 1, 2024 through December 31, 2024, the Company recorded in-kind contributions totaling $26,829 from The Sports Bra Hold Co. The in-kind contributions consist of trademark assets previously recorded by the Company and transferred to The Sports Bra Hold Co. The value of the trademark assets was determined based on the fair value of services at the date the service was performed.

NOTE 3 – INTANGIBLE ASSETS

Intangible assets consist of the following as of December 31, 2024:

Website	$	7,500
Accumulated amortization		833
	$	6,667

Amortization expense for the period ended December 31, 2024 was $833.

Future amortization as of December 31, 2024 is as follows:

Years ending December 31,

2025	$	2,500
2026		2,500
2027		1,667
	$	6,667

NOTE 4 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events through March 31, 2025, the date that the financial statements were available to be issued.

Unaudited Financial Statements

The following financial statements include unaudited financial statements for the period from January 1, 2025, through January 31, 2025. The unaudited financial statements were prepared without an audit, which means that no certified public accountant has audited the figures or expressed their opinion with regard to the content or form of the financial statements.

THE SPORTS BRA FRANCHISE, LLC

STATEMENT OF OPERATIONS AND CHANGE IN MEMBER'S (DEFICIT) EQUITY
FOR THE PERIOD JANUARY 1, 2025 THROUGH JANUARY 31, 2025
(UNAUDITED)

REVENUES:		
Brand development fund fees	$	1,243
Merchandise sales	$	550
Other revenue	$	109
		1,902
COSTS AND EXPENSES:		
Cost of sales		656
Operating expenses		19,386
NET LOSS		(18,140)
MEMBER'S EQUITY, BEGINNING OF PERIOD		(18,710)
CONTRIBUTIONS		(8,683)
MEMBER'S DEFICIT, END OF PERIOD	$	(45,533)

THE SPORTS BRA FRANCHISE, LLC

BALANCE SHEET
JANUARY 31, 2025
(UNAUDITED)

ASSETS

CURRENT ASSETS:		
Cash	$	7,897
Due from The Sports Bra, LLC	$	450
Inventories	$	19,278
Prepaid expenses	$	11,613
Total current assets		39,238
INTANGIBLE ASSETS, NET		6,458
Total assets	$	45,697

LIABILITIES AND MEMBER'S DEFICIT

CURRENT LIABILITIES:		
Accounts payable	$	46,459
Accrued liabilities	$	1,137
Due to related parties	$	43,633
Total current liabilities		91,230
MEMBER'S DEFICIT		(45,533)
Total liabilities and member's deficit	$	45,697

THE SPORTS BRA FRANCHISE, LLC

STATEMENT OF CASH FLOWS

FOR THE PERIOD JANUARY 1, 2025 THROUGH JANUARY 31, 2025

(UNAUDITED)

CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$	(18,140)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization		208
Change in:		
Due from The Sport Bra, LLC		(184)
Inventories		(834)
Prepaid expenses		(5,812)
Accounts payable and accrued liabilities		1,714
Due to related parties		(3,485)
Net cash used in operating activities		(26,532)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of intangible asset		-
Net cash used in investing activities		-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions		(8,774)
Net cash provided by financing activities		(8,774)
NET DECREASE IN CASH		(35,306)
CASH, BEGINNING OF PERIOD		43,202
CASH, END OF PERIOD	$	7,896

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:

California	[Pending]
Hawaii	[Pending]
Illinois	[Pending]
Indiana	[Pending]
Maryland	[Pending]
Michigan	[Pending]
Minnesota	[Pending]
New York	[Pending]
North Dakota	Not Filed.
Rhode Island	Not Filed.
South Dakota	Not Filed.
Virginia	[Pending]
Washington	[Pending]
Wisconsin	[Pending]

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.

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 The Sports Bra Franchise LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Iowa requires that we give you this disclosure document at the earlier of (i) the first personal meeting and (ii) 14 calendar days before the execution of any binding agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding agreement or the payment of any consideration that relates to the franchise relationship. New York requires that we give you this disclosure document at the earlier of (i) the first personal meeting and (ii) 10 business days before the execution of any binding agreement or the payment of any consideration that relates to the franchise relationship.

If The Sports Bra Franchise LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency listed on **Exhibit A**.

Franchisor:	**Franchise Sellers**:	
The Sports Bra Franchise LLC	Jennifer Nguyen	Deborah Pleva
2512 NE Broadway Street	Lindsey Schalock	Jennifer Chiang
Portland, OR 97232	Katie Leedy	Kate Delhagen
Tel. 503-558-6715		

Issuance Date: April 7, 2025.

I have received a disclosure document dated April 7, 2025, which included the following Exhibits:

A. List of State Administrators
B. Agents for Service of Process
C. Area Development Agreement
D. Franchise Agreement
E. State-Required Addenda
F. Confidentiality Agreement
G. General Release
H. Operations Manual Table of Contents
I. List of Franchisees
J. Former Franchisees
K. Financial Statements

Date: _____

_____
Prospective Franchisee Signature
Print Name: _____
Address: _____

_____
Individually and as _____
of _____

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Prospective Franchisee Signature
Print Name: _____
Address: _____

_____
Individually and as _____
of _____